



**Cataler
Sustainability
Report 2023**

Table of contents

- Top message 02
- Introduction of CATALER products 03
- CATALER's Sustainability 04
- Environment 07
 - Environmental management 08
 - Environmental load and resource saving 11
 - Climate change 12
 - Conservation of water resources 13
- Society 14
 - Quality assurance 15
 - Supply chains 18
 - Respect for human rights 20
 - Human resources 21
 - Occupational safety and health 26
 - Health 28
 - Social contribution activities 31

- Governance 33
 - Corporate governance 34
 - Compliance 35
 - Risk management 38
- ESG data 43
- Policy type 45

Editorial policy

(Editorial policy)

This report describes the various policies and systems related to sustainability activities and the results of activities for "contribute to a sustainable society" and "future direction" through our business activities of development, manufacturing, and sales of exhaust gas purification catalysts for automobiles and motorcycles, which we have been engaged in since the foundation of CATALER.

In addition, starting with the 2020 edition, the name of the report has been changed from "CSR Report" to "Sustainability Report" to further enhance the information that is relevant to the interests of our stakeholders.

(Target period)

FY2022 (April 2022 - March 2023)

*Some contents before and after the relevant period are also included.

(Target range)

This report covers CATALER Co., Ltd.

*Some information includes overseas subsidiaries.

(Issuance date)

December 2023 (previous issuance: December 2022)/next

scheduled issuance: November 2024

▶The reporting cycle will be once a year.

(Reference guidelines)

GRI Standard

(Inquiries)

Department responsible for issuing: General Affairs Division

7800 Chihama, Kakegawa City, Shizuoka Prefecture 437-1492

E-mail:report-suport@cataler.co.jp



Top message

[Responses that anticipate changes]

In recent years, the speed of change has accelerated in various fields. With raised political tensions, record inflation, and coexistence with the coronavirus that has wreaked havoc around the world for several years, we are entering an era of uncertainty. The automotive industry is also in the midst of a once-in-a-century revolution, with rapid progress in technological innovation in the CASE domain. We are sensitive to such changes in society and industry, and aim to contribute to society through business development that anticipates environmental changes.

The CATALER Group announced its management vision "GLOBAL VISION 2025" in 2016, and is developing activities to realize its vision and goals for the next 10 years.

During this period, we have proceeded according to plan, achieving our management targets early, winning the Deming Grand Prize, and receiving the Deming Prize at our overseas bases, etc. In addition, the nature of business itself is changing due to the growth of carbon neutrality and the DX field, so we have added them as new themes.

Under the slogan of "Dynamic progress, Breakthroughs, Great strides" , we will continue to anticipate social changes, enhance the management foundation, and develop proactive actions in order to solidify our sustainable growth. We will realize our idea of sustainability, which is to live in harmony with all of you.

[Realization of a sustainable society through business activities]

Since our founding in 1967, the CATALER Group has been committed to the management philosophy of "contributing to the creation of a prosperous society through the provision of advanced technologies and products that aim for better harmony between people and the environment." Since then, we have developed environmental technologies that purify air and water focused on automotive exhaust gas purification catalysts, and have worked to solve environmental problems on a global scale.

We recognize that this management philosophy is linked to the SDGs, which aim to realize a sustainable society. We are working to achieve our goal by 2030 in order to contribute to the purification of the atmosphere and reduction of environmental burdens through our business activities. We will also contribute to climate change issues by setting goals for carbon neutrality by utilizing our catalyst technology and knowledge of carbon materials we have cultivated over the years.

[To realize a society that leaves no one behind]

CATALER complies with the culture, customs, history and laws of each country, and respects the human rights of all people involved in its business activities. We have created an environment in which employees can work energetically, regardless of their nationality, gender, or whether they have a disability. Diversity and inclusion are essential to the growth of the company, and we will strive to develop our workplaces and systems where each and every employee can shine, and to foster a climate that respects individual human rights.

To solve social issues and achieve sustainable growth, CATALER will continue to engage in dialogue with all stakeholders, including customers, local communities, and employees to become a company that is trusted and loved by them.

President and CEO **Masashi Ishida**



Introduction of CATALER products

Live together on this earth

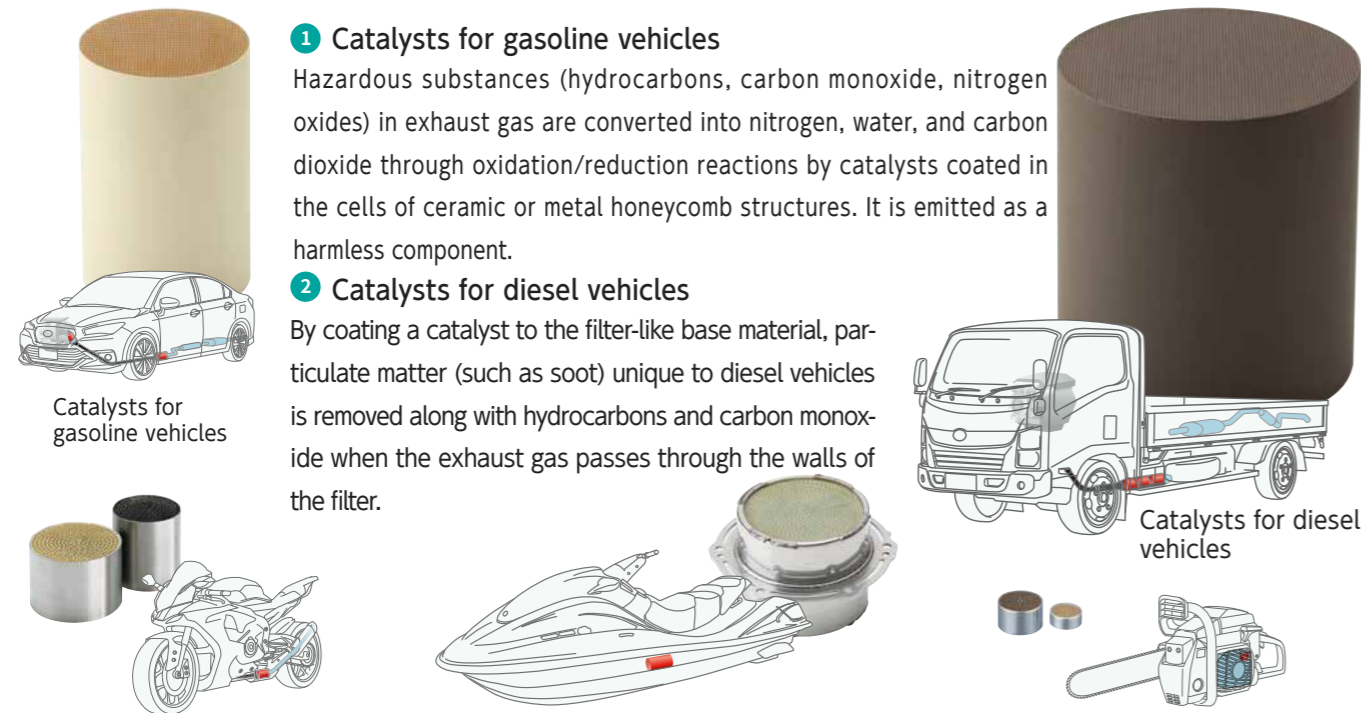
It converts harmful substances into harmless components through chemical reactions. That is the power of "catalyst".

CATALER manufactures and sells "catalysts" that detoxify harmful substances from automobiles and motorcycles before they are emitted.

It boasts the top market share in Japan, is highly rated by overseas automobile manufacturers, and is widely used around the world.

CATALER aims for a sustainable society and contributes to reducing the number of illnesses caused by air pollution through its business as a company that lives together with its stakeholders on this planet.

Catalysts for exhaust gas purification



1 Catalysts for gasoline vehicles

Hazardous substances (hydrocarbons, carbon monoxide, nitrogen oxides) in exhaust gas are converted into nitrogen, water, and carbon dioxide through oxidation/reduction reactions by catalysts coated in the cells of ceramic or metal honeycomb structures. It is emitted as a harmless component.

2 Catalysts for diesel vehicles

By coating a catalyst to the filter-like base material, particulate matter (such as soot) unique to diesel vehicles is removed along with hydrocarbons and carbon monoxide when the exhaust gas passes through the walls of the filter.

Catalysts for gasoline vehicles

Catalysts for diesel vehicles

3 Motorcycle catalysts

It detoxifies harmful substances contained in the exhaust gas of motorcycles using a metal honeycomb substrate in which a honeycomb structure made by lap-wound corrugated metal foil and flat foil is assembled to a metal pipe.

4 Catalysts for marine engines

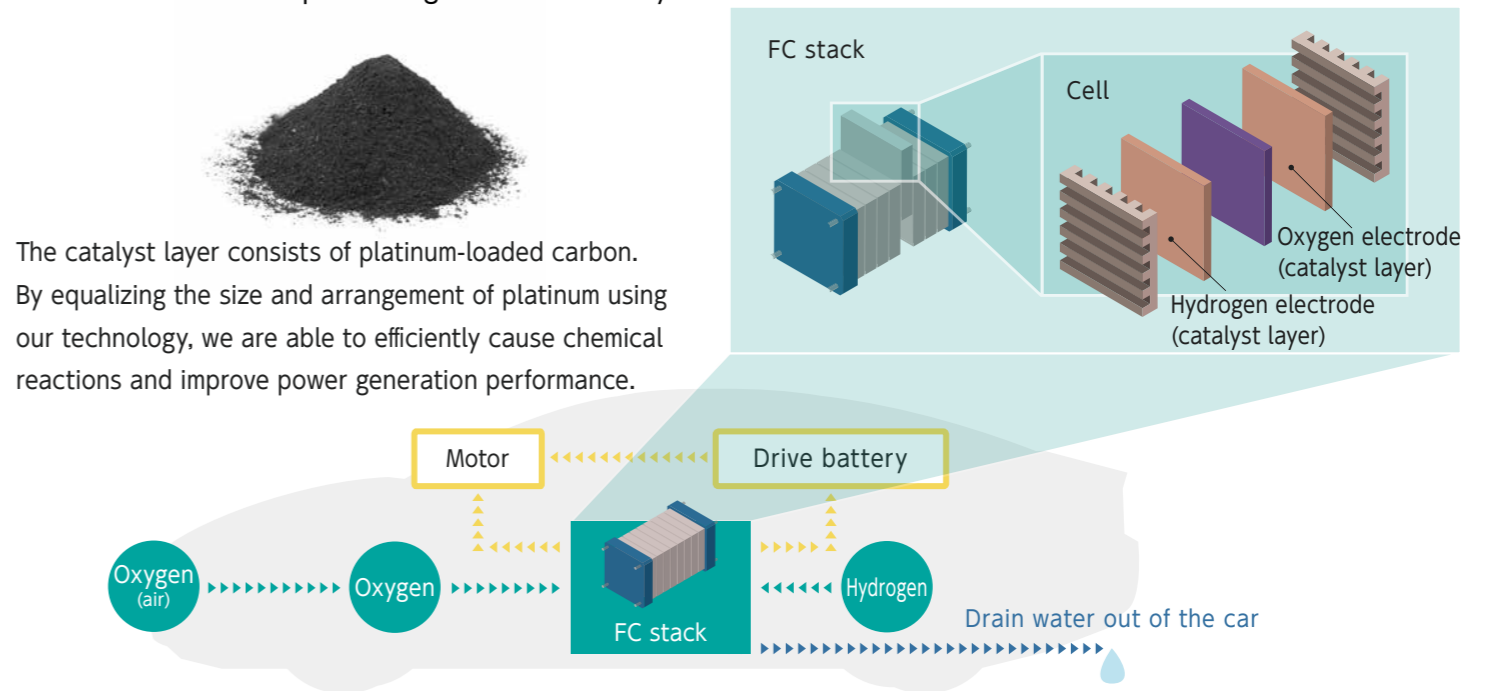
Metal honeycomb catalysts are installed not only on motorcycles but also in PWCs (marine engines) such as motorboats and personal watercraft that are used on water. It's compliant with US emissions regulations.

5 Catalysts for general-purpose engines

It is also used to purify the exhaust gas of products with internal combustion engines for gardening equipment, such as mowers, chain saws and trimmers that use small engines, and golf carts.

Electrocatalyst for fuel cells

A hydrogen fuel cell vehicle generates electric energy through a reaction between oxygen taken from the atmosphere and hydrogen installed in the vehicle to drive the motor. We are making "electrocatalysts for fuel cells" that will be the power to generate electricity.



The catalyst layer consists of platinum-loaded carbon. By equalizing the size and arrangement of platinum using our technology, we are able to efficiently cause chemical reactions and improve power generation performance.

FC stack

Cell

Oxygen electrode (catalyst layer)
Hydrogen electrode (catalyst layer)

Motor

Drive battery

Oxygen (air)

Oxygen

FC stack

Hydrogen

Drain water out of the car

CATALER GROUP Management Philosophy

The Management Philosophy is the core of the Group's management, as it expresses the Group's significance of existence and mission.

We will continue to provide new value to all stakeholders and aim to realize a sustainable society.

Management Philosophy

CATALER's management philosophy is based on the pillars of contributing to society as well as adhering to corporate ethics.

1. Comply with domestic and foreign laws and their spirit, and engage in open and fair corporate activities.
2. Contribute to customer satisfaction and the creation of a prosperous society by providing advanced technologies and products for greater harmony between people and the environment
3. Create a corporate culture based on mutual trust between labor and management, where employees are able to maximize their abilities, and challenge new possibilities on a daily basis
4. Be a company that contributes to the development of the community and is loved and trusted by local people



CATALER's Sustainability

Under our management philosophy, we respond to the changes in the business environment within which the company operates by undertaking our corporate activities with the aim of realizing sustainable success through the creation of new value.

To this end, we carry out our business activities on the basis of respect for human rights, high ethical standards and social conscience, and we provide products and services that help to address a wide range of social and global issues.

As a result, by contributing toward the achievement of the United Nations Sustainable Development Goals (SDGs) while also striving for sustainable development ourselves, we aim to enhance our corporate value as a truly global company.

Sustainability Policy

CATALER believes that the putting into practice of our management philosophy will lead to significant sustainability results, and will contribute toward the realization of a sustainable society. Therefore, we have established the CATALER Group Sustainability Policy, which specifies the company's stance in relation to each stakeholder, based on our management philosophy, with the aim of helping to address various social issues and promote sustainable development.

[▶Click here for the Sustainability Policy](#)

Promotion structure

The SDGs Organizer of the General Affairs Division serves as the lead organization, promoting activities in cooperation with all relevant departments..

Progress on the priority issues and targets approved by the CSR Committee is regularly checked and reported to management as appropriate.

CATALER Group priorities (Materiality)

CATALER has evolved its existing CSR activities and developed various activities in line with the ideas of the SDGs to contribute to stakeholders and society. From 2020, the CATALER Group has set three priority issues to focus on and targets to achieve by 2030, and has been working on them. We will continue to review the plan as necessary and promote initiatives through the PDCA cycle.

Priority issue identification process

Step 1 Information gathering

Understand the process of setting priorities and goals by attending seminars on SDGs, benchmarking other companies, and using the SDG Compass as a reference.

Step 2 Extracting the issue

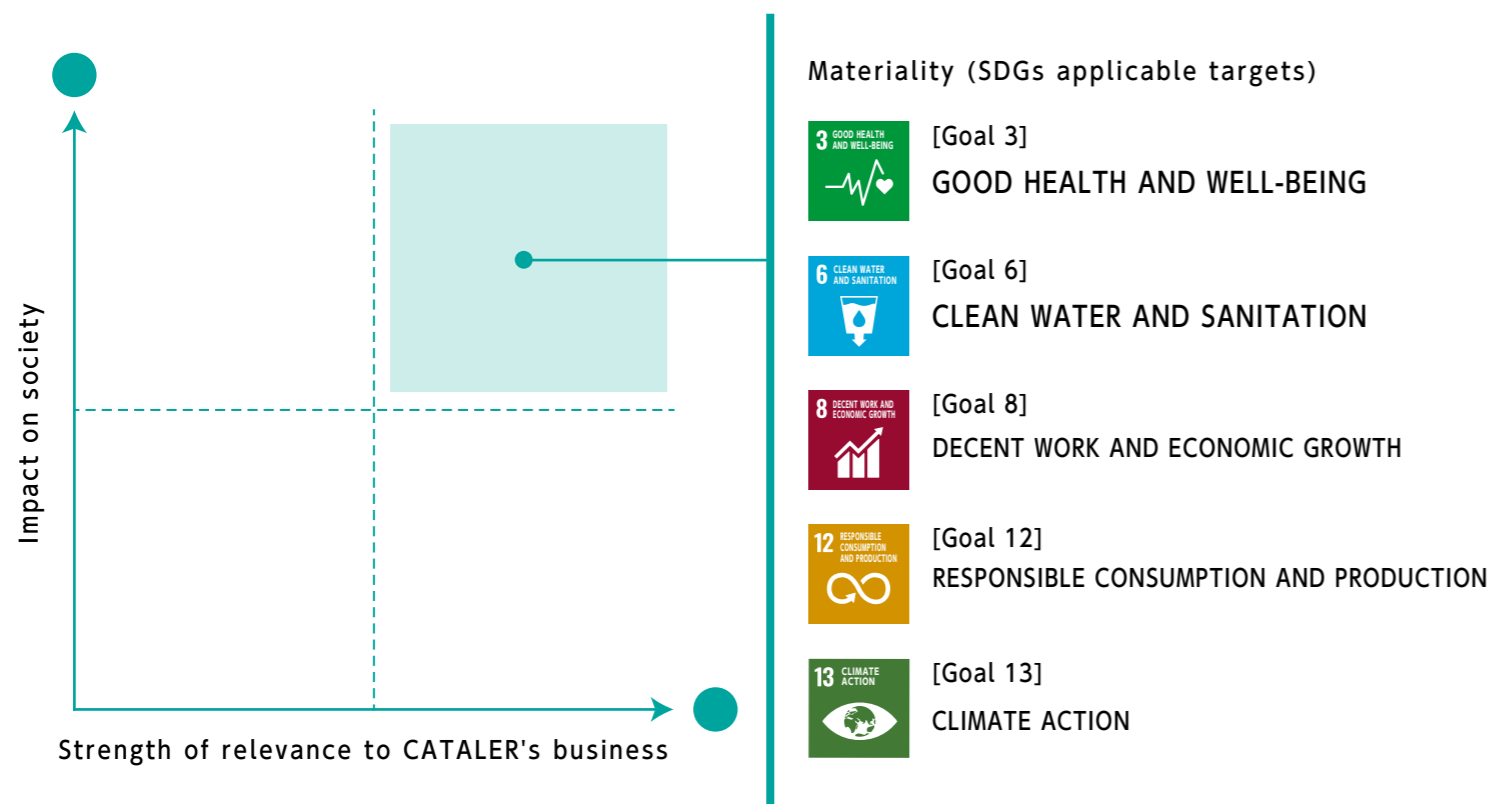
Based on the 17 goals and 169 targets of the SDGs, we identified initiatives with high priority on the two axes of (1) their strong relevance to our business and (2) the magnitude of their impact on society. (See figure below).

Step 3 Confirmation of appropriateness

Management and the SDGs organizer confirmed the appropriateness of the priority issues and targets. Discussions were held to identify the company's priorities.

Step 4 Management approval

Approval of items set as priorities for our company at internal meetings attended by management.



Priorities (Materiality) and Goals to 2030

Priorities (Materiality)	What we aim for	Goal	Control item	Actual results for FY2022	Targets for FY2023	Target value by 2030	Scope of coverage
1 Decrease in the number of illnesses due to air pollution	Contribute to reducing the number of illnesses caused by air pollution by expanding sales of automotive emission catalysts, our main product line.	3 GOOD HEALTH AND WELL-BEING	Total amount of purification of CO, HC, and NOX	56 million tons	99.29 million tons	Approx. 600 million tons	Whole Group
2 Reducing environmental impact in the value chain	Minimize the impact on the global environment caused by manufacturing selling products.	13 CLIMATE ACTION	CO ₂ emissions at plants	53,831 tons	45,045 tons	61% reduction from 2013 actual	
		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Amount of waste generated	Below actual emission intensity in 2018	Below actual emission intensity in 2018	Below actual emission intensity in 2018	
		6 CLEAN WATER AND SANITATION	Precious metal usage (Pt, Pd, Rh)	Reduction of more than 30% per vehicle compared to 2015	Reduction of more than 30% per vehicle compared to 2015	Reduction of more than 60% per vehicle compared to 2015	
			Water quality	(Domestic sites) Maintain 80% or less of the legal regulation value	In principle, less than 80% of the legal regulation value	In principle, less than 80% of the legal regulation value	
3 Promoting Diversity	To be an attractive company where diverse human resources can work vigorously in accordance with their own work-life balance.	8 DECENT WORK AND ECONOMIC GROWTH	Employment rate of persons with disabilities	2.56%	2.3% or more (in accordance with the required employment rate)	2.3% or more (in accordance with the required employment rate)	
			Employment rate of women hired as new graduates	22.5%	More than 20% annually	More than 20% annually	
			Number of female managers	1.5 times that of 2020	2 times that of 2020	5 times that of 2020	

Stakeholder Engagement

In recent years, the scope and magnitude of the influence that corporate activities have on society, and that society has on companies, has expanded.

For sustainable development, CATALER strives to maintain and develop sound relationships with all stakeholders, including customers, shareholders, employees, local communities, and business partners such as suppliers, through open and fair communication based on our management philosophy.

Specifically, the relevant departments within the company serve as points of contact for major stakeholders to engage in dialogue, and we promote initiatives that will lead to solutions to social issues through our core business by sincerely addressing the expectations and challenges of society. Under our management philosophy, we will continue to strive to be a sincere company that is trusted by our stakeholders.



Local and Global Society

Communication methods Frequency

Invitations to our events / Participation in community events As needed
→Interaction with local residents

Partnerships and collaborative activities with NGOs, NPOs, and community organizations As needed
→Social contribution and volunteer activities in various regions of the world

Reflection on corporate activities → **Contribution to sustainable development of local communities, as well as recognizing and solving social issues**

Customer

Communication methods Frequency

Customer Service Contact As needed
→Respond to comments by phone or email form

Customer satisfaction survey As needed
→Strengthening mutual trust and understanding further expectations and requests

Provide information through corporate website and various SNS / reports As needed
→Dissemination of company information and business activities

Reflection on corporate activities → **Improvement of CS activities**



Employee

Communication methods Frequency

Employee attitude survey Once/year
→Surveys and opportunities for improvement regarding workplace culture, company life, etc.

Labor-Management full-year consultative working group 24 times/year
→Discussions and negotiations on issues between labor and management, exchange of opinions and mutual understanding

Providing information through the company intranet and internal newsletters As needed
→Disseminating and sharing company information

Reflection on corporate activities → **Strengthen relationships between labor and management based on mutual trust, and reform and improve workplace culture**



Client

Communication methods Frequency

Organize various meetings with suppliers, workshops, and events. As needed
→Sharing procurement policies, mutual study, and strengthening partnerships

Reflection on corporate activities → **Building a close relationship for coexistence and co-prosperity based on mutual trust**



Shareholder

Communication methods Frequency

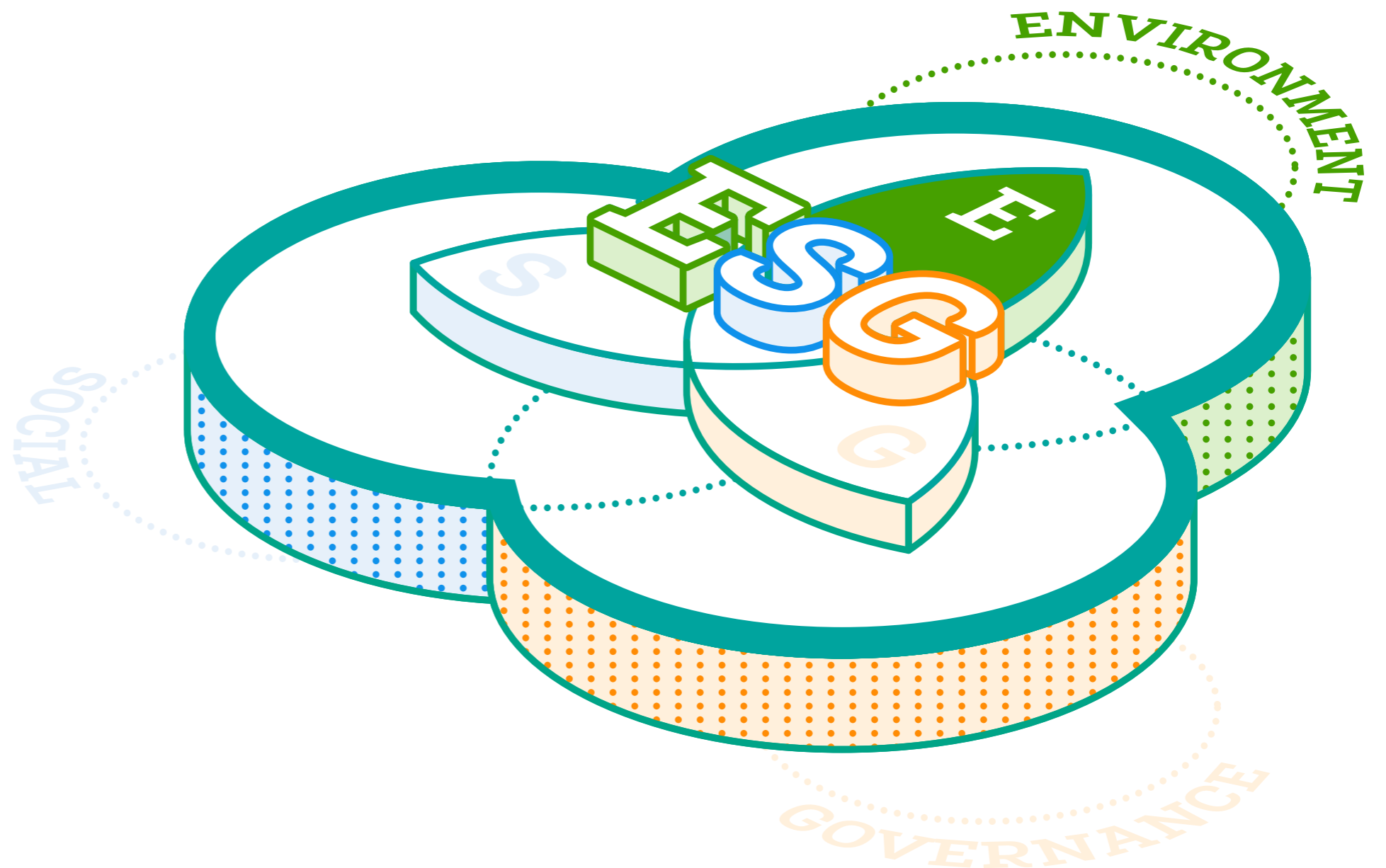
General meeting of shareholders June
→Business report, Consolidated financial statements, Report on audit results, etc., and discussion and resolution on settlement of accounts

Reflection on corporate activities → **Improvement of management quality to enhance corporate value**



Environment

Environmental management	08
Environmental load and resource saving	11
Climate change	12
Conservation of water resources	13



Environmental management

Environmental guidelines

CATALER considers consideration for the global environment to be one of the most important issues in its business activities, in order to protect the irreplaceable earth and its rich society forever, based on the theme of “the best way for people and the environment” .

CATALER's environmental guidelines are as follows.

Contribution to a prosperous 21st century

To contribute to a prosperous 21st century society, we will develop and provide advanced environmental products.

Moreover, we will actively promote the continuation and maintenance of zero emissions through our corporate activities, the more efficient use of electricity and natural gas, and the reduction of our environmental impact through the effective use of raw materials.

Pursuit of environmental technology

With the theme of coexistence between the environment and the economy, we will pursue all possibilities in both product development and production activities, and work to discover and establish new technologies.

Voluntary initiatives

In order to prevent environmental pollution and contribute to environmental protection, we set voluntary environmental targets based on our environmental guidelines, focusing on the fields of environmental conservation, energy conservation, effective use of resources, and design and procurement. We plan activities with the participation of all employees, and promote thorough prevention and continuous improvement.

Evaluate these activities by a management review chaired by the President, and review them to achieve the goals.

Collaboration and cooperation with society

In addition to complying with all environmental laws and regulations, other laws and regulations, ordinances, agreements, and agreements with our customers, we will promote cooperation with affiliated companies and related industries, as well as collaboration and cooperative relationships with a wide range of people in society related to the environment.

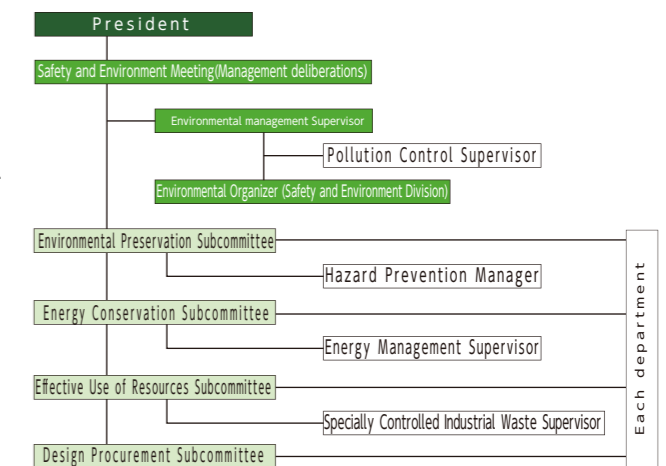
Implementation of environmental education

In order to carry out these activities more effectively and achieve results, we will clarify and systematically implement the necessary education for all people who work for us.

Management system

We have established a system with the president as top management, and all employees participate in environmental activities under the leadership of the environmental manager and the environmental organizer. In addition, when legal managers, such as pollution control managers, are required, qualified personnel are assigned to the job.

At the Safety and Environment Meeting, the organizer reports on the status of legal compliance, revisions to laws, environmental concerns and countermeasures, cooperation with other companies, etc., and each subcommittee reports on its activities and we lead them to the next action. The subcommittees on the environment are divided into four areas; Environmental Conservation, Energy Conservation, Effective Resource Utilization, and Design and Procurement.



From the Environmental Management

Each country, company, and individual has its own approach to environmental conservation, but we believe that fulfilling the roles and responsibilities of each position will lead to the solution of global environmental issues.

Aiming for a better harmony between people and the environment, CATALER has been contributing to the global environment with its catalyst technology as a pillar for exhaust gas purification of internal combustion engines. We are also playing a role in the prevention of global warming by developing and supplying electrode catalysts for FCVs, the ultimate eco-car.

In addition, regarding environmental issues, the CATALER GROUP companies, including our own, are working to conserve water resources, make effective use of scarce resources, invest in energy-saving equipment, and expand the introduction of renewable energy.

We will continue to create and provide advanced decarbonized energy technologies and environmental products to meet society's expectations for the global environment, and we will continue our efforts to reduce greenhouse gas emissions and protect the global environment.



Executive Managing Officer,
Member of the Board
Environmental management Supervisor
Ryuichi Sueyoshi

Environmental targets and results

CATALER promotes activities based on the following management items and numerical targets in accordance with the Environmental Guidelines.

From 2021, the management indicator for CO₂ emissions has been changed from original unit to emissions in order to achieve carbon neutrality. In addition, we will expand the scope of management to the entire group, and the entire CATALER Group will work together to reduce CO₂ emissions.

We continue to achieve our targets for waste generation and wastewater quality.

We will continue to engage in environmental activities to achieve our 2030 target by promoting continuous improvement to contribute to environmental preservation for the realization of a sustainable society.

Control item	Scope of coverage	Indicator	Year 2022			Landing target for 2030 (target figures)
			Target value	Actual results	Self-evaluation ^(*)	
CO ₂ emissions (t) at plants	CATALER Group as a whole	—	54,051	49,863	○	61% decrease vs. 2013 (2013 actual 45,058 tons)
Waste generated (kg)	Head Office	Basic unit [kg/1,000 pieces]	44.2 or less	37.78	○	Maintain below 2018 actuals (less than 44.2 kg/1,000 pieces)
Effluent water quality	Head Office	Voluntary standard value	Below voluntary standard	Below voluntary standard	○	Maintain below voluntary standard

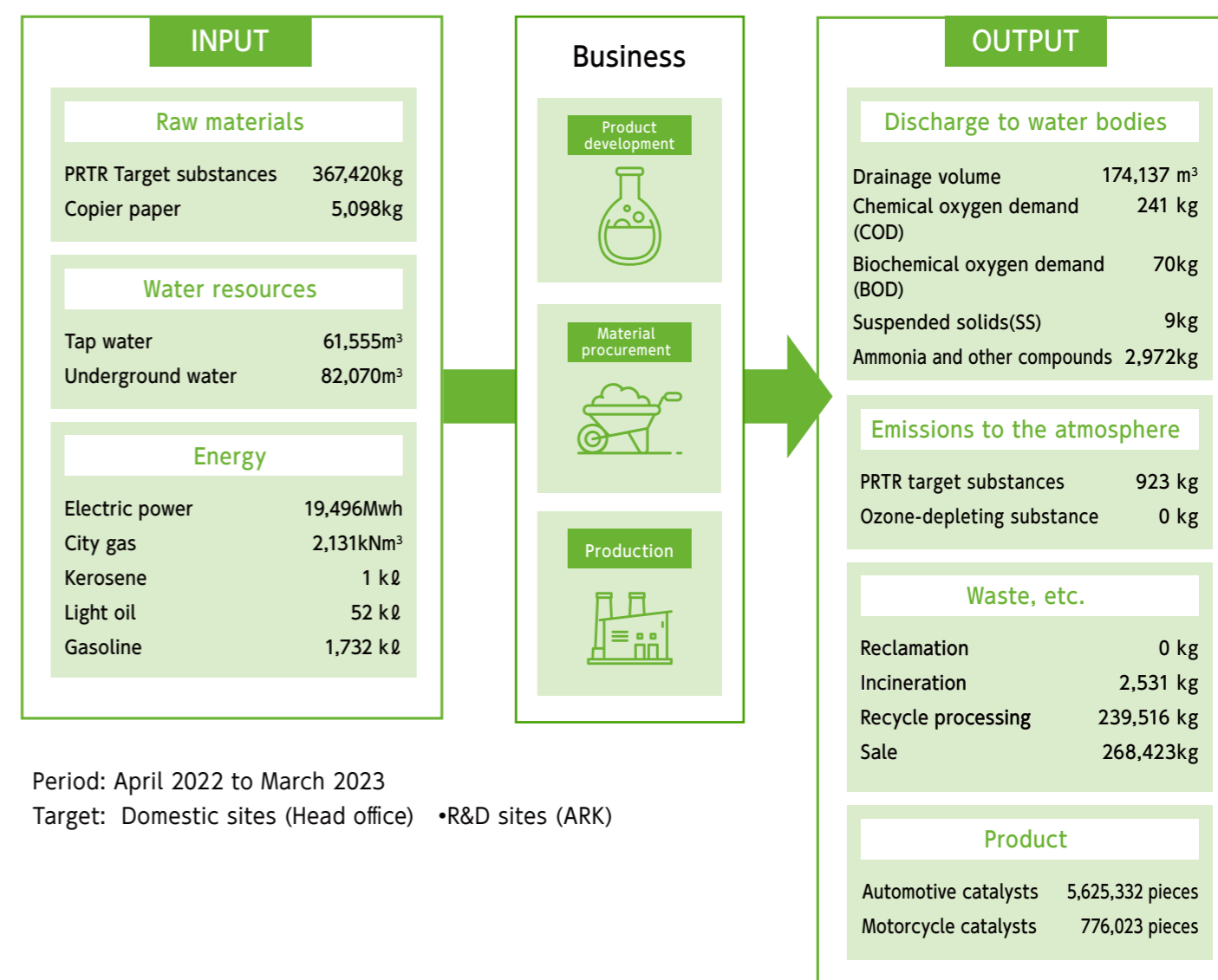
*Self-evaluation criteria for achievement of goals : "○": goal achieved, "×": goal not achieved, "-": cannot be evaluated

- ① pH : 6.6~8.2 ② SS : 15 mg/L or less ③ COD 10 mg/L or less ④ BOD: 10 mg/L or less
⑤ Ammonia, ammonium compounds, nitrite compounds and nitrate compounds: 70 mg/L or less

Environmental compliance

Under the environmental guideline, we have introduced an environmental management system to promote not only compliance with all environmental laws, regulations, ordinances, agreements, and agreements with customers related to our corporate activities, but also cooperation with our affiliates and related industries, as well as collaboration and cooperative relationships with a wide range of environment-related segments of society.

In the past five years, there have been no violations of environmental laws and regulations and no serious environmental pollution. There have also been no environmental complaints.



Period: April 2022 to March 2023

Target: Domestic sites (Head office) •R&D sites (ARK)

Training and awareness activities

CATALER believes that raising environmental awareness among employees is very important in order to contribute to a sustainable society, and we promote environmental education and awareness programs for our employees. We also provide specialized training, such as ISO 14001 internal auditor training, for those in charge of environmental operations.

	Time (Actual results for 2022)	Purpose and contents
Environmental basic training	Once/year	New hires are provided with basic knowledge about the environment, understanding of ISO 14001, and CATALER's approach to the environment.
Environmental Refresher Training	Once/year	Have all employees to deepen their understanding of ISO 14001 and CATALER's approach
Environmental internal auditor training	Once/year	To conduct ISO 14001 internal audits, internal auditor candidates learn about the requirements of the standard and the company's internal audit mechanism.
Training on related laws and regulations	Once/year	Practitioners of product development and process design learn about environmental laws and regulations
Energy conservation declaration Environmental declaration	Feb. and Jun.	Raise awareness of activities by having each employee declare and implement environmental and energy-saving initiatives

Strengthen global environmental management

Based on the environmental guidelines, CATALER has been working with each of its overseas bases to reduce environmental impact. Since FY2021, we have been monitoring the actual quality of wastewater and waste emissions at each of our overseas bases to improve our global environmental management.

ISO14001 Certification Status

CATALER GROUP	CAC (Head office)	CCC (China)	CTC (Thailand)	CSA (South Africa)	CNA (North America)	CIC (Indonesia)	CIN (India)	CEC (Czech Republic)
ISO14001	October 2019	November 2006	July 2011	June 2007	November 2006	November 2016	March 2020	August 2023

Environmental load and resource saving

Basic concept

To realize a sustainable society, we need to shift from a mass-production, mass-disposal type system to a circular economy. In addition, in order to protect the earth's ecosystem, it is required to reduce environmentally hazardous substances by complying with laws and regulations and considering the product life cycle.

We are working to reduce waste through thorough separation of waste and various recycling methods.

Waste reduction

CATALER is working to develop construction methods that do not discharge excess sludge in catalyst production, reuse waste materials and reduce waste, mainly through the Effective Resource Utilization Subcommittee. 2007 achieved zero emissions of landfill waste, and this continues to be achieved.

The year-on-year deterioration of basic unit in 2022 is due to an increase in waste resulting from periodic cleaning of sludge storage tanks, which is conducted once every five years.



Reduction of precious metal usage through improved catalyst performance

With the accelerated development of high-efficiency engines and electrified vehicles, as well as stricter vehicle emission regulations worldwide, three-way catalysts are required to have more efficient purification functions. To take full advantage of the performance of the three-way catalyst, an oxygen storage material that adjusts the atmosphere in the exhaust gas to the theoretical air-fuel ratio is essential.

Focusing on the pyrochlore structure, which is characterized by "slower and higher capacity" oxygen storage properties than conventional materials, CATALER has worked on the development of this material and the practical application of catalysts using it. In particular, improvements in high-temperature heat resistance, performance in low-temperature ranges, and response to gas atmospheres, which have been challenges, have been made over three generations, expanding the number of applicable vehicle models and contributing to the global deployment of vehicles with low environmental impact. Also, increased performance contributes to the reduction of precious metal usage.

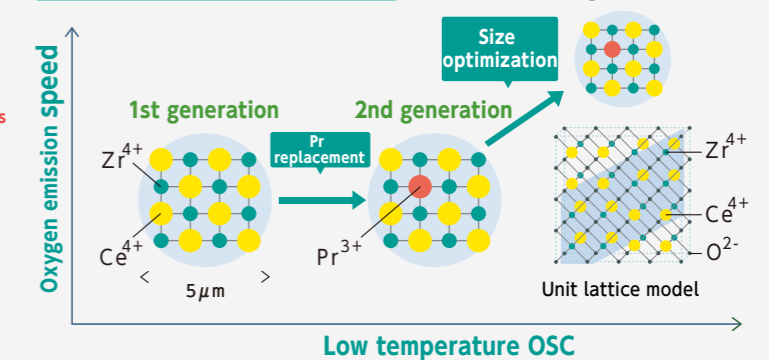
This technology received the 72nd Society of Automotive Engineers of Japan (JSAE) Award for Best Paper in 2022 for the subject "Practical Application and High Functionalization of Highly Heat-resistant Pyrochlore-type CeO₂-ZrO₂ Oxygen Storage Material".

Approach / Creation of practical-level materials by controlling crystals

- ◆ 1st generation Providing high heat resistance by promoting crystal growth
- ◆ 2nd generation Ce site Pr uniform substitution improves OSC at low temperatures
- ◆ 3rd generation Improvement of oxygen release rate by optimization of specific surface area (crystallite size)

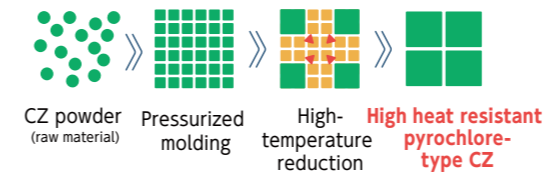
Responding to the needs of expanding environmental vehicles

Evolution of pyrochlore-type CZs

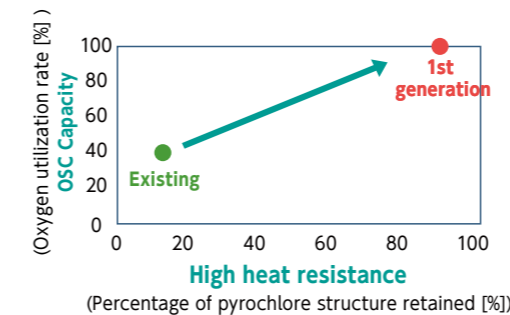
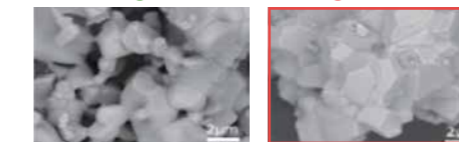


1st generation / Pressurized molding + High-temperature reduction to promote crystal growth

Synthesis processes

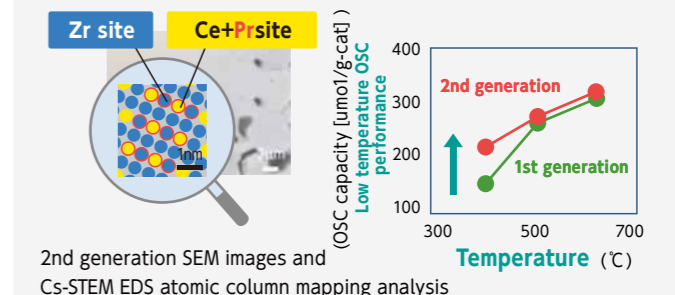


- ◆ Existing
- ◆ 1st generation



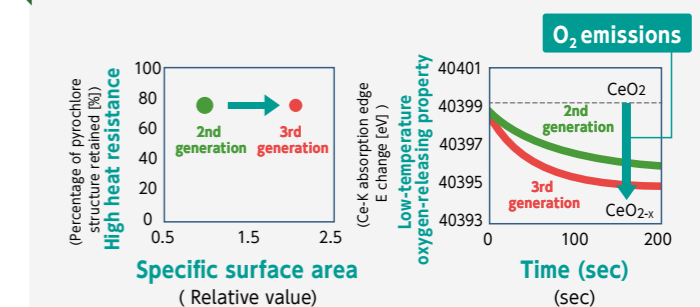
Combines high heat resistance with OSC capacity approaching the theoretical limit

2nd generation / Homogeneous substitution of some Ce atomic sites with Pr atoms



Pr replacement improves low temperature OSC

3rd generation / High specific surface area without loss of heat resistance



Combines low-temperature performance and high heat resistance at a high level

Climate change

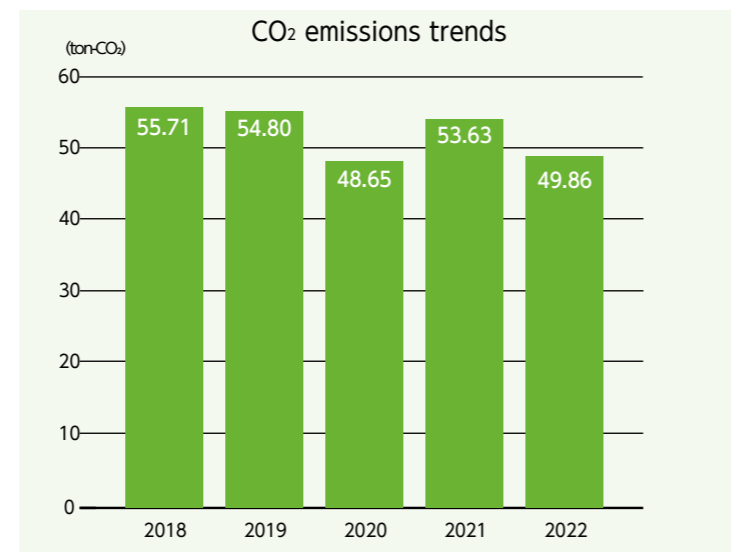
Basic concept

CO₂ zero emissions and declarations of carbon neutrality are accelerating the transition to a "decarbonized" society, and efforts by companies to reduce greenhouse gas emissions are becoming increasingly important.

CATALER has set emission reduction targets for CO₂, a major cause of global warming, and is working to achieve them.

CO₂ reduction Initiatives

In order to achieve the CO₂ reduction target, we have been formulating and implementing improvement plans, and have steadily accumulated results. On the other hand, in recent years, the establishment of our overseas sites and production fluctuations due to changes in domestic and international conditions have had an impact on CO₂ reduction, but we will continue to actively develop various initiatives to achieve even greater reductions in the future.



Main Initiatives and Effects

	Main initiatives	Effect (t/year)
Improved efficiency of production process	Furnace batch up	24.9
	Addition of energy saving mode for furnace	17.8
	Number of changeovers due to tank replacement	2.5
Improved efficiency of non-production processes	Engine bench regenerative power acquisition	62.8
	Reduction in operating hours of quality control equipment	45.2

Toward carbon neutrality in factories

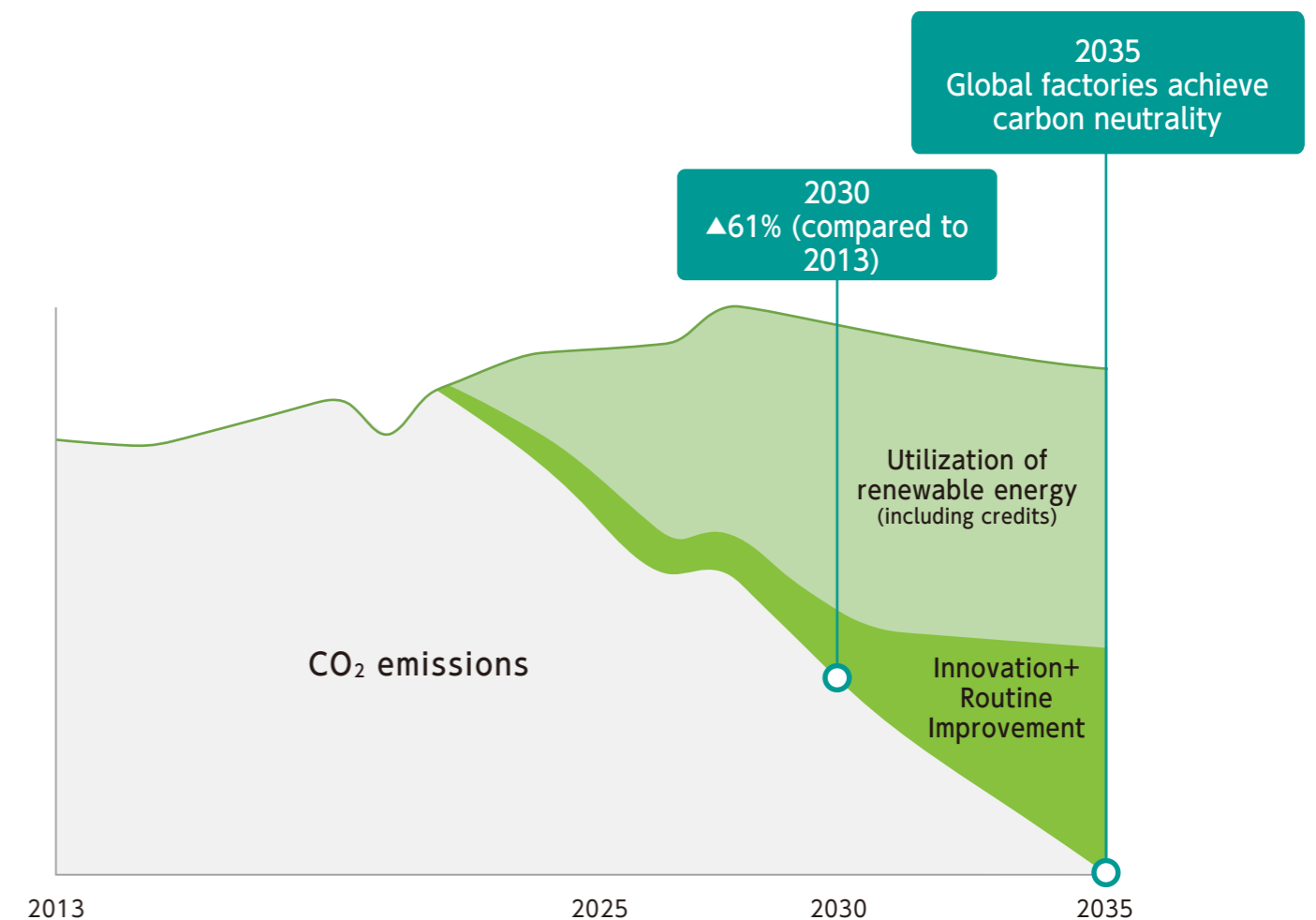
CATALER is striving to achieve "Better Harmony between People and the Environment" as stated in its management philosophy, and is challenging to achieve carbon neutrality at its global factories by 2035.

Global factories CO₂ emission targets

2030: Reduction of 61% or more compared to 2013

2035: Achieve carbon neutrality

We have been working on the "planning of a carbon neutral scenario for factories," "formulation of a carbon neutral business strategy and development of new technologies," and others. In this way, we are making steady progress toward carbon neutrality.



Conservation of water resources

Basic concept

Around the world, we are experiencing increased water procurement risks due to droughts and other factors, as well as more severe flooding damage. We must respond to water risks around the world. In addition, as a company that owns factories, we must take measures to prevent water pollution and other forms of pollution.

CATALER is committed to preventing water pollution and reducing water consumption from the viewpoint of nature conservation.

Water pollution prevention

CATALER has state-of-the-art wastewater treatment facilities equipped with biological treatment and activated carbon treatment. We have a system with a safety device that automatically monitors each item of water quality at all times and switches to automatic emergency tank discharge in the event of an abnormality to ensure that problem wastewater is never released outside the company. In addition, we have established strict voluntary standard values (1/20 of the legal limit for some items) and conduct periodic measurements.

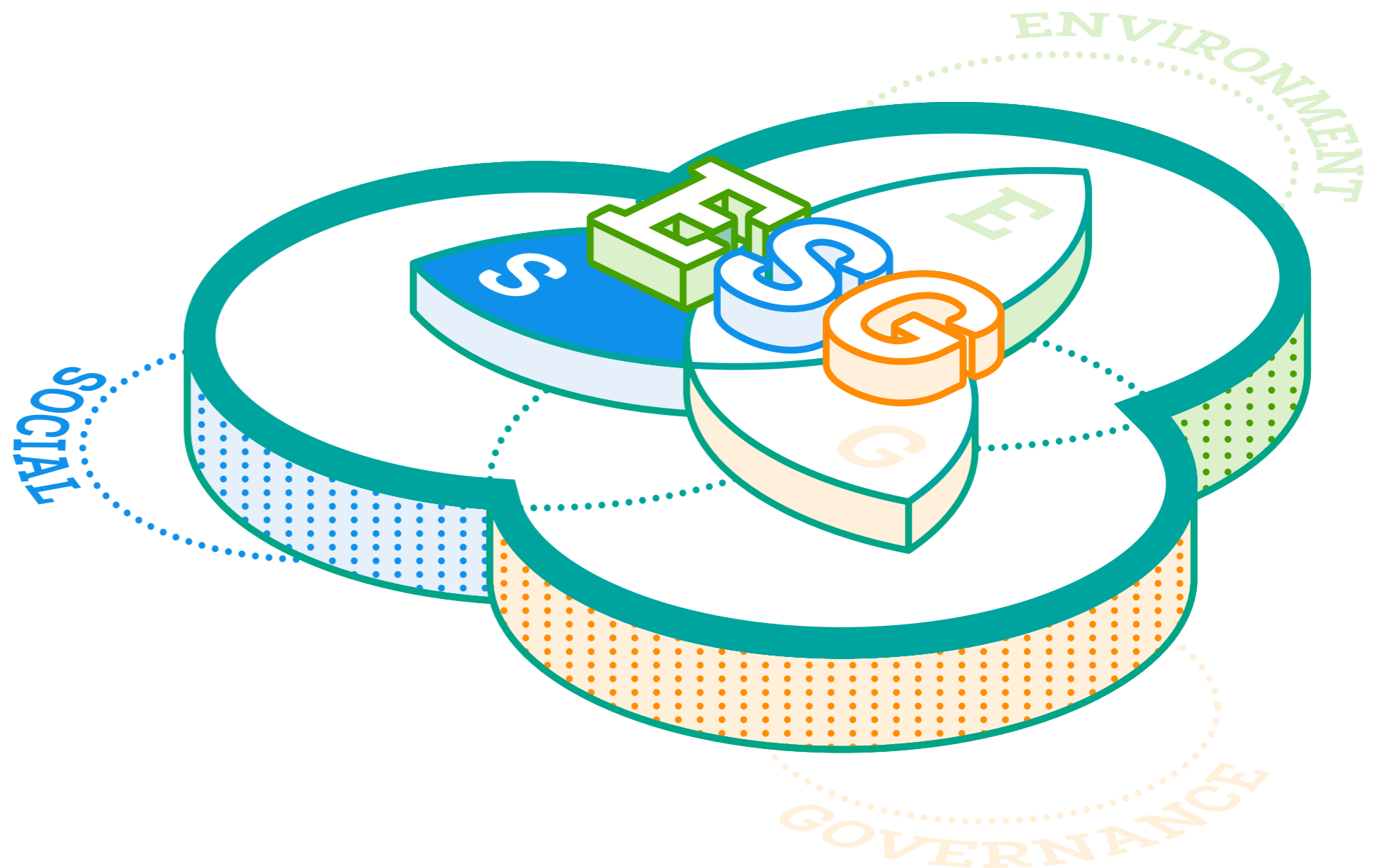
In FY2022, no legal violations or other problems have ever occurred.

Water use reduction

To minimize water consumption, we are working to use recycled water and conserve water by circulating facility cooling water, etc.

Society

Quality assurance	15
Supply chains	18
Respect for human rights	20
Human resources	21
Occupational safety and health	26
Health	28
Social contribution activities	31



Quality assurance

Quality guidelines

The "Quality Guideline" expresses our approach to implementing one of CATALER's management philosophies, "Contribute to customer satisfaction and the creation of a prosperous society through the provision of advanced technologies and products that aim for better harmony between people and the environment". We have established these guidelines so that we can continue to provide high-quality, safe, and functionally advanced products and services that satisfy our customers by putting the customer first, and have a common understanding of "quality" as the foundation of CATALER on a global scale.

Continuous improvement aimed at customer satisfaction

In addition to providing products that do not have defects on time, we are promoting the provision of new technologies and products and the continuous improvement of our products and manufacturing processes with the customer first.

Promotion of built-in quality with ownership*1

Based on the concept that "quality is created in the process," we will incorporate product quality and operational quality and promote the strengthening of cooperation between "previous process" and "following process" including customers.

Maintain and improve IATF16949*2 quality management system

We will maintain IATF quality management certification, which is trusted by our customers, and continue to improve and evolve.

*1 Built-in quality with ownership

An initiative led by Toyota Motor Corporation to ensure that "quality is built in the process" is put into practice by adding a scientific approach and aiming to "be able to judge on the spot whether a job is good or bad."

*2 IATF (International Automotive Task Force) 16949

A quality management system standard to prevent defects and reduce variation and waste in products and services in the automotive industry. It defines requirements for quality management systems to achieve the following three objectives: (1) prevention of defects, (2) reduction of variation and waste in the supply chain, and (3) continuous improvement. All CATALER Group bases are working to obtain certification.

Quality Management System

In order to deliver products of consistent high quality, CATALER has established a rock-solid quality assurance. We are promoting the acquisition of ISO9001, the standard for quality management systems, as well as IATF16949 certification for all of our group companies.

In addition, we operate internal quality-related meetings for each purpose to ensure early resolution and prevention of quality defects and abnormalities. Through these efforts, we are making the quality situation visible to all levels of employees, supervisors, and top management, as well as to all business units, in order to speed up our response and prevent the occurrence of problems and recurrence of problems.

ISO9001/IATF16949 certification status

CATALER GROUP	CAC (Head office)	CCC (China)	CTC (Thailand)	CSA (South Africa)	CNA (North America)	CIC (Indonesia)	CIN (India)	CEC (Czech Republic)
ISO 9001 (QS 9000)	September 1997	—	July 2002	—	—	—	—	November 2022
IATF 16949 (ISO/TS 16949)	December 2005	March 2006	October 2003	November 2004	August 2004	October 2015	October 2017	Scheduled to acquisition in February 2024

CATALER Quality Conference Body List

Conference Bodies/ Liaison Letters	Frequency	Attendance	Agenda
Audit improvement reporting committee	Once/month	Top management General Managers C-QIC Promoters	C-QIC promotion status Effectiveness review of prevention and recurrence prevention
Quality meeting	Once/month	Top management Product realization related divisions	Quality status at Head office and each global site Customer satisfaction survey, Continuous improvement
Quality Liaison Committee	Once/month	Practitioners in product realization related divisions	Quality status at Head office and each global site and continuous improvement
MONOZUKURI MTG.	Every day	Production, Manufacturing Engineering Facilities, Quality Control	Quality problems that occurred on the previous day and corrective actions Quality Information, EDER ^{*1}
Flash report	As needed	Quality contact at each site	Disseminating information on quality problems (within 24 hours) Inspection of the same method line
Global Production Quality Meeting	Once/year	Quality status of head office and each global site	Sharing of quality activities between the Head office and each global site

*1 EDER : (Abbreviation for Early Detect Early Resolution) A system for early detection and resolution of quality problems.

Promotion of TQM Activity

The automotive industry is said to be in the midst of a once-in-a-century period of great change, with the emergence of new businesses in addition to electrification, information technology, and intelligence. Under these circumstances, CATALER has placed the concept of TQM (Total Quality Management) at the core of our management, and we are practicing "quality management" with the participation of all employees, aiming for sustainable success under the basic principles of "Customer First, Continuous Improvement, and All Member Participation". Through these efforts, we received the Deming Prize, the world's highest-ranked TQM honor, in 2015 and the Deming Prize Grand Prize in 2018. In addition, the Deming Prize was given to CCC based in China in 2022 and CNA based in North America in 2023

Since receiving the Deming Prize Grand Prize, we have continued to utilize and review the mechanisms created through our TQM activities in response to the ever-changing business environment and promote quality management for sustainable success on a global basis.



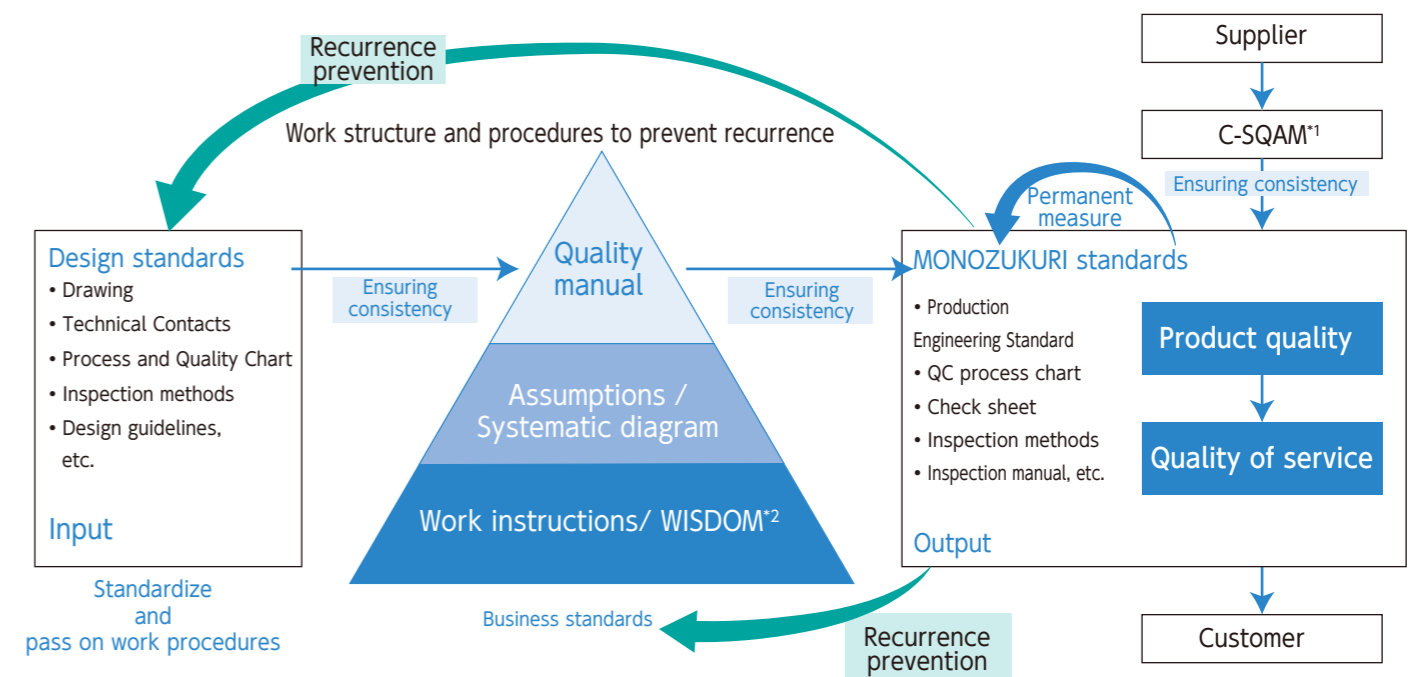
Deming Prize Medal

Continuous Quality Improvement (C-QIC)

Since 2012, CATALER has been implementing the C-QIC (Cataler-Quality Innovation Challenge) in order to make company-wide efforts to "create processes that do not produce defective products," "create equipment that does not break down," and "build business processes that do not fail."

C-QIC (Cataler-Quality Innovation Challenge) is an initiative to improve the quality of work based on the concept of "Built-in quality with ownership". The challenge is to continuously improve the quality of products and work through the creation of standards that prevent problems from occurring and a system that prevents problems from reoccurring.

These efforts have led to improvements in management quality, such as "eliminating rework and allowing each employee to proceed with work with confidence," "smoothly passing on work to others, leading to the development of multi-skilled workers," and "converting time spent dealing with problems into more creative work," thereby contributing to the provision of products and services that exceed customer expectations. We contribute to the provision of products and services that exceed customer expectations.



*1 C-SQAM : Cataler-Supplier Quality Assurance Manual

This is a summary of items to be complied with by suppliers based on CATALER's "Basic Purchasing Agreement" and other documents, especially those related to quality assurance of delivered parts and materials.

*2 WISDOM : Work Instruction Sheet for Divisional Operation Management

CATALER has two types of work standards. In addition to the work procedures mainly used at the manufacturing site, we also standardize the work of the administrative department using our own format (WISDOM) .

A system to ensure product quality (C-TOP)

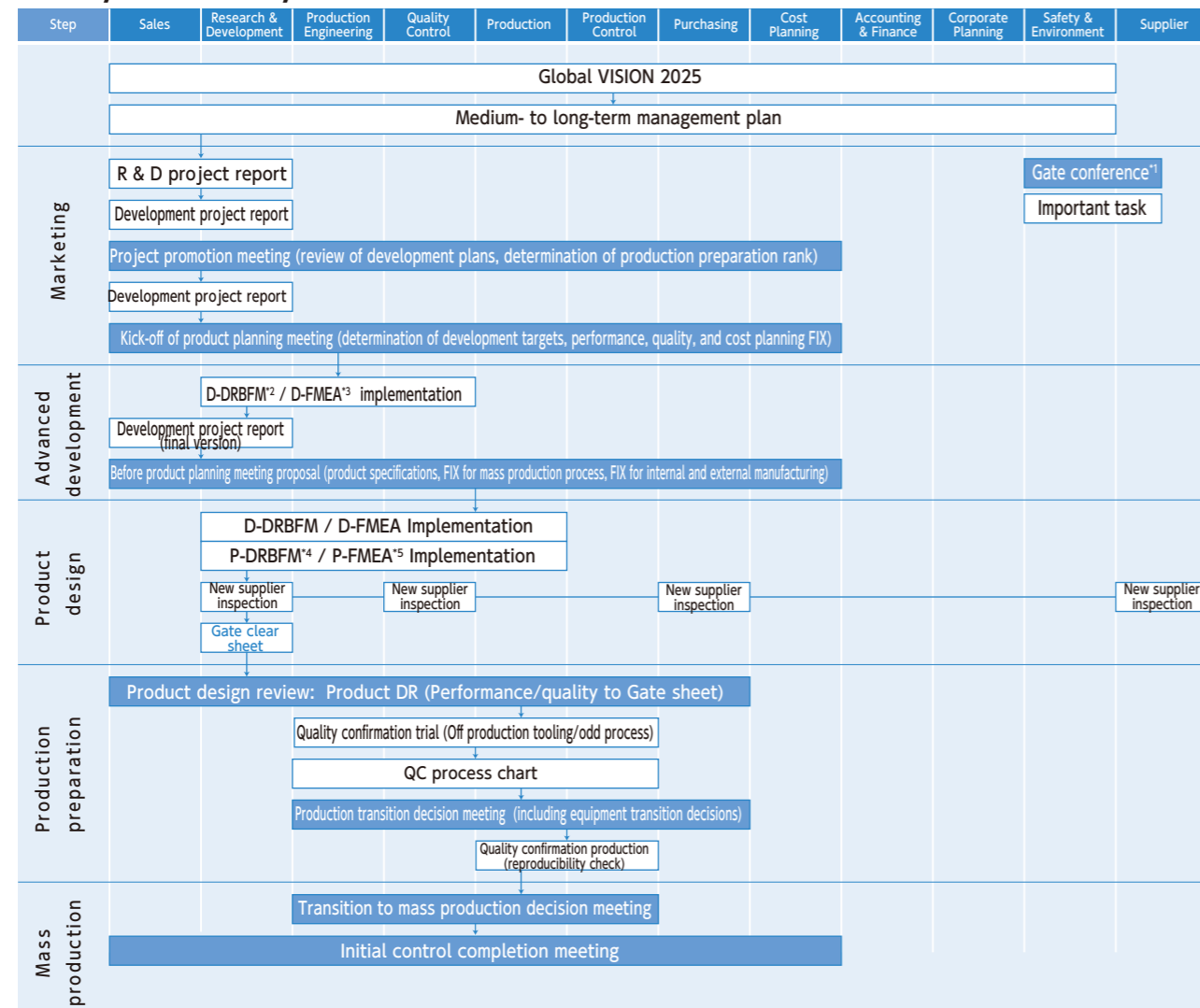
In order to continue to provide customers with the high-quality products they demand in a timely manner, we promote TQM activities and aim to further strengthen quality management by building an organization, human resources, and framework that continues to evolve based on the concept of self-improvement. As one specific initiative, each department related to product realization is collaborating to review the conventional quality assurance system chart (C-TOP: CATALER-Total Operation Procedure) to identify important processes and timing of activities of each function related to product realization and coordination among functions in order to realize zero defects in the market in the future, and to constantly evolve the quality assurance system.

- *1 Gate conference :A meeting body to determine whether or not each phase of the transition to mass production is feasible, as defined in the C-TOP.
- *2 D-DRBFM: Abbreviation of Design-Design Review Based on Failure Mode. A tool to promote defect prevention by focusing on changes and variations in the product design of new products.
- *3 D-FMEA: Abbreviation of Design Failure Mode and Effect Analysis. A tool to advance failure mode effects analysis of a design.
- *4 P-DRBFM: Abbreviation of Process-Design Review Based on Failure Mode. A tool to promote defect prevention by focusing on changes and variations in new process design.
- *5 P-FMEA: Abbreviation of Process Failure Mode and Effect Analysis. A tool that applies Failure Mode Effects Analysis to process control to increase the reliability of process control.

Quality control training and human resource development

CATALER actively educates and develops quality human resources based on the Human Resource Development System (C-HAM) , which includes an in-house training curriculum for all levels of employees, from new hires to executives, according to their job qualifications, ranging from training in the Seven QC Tools and basic knowledge of quality control to training in advanced SQC methods.

Quality assurance system chart



Quality control training list

	Title
Quality control training	TQM basic training
	C-QIC (Built-in quality with ownership) training
	Problem solving / Issue achievement training
	QC circle hierarchy training
	SQC (Statistical Quality Management) training
	Seven QC Tools / New Seven QC Tools Study Session
	ISO / IATF Knowledge Education

▶ [Click here for C-HAM](#)

Supply chains

Procurement guidelines

CATALER aims to "create a sustainable, recycling-oriented society" and "continue to protect a clean earth for future generations" and contribute to customer satisfaction and the creation of an affluent society by providing advanced technologies and products that aim for better harmony between people and the environment. To this end, we aim to procure materials, parts, and equipment that excel in quality, technology, cost, and delivery time, and are developing procurement activities based on six basic concepts.

The procurement guidelines are as follows

1. Open, fair and equitable transactions

As a partner in creating technologies and products of the highest quality that exceed the expectations of our customers, we seek a wide range of suppliers with a fair and impartial stance, both domestically and abroad.

In selecting suppliers, we comprehensively take into account "safety awareness, improvement attitude and stability" in addition to "quality, technology, cost, and delivery."

2. Mutual development led by mutual trust

We intend to continue to compete successfully with our competitors together with our suppliers to achieve sustainable growth. In this way, we seek to achieve mutually beneficial development and build Win-Win relations.

To this end, we believe it is important to foster close two-way communication, learn together with them, and build relationships of trust.

3. Promotion of green procurement

CATALER promotes environmentally conscious development, design, and production activities under the management philosophy of "Better Harmony between People and the Environment."

To this end, we aim to purchase environmentally friendly "materials and parts" and "facilities and equipment" from environmentally conscious suppliers.

4. Recommendation of local procurement

CATALER aims to be a global company that competes in the world, and is actively engaged in local production and local procurement, seeking a wide range of opportunities for corporate activities worldwide.

Through these activities, we aim to contribute to local communities and become a good corporate citizen.

5. Promotion of business continuity activities

CATALER aims to be a disaster prevention No.1 company, and is working to maintain and improve its ability to respond to and recover from the various threats surrounding its business.

We are promoting business continuity activities together with our suppliers in order to realize "securing human life and safety" and "continuing reliable supply to customers."

6. Compliance with regulations and ensuring confidentiality

CATALER aims to be a company that is loved and trusted by stakeholders and complies with relevant laws and social norms in its procurement activities.

We pay careful attention to the handling of confidential information obtained through transactions.

Management system

At CATALER, the Purchasing Division oversees the management of transactions with suppliers and promotes procurement operations in cooperation with related internal departments and overseas bases.

Supplier sustainability assessment items

In order to conduct procurement activities in accordance with our procurement guidelines, we conduct the following evaluations.

1. Evaluation of suppliers at the time of selection

- Safety management and safety activities in the workplace
- Compliance with environmental laws and regulations
- ISO 9001 (quality management system) certification
- Containment of environmentally hazardous substances in products
- BCM (Business Continuity Management) initiatives

2. Periodic evaluation of current suppliers

- Workplace safety, quality performance, price competitiveness, on-time delivery, technology/improvement proposals, and management conditions
- Status of BCMS system and confidentiality management

Supplier Sustainability Guidelines

CATALER, together with its suppliers, promotes the following initiatives to contribute to the creation of a livable planet and an affluent society through the provision of products and services.



▶[Click here for Supplier Sustainability Guidelines](#)

Communication with suppliers

CATALER actively engages in various forms of communication with its suppliers to promote CSR activities and close cooperation in risk management. Through these efforts, we are promoting maintenance and improvement to ensure safe and smooth transactions.

Main communication opportunities

	Time	Purpose and contents
Development of priority implementation items	Beginning of the year	Distribution of the President's message and CATALER's initiatives and requests to our suppliers
Gathering to discuss safety and the environment	August	Prevention of disasters and environmental accidents at factories, alerts regarding quarantine, etc.
CSR study session	November	Sharing information on compliance and SDGs activities, etc.
Information exchange meeting	Twice/year	Sharing of long-term demand trends, etc.
Confirmation of safety in the event of a disaster	In case of disaster	Confirmation of supplier damage, impact on operations, etc.
Recognition of suppliers	Once/year	Expressing gratitude to suppliers for their contribution to quality and cost reduction

Compliance training

We educate our employees on various laws and regulations (e.g., Subcontract Act, Antimonopoly Act, etc.) and inform them of the "Guidelines for Sound Procurement of Goods and Services" so that they can conduct procurement operations in a fair and law-abiding manner. In addition, we have developed a handbook on ethics and conduct for all employees to ensure that they are fully aware of the importance of ethics and conduct in maintaining and sustaining equal relationships and attitudes with suppliers.

Addressing Responsible Mineral Procurement (Conflict Minerals)

CATALER is promoting procurement activities that do not include minerals that may be a source of funding for armed groups or human rights violations such as child labor, forced labor, or labor under poor conditions.

Specifically, in support of the objectives of the RMI, a global leader in conflict mineral initiatives, we conduct surveys of minerals across the supply chain using the RMI survey form, which is an industry standard.

In the unlikely event that a significant risk is discovered in the supply chain, we will implement risk mitigation measures, such as requesting corrective action from our suppliers.

We will continue to work with our suppliers to ensure responsible mineral procurement throughout the supply chain.

Respect for human rights

Basic concept

CATALER's management philosophy is "to comply with the spirit of domestic and foreign laws and regulations, and to practice open and fair corporate activities." Under this philosophy, CATALER conducts business activities in all countries and regions where it does business, aiming to be the best company in the town, loved and relied upon by local residents.

In order to continue our business in the future, we recognize that we are dependent on the support of many people, including local residents, suppliers and other business partners, and customers, and we will continue to promote respect for human rights in accordance with the United Nations Guiding Principles on Business and Human Rights.

Human rights guidelines

In October 2023, the Management Meetings approved the Human Rights Guidelines of CATALER Corporation. In accordance with international norms such as the Universal Declaration of Human Rights, we will promote activities that respect human rights, taking the United Nations Guiding Principles on Business and Human Rights as a framework for implementation.

We expect this guideline not only to apply to all officers and employees of the CATALER GROUP, but also to be understood and supported by all of our business partners, including suppliers, who are involved with our products and services.

We also identified four key themes: migrant and forced labor, child labor, discrimination, and harassment.

We will use this as a guideline to promote our efforts to respect human rights and report on our progress and results.

▶[Click here for the Human Rights Guidelines of CATALER Corporation.](#)

Promotion structure

We have established a scheme in line with the UN Guiding Principles on Business and Human Rights to promote human rights initiatives. In addition, the Global HRD*¹ Meeting reports and deliberates on directions and issues, and important matters are submitted to the Management Meetings for discussion and decision-making, thereby providing oversight.

- Overall responsibility for human rights: General Manager, Chief of General Affairs and Personnel Function
- Personnel Division plays a central role, collaborating with General Affairs Division, Purchasing Division and other divisions.
- Ongoing implementation of human rights due diligence for overseas sites, etc.

*1 HRD: Human Resource Development. A generic term for methods and activities used for the training and development of human resources in a company.

Implementation of human rights due diligence

At CATALER GROUP, all employees, including directors and officers, are committed to deepening their understanding of human rights and to achieving a society in which human rights are respected in accordance with our human rights guidelines. These human rights guidelines also stipulate the implementation of human rights due diligence, which we began to address in 2023. As indicated in the UN Guiding Principles on Business and Human Rights, we plan to continue our efforts to build a sustainable value chain.

Implementation of education and training

We regularly implement education and training programs to raise employees' awareness of human rights and to create a corporate culture of respect for human rights.

In FY2022, we provided educational programs for department managers and above on the theme of "Business and Human Rights" to deepen their understanding of not only human rights issues in the workplace, but also human rights issues for which companies must be socially responsible.

Consultation and reporting desk

As internal consultation and reporting desks, we have created an environment in which whistleblowers can easily consult with us by establishing the "CATALER Consultation and Reporting Desk" and the "All Toyota Speak Up Desk," as well as a consultation and reporting desk at a lawyer's office. We have established contact desks in regions outside of Japan and have a global system in place.

Initiatives for supply chains

Based on the human rights guidelines, we established the Supplier Sustainability Guidelines in November 2023 to prevent the occurrence of human rights violation events in advance and to build a sustainable supply chain. We are committed to working together with everyone in our supply chain to realize a sustainable society.

- Protection of human rights and improvement of working conditions

We ask our suppliers to respect human rights in our Basic Business Contract and Supplier Sustainability Guidelines.

Based on the human rights guidelines, we will promote the penetration and dissemination of the following initiatives not only within our own company but also throughout our supply chain.

- | | |
|--|--|
| (1) Respect for human rights | (5) Harassment |
| (2) Migrant and forced labor | (6) Wages and benefits |
| (3) Child labor and young workers | (7) Working Hours |
| (4) Prohibition of discrimination, respect and acceptance of diversity | (8) Freedom of association and collective bargaining |

▶[Supplier Sustainability Guidelines](#)

Human resources

Approach to human resources

Due to global business growth and changes in the environment, social issues that need to be solved are increasing and becoming more complex. Therefore, it is important to create a corporate culture in which the entire company works together to tackle these issues and to develop human resources who can play an active role on a global scale.

At CATALER, we believe that the irreplaceable asset for achieving sustainable success is our human resources. By promoting the creation of systems that enable employees to work in a diverse and flexible manner and investing in human resource development, we will realize "everyone at CATALER shines toward the future".

Promotion structure

Personnel and labor management and human resource development are under the jurisdiction of the Human Resources Division.

We are involved in the operation of personnel systems, planning and promotion of work style reforms, human resource development initiatives, prevention of problems, and promotion of employee education.

Employee attitude survey

Since 2004, CATALER has conducted an attitude survey of employees and senior staff to identify various issues related to corporate activities and to create a workplace environment and improve workplace satisfaction. The response rate has exceeded 90% every year, with a response rate of 92.8% in FY2022.

The results are promptly disseminated to directors, general managers, and department managers, and each department's policies reflect the results as targets for improving the workplace environment. We will continue to promote workplace improvements throughout the company and strive to improve employee satisfaction.

Labor and management communication

With "mutual trust between labor and management" as our management philosophy, we have established regular opportunities for information and opinion exchange between labor and management, such as monthly administrative negotiations, year-round consultative working groups, and trinity roundtable meetings among top management, the labor union, and the managers exchange meeting, where the three sides are earnest in dealing with each other and actively addressing various issues. In addition to strictly adhering to the overtime hours agreed upon by labor and management, even fewer internal management hours are set, and all union members work within these hours with an awareness of a better work-life balance.

Diversity

Promotion of women's activities

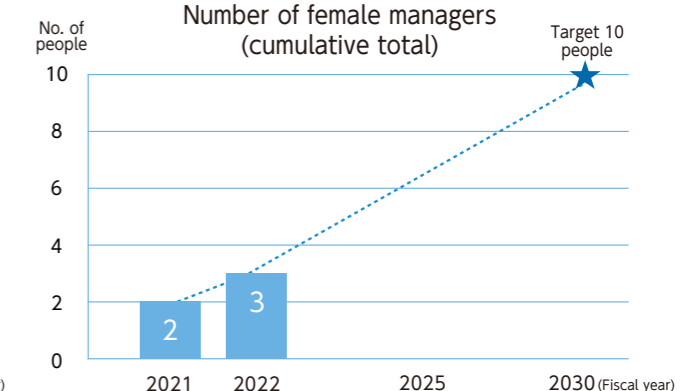
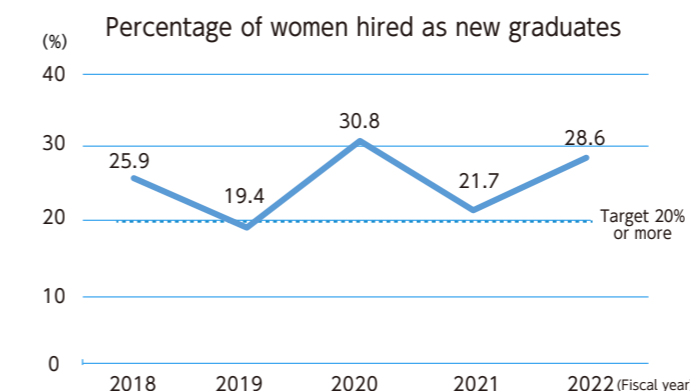
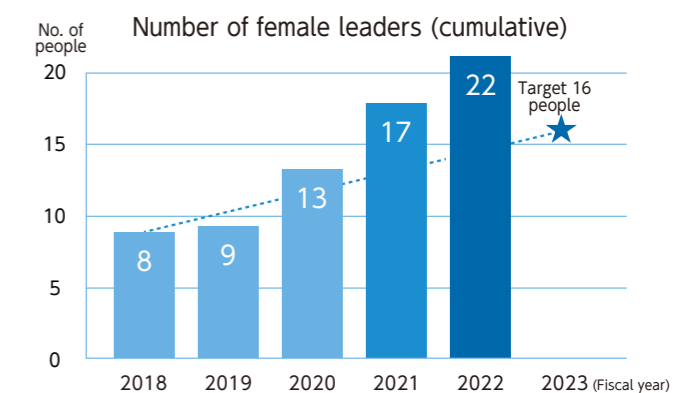
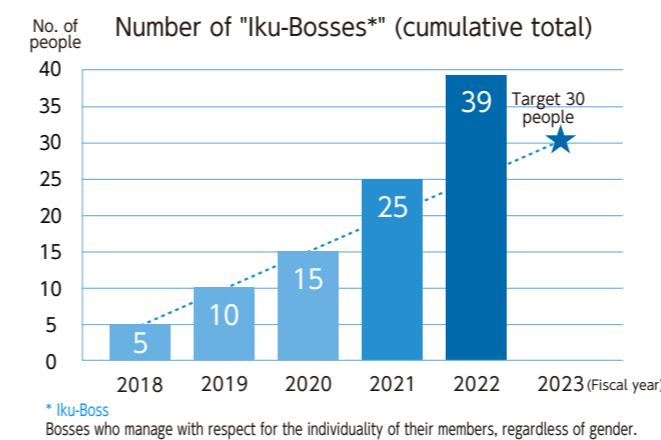
CATALER believes that promoting the advancement of women leads to the enhancement of corporate value. To this end, in fiscal year 2017, we launched "Tsubomi," a working group organization led by women to absorb issues related to women's activities within the company, and promoted its activities.

In April 2019, we formulated the second phase action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life (plan period: April 1, 2019 - March 31, 2024), and are focusing on development to achieve the goals, including "Iku-Boss*1 training" for managers, "Women Leader Training" for women who are candidates for leadership positions, and "Women's Exchange Meetings" outside the company.

Furthermore, as one of the priorities of the SDGs from 2022, we have set the "realization of employment with job satisfaction" as a priority issue, and are promoting a workplace environment where diverse human resources can work with vitality and peace of mind, and where a work-life balance can be achieved.

As targets for 2030, we aim to increase the percentage of female new graduates hired each year to 20% or more, and to increase the number of female managers by five times (compared to 2020), in order to create an organization where employees, regardless of gender, can thrive and play an active role.

▶Click here for the action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life

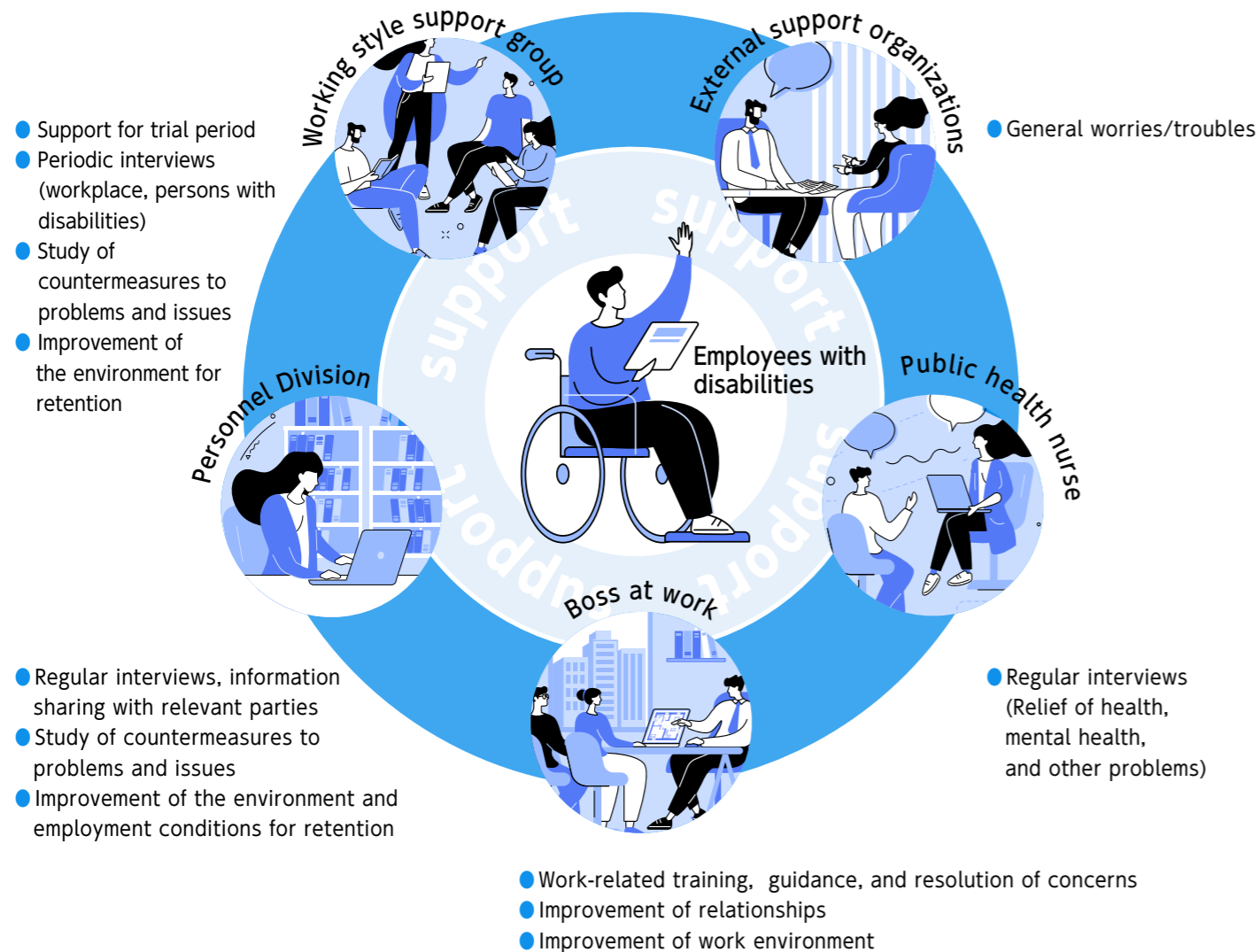


Promoting employment for people with disabilities

In order to realize a society in which people with disabilities can live together in harmony, respecting each other's personality and individuality without being separated by disabilities, CATALER is creating and expanding employment opportunities for people with disabilities and supporting them to settle into the workplace, aiming to be a company where they can work with peace of mind for a long time. To this end, we have established a "Working Style Support Group" within the company to support the working styles of people with disabilities.

Work support system diagram

Follow-up system for retention



Examples of Initiatives

Job creation and expansion

- Acceptance of trainees from local special needs schools
- Establishment of mid- to long-term employment plans
- Promotion of Agriculture and welfare cooperation^{*1}

We promote the expansion of employment for people with various disabilities who have difficulty finding work in companies by supporting their employment through agriculture.

Percentage of employees with disabilities

- 2.56% (as of the end of March 2023)

Fostering a culture in the workplace

- Organize training sessions for employees to foster understanding and empathy for disabilities

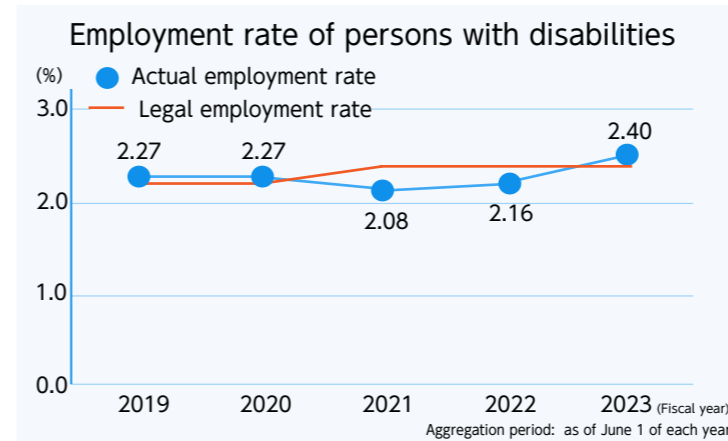
Support for retention and competence in the workplace

- Early identification of problems and implementation of countermeasures through periodic interviews

Reinforcement of support system by "vocational life counselors for persons with disabilities"

- "Vocational life counselors for persons with disabilities" are assigned at each Function to provide an environment conducive to consultation and support.

^{*1} Agriculture and welfare cooperation (collaboration between agriculture and welfare): A system for people with disabilities to participate in society with confidence and a sense of fulfillment through active roles in agriculture.



Nofuku Port Suzunari Iwata

Creating a workplace where people can work forever

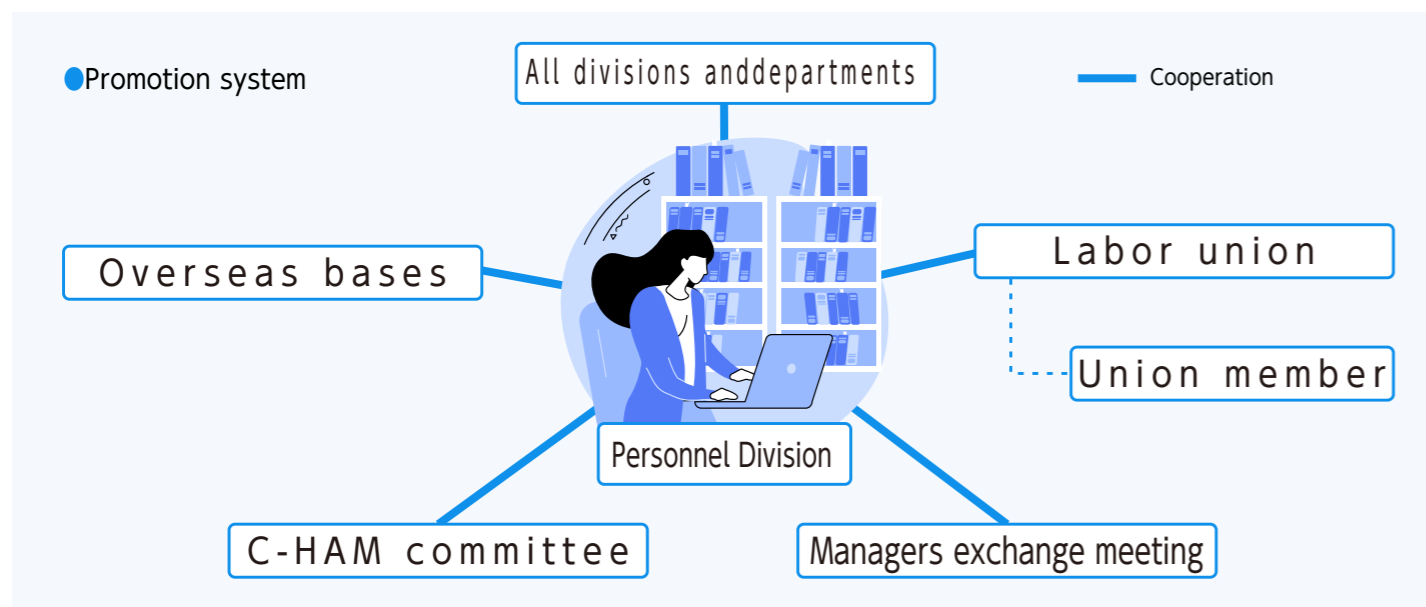
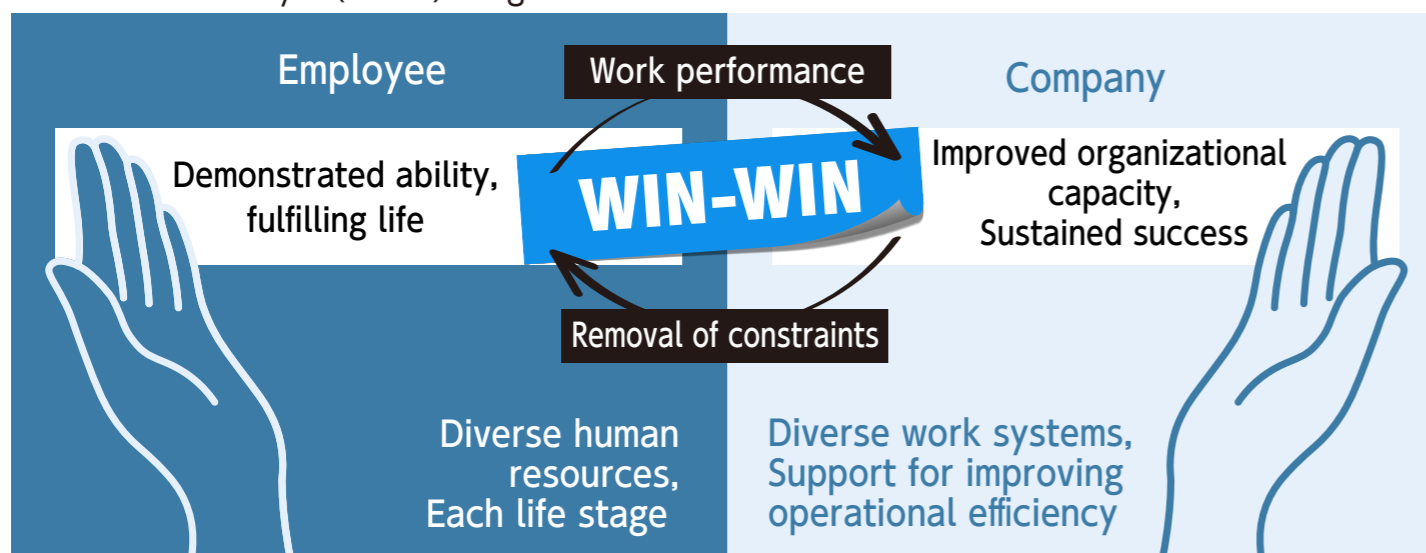
For employees who have reached the mandatory retirement age of 60, we, in principle, rehire all those who wish to continue working. We will continue to respect the diverse lifestyles and work intentions of each and every employee, and promote the development of systems and workplace environments that enable employees to stay active with a sense of fulfillment and purpose in life.

Work life balance

CATALER way work style innovation (C-WIN)

CATALER is promoting a work style innovation (C-WIN: CATALER - Work style Innovation) in which the company and its employees work together to enable diverse human resources to play an active role in accordance with their respective work-life balance. We are creating a win-win environment for the company and its employees by streamlining and revamping operations and enabling diverse and flexible work styles.

Reform of work style (C-WIN) Image



Category	Measures implemented
Work efficiency support	Revision and streamlining of work
	Introduction of automation tools (RPA) *1
Diverse work systems	Introduction of "off-hours" system *2 and MY TIME system *4
	Introduction of telecommuting system
	Expansion of flextime system (for employees with shortened core hours or shorter working hours)
	Introduction of short-time flex system
	Securing interval time between workdays (10 hours)*3
Each life stage	Introduction of a choice-type welfare system (cafeteria plan)
	Introduction of infertility treatment leave and cost assistance system
	Introduction of leave system for hospital visits
	Introduction of systems related to life support (half-day work for sickness and injury, shortened working hour system)

*1 RPA (Robotic Process Automation) : A "software robot" that can automate a series of tasks performed using a PC or other device. It is used as a tool to improve the efficiency and productivity of a company's operations.

*2 Off-Hour System: A system that allows employees to arrive at work later or leave earlier during set hours to expand work styles at manufacturing sites and other locations.

*3 Interval time between workdays: A rest period of at least a certain amount of time between the end of the previous day's work and the start of the next day's work (interval)

*4 MY TIME system: A system that allows employees who cannot use the flex system or telecommuting to arrive at work later or return home earlier within a set time range.

Enhancement of systems to support work-life balance

CATALER is actively working to expand and improve systems that enable employees to balance work and family life.

We will continue to improve the system and review its operation methods while incorporating changes in social needs, such as changes in employee awareness regarding work styles and legal revisions.

System	Contents
Reduced working hours for childcare	A system that allows employees with children in elementary school or younger to shorten their working hours (available until the child graduates from elementary school).
Reduced working hours for nursing care	A system that allows employees with family members in need of nursing care to shorten their working hours.
Short-time flex work system	Flexible working hours for employees who work shorter hours for childcare or nursing care
Childcare leave system	A system that allows employees to take a leave of absence if they wish, as long as the child does not exceed the age of two.
Nursing care leave system	A system that allows up to one year of leave per family member in need of nursing care .
Employee health support	Establishment of a medical office, a full-time public health nurse, and a system to receive psychologist interviews
Teleworking system	A system that allows employees to work from home
Accumulated annual leave system	A system that allows employees to accumulate up to 20 days of forfeited annual paid leave to be used for personal injury, illness, or nursing care.
Various leave systems	A leave system that can be used for the birth of a spouse, hospital visits, child nursing care, family care, and other occasions of congratulation or condolence.
Family allowance	Allowance for employees with dependent family members

External Evaluation

Kurumin certification (2023)



2023 Certified as "Kurumin" by the Ministry of Health, Labor and Welfare.

Eruboshi certification (2023)



2023 Certified as "Eruboshi (Level 3)" by the Ministry of Health, Labor and Welfare.

Kakegawa City Child-Raising Friendly Business Office Certification (2019~)



Renewal certification as a "Child-Raising Friendly Business Office" in Kakegawa City in 2022.

Certified as a Fujinokuni Child-Raising Friendly Company by Shizuoka Prefecture (2023)



Certified as a "Fujinokuni Child-Raising Friendly Company" in the Large-Scale Division by Shizuoka Prefecture in 2022.

Human resource development

Human resource development system (C-HAM)

CATALER's human resource development system (C-HAM: CATALER Human Asset Management) aims to develop "human resources who can think and act on their own" who are able to recognize and solve problems and issues on their own, and who are able to work with a sense of ownership in their work, so that they can be active globally even in a fast-changing business environment. In addition, we implement continuous improvements on a daily basis to ensure that these human resource development efforts function effectively as organizational capabilities and lead to increased customer value.

Training is structured by job level in accordance with the "Job Qualification Standards," which clearly define the abilities required for each position. We have created an environment in which all employees have access to the training shown in the figure below, so that they can acquire the necessary skills in a timely manner.

In addition, we have introduced the "Global Challenge System (short-term overseas dispatch)" for the purpose of developing young employees who can play an active role on the global stage, and are striving to help young employees acquire language skills and quickly understand overseas operations. Training is managed and visualized using an education management system (C-UNI: CATALER-University).

	General training								Specialized training			Executive development global human resources	Self-development programs																	
	Hierarchical training				Segmental training				Technology	Skills	Business		Management	Business skills	English conversations	Correspondence courses														
	Management	Human relations	Problem solving	Safety and health	Quality QC	Environment BCM	CSR	DX																						
Managers	Policy management (KPI setting)	Management leadership	New manager training	Health management, Mental health, Occupational safety	ISO/IATF QC circle	Environment/BCM training	CSR/Compliance	DX training	Specialized training programs by type of work	Language learning	Pre-assignment training	Management development					Global challenge	Management	Business skills	English conversations	Correspondence courses									
Leaders	Management basics	Prospective problem solving																												
Members	Logical thinking	Coaching	Presentation (Way of speaking)																											
At the time of employment	New employee training																													

Initiatives for DX Human Resource Development

In an era of rapid environmental change, DX promotion is indispensable for CATALER's survival. This applies not only to specific areas of design and development, but also to operations across the entire company, requiring the entire company to work together to promote DX.

In order to strongly promote DX, CATALER launched the DX Promotion Department in 2021.

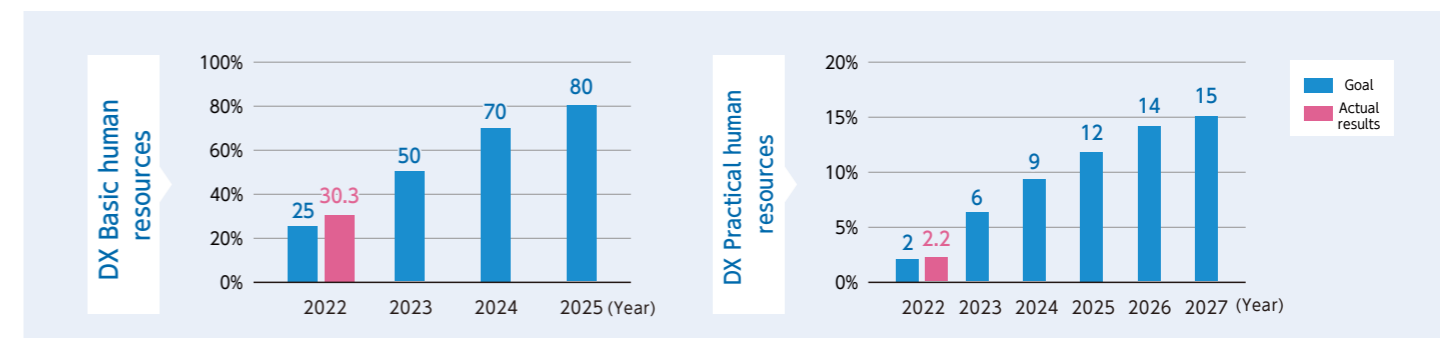
In addition, with regard to digital human resources, which are indispensable for promoting DX, we have defined three levels of DX human resources and are strengthening education for each level, aiming to develop all employees by the end of FY2027.

We have established an education system that enables employees to acquire digital utilization skills regardless of their experience or position, and are actively promoting the development of "human resources who create new value," "human resources who create new businesses and products," and "human resources who lead business reforms" by improving their ability to think independently and make improvements through the use of digital technology.



Activities for FY2022 and future prospects

In FY2022, we established a system and structure for human resource development and focus on the development of DX basic human resources and DX practical human resources. As a result, as of the end of FY2022, we have achieved our transitional goal in terms of the number of both DX basic human resources and DX practical human resources. In addition, in order to respond to the further acceleration of DX, we have accelerated the final target year for human resource development from fiscal year 2028 to fiscal year 2027. In order to achieve this goal, we will also set a target number of employees for each department and aim to build a foundation for the realization of company-wide DX.



Occupational safety and health

Safety guidelines

Ensuring the safety and health of employees is the foundation of all corporate activities and should be the most important. A workplace where everyone can work with enthusiasm and peace of mind is the ideal field where we can provide good products and services. At CATALER, labor and management cooperate to maintain and improve the workplace environment.

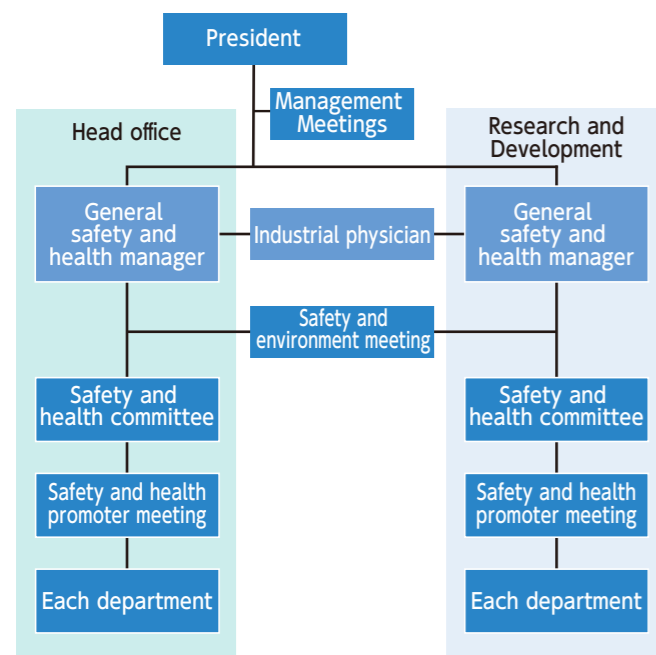
The safety guidelines are as follows

- Labor-management cooperation to prevent industrial accidents
- Compliance with laws and internal regulations concerning safety and health
- Continuous improvement and improvement of the safety and health management system

The company and employees will cooperate to build a safe and secure workplace and develop systems and measures to prevent disasters from occurring. In order to maintain a safe and healthy working environment, we actively promote safety activities by establishing internal rules to ensure equipment safety, work safety, and walking safety, as well as compliance with all laws, regulations, and ordinances related to safety and health.

In addition, we are systematically implementing continuous improvements in order to more effectively execute and promote safety and health activities.

Safety and health organization chart



Safety and environment meeting

A safe and secure work environment is the most fundamental and important matter for organizational performance. The meeting is attended by the general managers and department heads of all divisions, and is held to disseminate information throughout the company and strengthen the development of measures to realize the ideal workplace environment.

Safety and health committee

The Safety and Health Committee is composed of labor and management, with the executive committee from the labor union participating as a member, and serves as a forum for active exchange of opinions. The deliberations are shared between the head office and R&D sites to address various matters related to health and safety.

Safety and health promoter meeting

This is a meeting to develop activities to all employees for safety and health, including decisions made at the Safety and Environment Meeting and the Safety and Health Committee.

Representative promoters from each department participate to confirm the details of the content.

Creating a safe work environment

In order to control chemical substances, etc., measurement based on the Working Environment Measurement Law is conducted (in June and December) at unit workplaces to which the Ordinance on Prevention of Organic Solvent Poisoning, the Ordinance on Prevention of Hazards Due to Specified Chemical Substances, the Ordinance on Prevention of Dust Disorder, etc. are applied. In addition, we conduct RA (Risk Assessment) of chemical substances to reduce risks caused by chemical substances.

We manage noise and heat workplaces based on the results of working environment measurements. Noisy workplaces are equipped with shielding and soundproofing walls in a timely manner, along with the correct protective equipment.

In hot workplaces, we have installed spot coolers and large fans, water sprinklers, and other measures to reduce the temperature experienced by workers based on the heat index (WBGT) and wind speed.

Workplace accident prevention activities

As a measure to prevent occupational accidents, RA (Risk Assessment) is conducted for each work procedure, facility, and chemical substance, and countermeasures are taken.

In addition, before construction or non-routine work, we conduct hazard prediction activities to "prevent accidents". Regular patrols are conducted to ensure that construction contractors comply with on-site construction rules, and activities are also developed to prevent accidents not only among employees but also throughout the entire premises.

In addition, we share safety information with our affiliated companies and suppliers, such as accident examples from other companies, to develop a wide range of safety activities for those who work together with us.

Specific initiatives

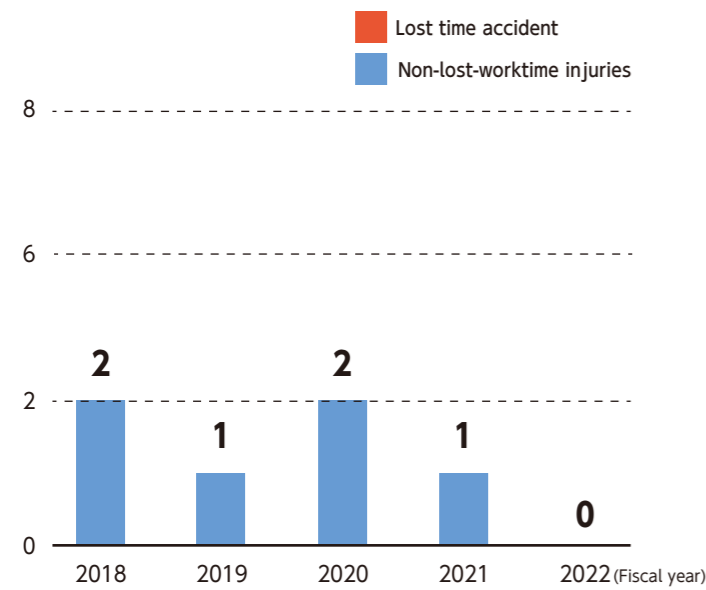
Activities	Frequency	Purpose and contents
Top management-led on-site inspections	Four times/year	President and union executive committee conduct inspections and guidance for improvement based on safety, health, risk assessment, and 4S.
Voluntary workplace inspections	Once/month	Workplace managers and supervisors conduct workplace safety inspections to raise awareness associated with hazard countermeasures in their own workplaces.
Equipment safety inspections	Before equipment use	Inspection of standard items and past failures using check sheets to prevent occupational accidents due to equipment installation or modification defects.
On-site construction patrols	Once/two months	Patrols are conducted to ensure compliance with on-premises construction rules by contractors.
Distribution of safety cards to construction workers	At the time of entering	Distributed "Safety Cards" to all contractors entering the premises, which describe the rules for construction work on our premises.
Personal safety declarations	Once/year	Employees set their own safety goals to raise safety awareness and prevent workplace accidents.

Occupational accidents

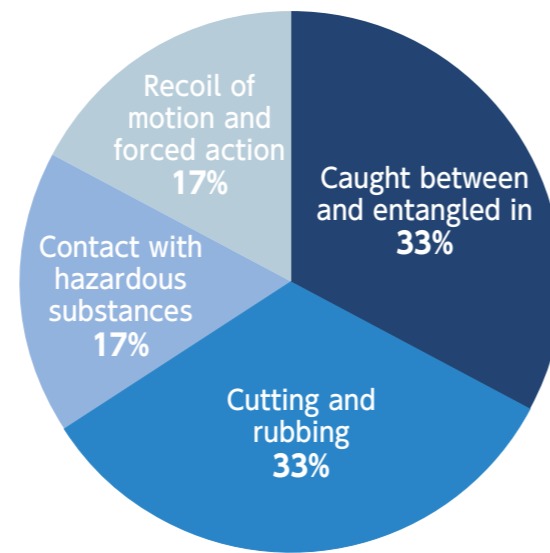
There were no occupational accidents in FY2022.

We will continue our activities to prevent accidents before they occur.

Lost time accident and non-lost-worktime injuries



Types of occupational accidents
(FY 2018-2022)



Sharing and utilization of occupational accident information

When an industrial accident occurs, we horizontally disseminate information and investigate similar locations to make the entire company aware of the situation, and work on permanent countermeasures and prevention of recurrence. Global meetings are also held with overseas subsidiaries to share wisdom and experience, and the entire group is committed to ensuring safety.

Health

Mental and physical health is the driving force for employees to thrive. CATALER has formulated a "Health Declaration" and is committed to promoting the health of its employees.

Health Declaration



Corporation with excellent health management and health declaration

At CATALER, the happiness of each and every one of our employees and their families is our top priority.

We believe that "a healthy mind and body" leads to the happiness of CATALER's employees and their families, and is the foundation for the company's sustainable growth and business continuity.

We hereby declare that we will do our utmost to promote "health management" to create a corporate culture in which all employees can work with a sense of fulfillment and maximize their abilities, so that they and their families can have fulfilling days.

1. We consider the health of our employees and their families to be an important management resource, and we will conduct activities that place the highest priority on safety and health.
2. We will actively promote the creation of a workplace environment and work system where employees can work in good mental and physical health with a smile.
3. We will develop activities to raise health awareness and promote behavior change so that employees and their families can voluntarily engage in health promotion.
4. In cooperation with the health insurance association, we will engage in health promotion and disease prevention activities.

June 27, 2023
President and CEO, CATALER Corporation

Masashi Ishida

Employee health promotion initiatives

Health checkups

At CATALER, in order to protect the health of our employees, our public health nurses conduct individual interviews with each employee after regular and special health checkups, explain the results of the checkups, and recommend secondary checkups. The face-to-face approach leads to the early detection of physical and mental health problems and raises each employee's awareness of health management.

The completion rate of secondary checkups in FY2022 was 86.6%. In order to further improve the checkup rate, the following new systems have been introduced.

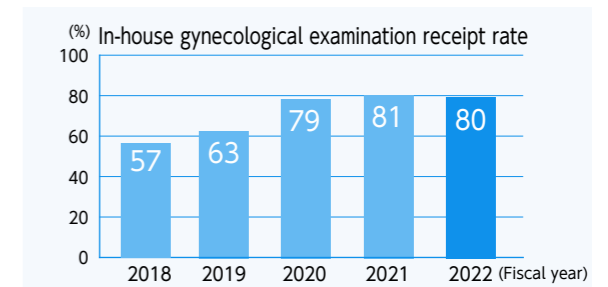
- Securing "time for medical examinations" by introducing a legal holiday system
- "Subsidies for medical examinations" under the benefit system

In addition, by converting the results of health checkups into data, internal health issues are identified and the results are shared with employees. Based on the results, we regularly hold health education sessions on how to look at the results of health checkups, points to prevent lifestyle-related diseases, etc., and encourage them to review their lifestyle habits to improve their health status data, thereby implementing the PDCA cycle.

Gynecological examination

Gynecological examinations have been conducted in-house since F Y2018. By conducting the examinations during work hours, the examinations can be conducted in a short period of time (30 minutes to less than 1 hour), and the examination rate has been increasing year by year.

This has led to a high consultation rate compared to the consultation rate of health insurance companies, leading to early detection and early treatment of illnesses.



Prevention of infectious diseases

In-house influenza vaccination is conducted from October to December every year. We have created an environment that allows for work release and facilitates vaccination through implementation during working hours.

Mental health

Stress checks are conducted once a year. The high examination rate has been maintained through simultaneous implementation with periodic health checkups, and the actual examination rate in FY2022 was 98.6%.

Based on the results of the stress check, individual interviews (with industrial physicians, external certified psychologists, and public health nurses) are held for high-stress employees, and departmental analysis debriefings are held to create a workplace with a good open atmosphere.

EAP interviews (Employee Assistance Program) have been introduced in 2018 as an individualized response, focusing on the prevention of mental illness, early response, and prevention of deterioration. As a result, the rate of workers absent from work due to mental causes is on a downward trend.

In addition, for those who return to work after an illness, we have introduced the "Short-Time/Half-Day Work System for Injuries and Illnesses" from 2021 to help them balance work and treatment for their illnesses.

As a population approach, we provide professional self-care and line-care training.

(Self-Care training)

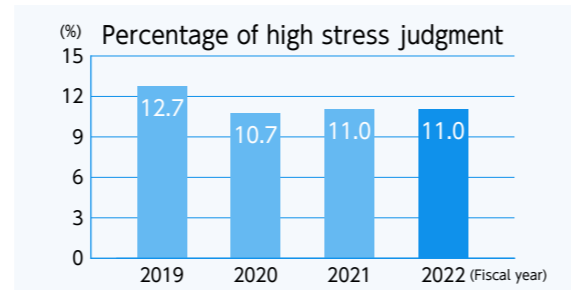
Once a year, we host a lecture and stretching training on the link between sleep and mental health problems.

(Line care training)

Twice a year, a variety of classroom and group work education sessions are held for department managers, inviting outside licensed psychologists as lecturers.

Health counseling

One public health nurse is stationed in each medical office at each site in Japan to provide health consultations as needed. We strive to create an atmosphere in which employees feel free to consult with us.



Self-care training



Line care training



Health counseling

Specific health guidance

[Individual guidance]

We extract those who are eligible for specific health guidance based on the results of regular health checkups, and provide individual guidance to all employees, not just those over 40 years of age, by expanding the scope of those eligible beyond the statutory standards.

We are committed to providing guidance that is easy to understand and convincing at a glance through the use of food models, hand weighing nutrition methods, and the introduction and utilization of body composition analyzers.

[Group instruction]

As a population approach, we explain how to look at the results of health checkups and provide lifestyle improvement guidance on diet, exercise, etc. to all employees not just those who are eligible for specific health guidance. In addition, a food model display area has been set up to make it possible to check proper nutritional intake at any time.

General lifesaving training and AED use training

In order to save as many lives as possible in an emergency, we hold an annual general lifesaving course including practical skills and AED training for in-house safety and health promoters and BCM rescue and first-aid team members.

In addition, we prepare training materials with video clips and distribute them via e-learning as classroom lectures. In addition, we have prepared our own manual for dealing with employees who are not in good health, and have placed it in first-aid kits and AED boxes in the company to ensure that employees can respond without panic in an emergency.



Food Models



Food model display area



General lifesaving training and AED use training

Health promotion awareness activities

• In-house walking trails

Walking trails are set up in the company to promote exercise among employees.

The event is held in conjunction with Sanitation Week.

• Health newsletter published

Four times a year, we distribute seasonal health information.

• Health education by level

(New employee training)

We give training to our employees on a wide range of topics,

including safety considerations, self-health obligations, response to physical illness, mental health, etc.

(Training for managers)

Safety and health training is provided for employees promoted to managerial positions to educate them on safety and health-related matters, including how to deal with and care for subordinates and the responsibilities of managers and supervisors.



In-house walking trails

Measures against rubella

Following the 2015 outbreak of rubella among our employees, we have strengthened our measures against rubella. We have implemented various initiatives and maintained a 99.2% rate of rubella antibody possession. These efforts have also been covered in various fields, including external lectures and adoption for Ministry of Health, Labor and Welfare educational materials, and CATALER's activities are also being used outside the company for rubella control.

Initiatives

- Antibody survey via interview using an in-house prepared questionnaire
- Recommend vaccinations for employees who do not have antibodies or have low antibody titers
- Provide full subsidies for MR vaccination costs

Corporation with Excellent Health Management

As a result of our health management initiatives, we have been recognized as a Corporation of Excellent Health Management for six consecutive years since fiscal 2018.



Excellent Health Management Corporation 2023

COVID-19 infection control

As COVID-19 spreads and expands globally, all employees throughout the company are working together to prevent infection and the spread of the disease and continue to maintain good health.

Initiatives

- Daily health observation
- Masks and hand sanitizers
- Partitions in all areas, adequate ventilation
- Limit the number of people using each room, spread out meal times, and ensure silent eating.
- Proactive use of web conferencing and travel restrictions according to circumstances
- Clean and disinfect conference rooms and cafeterias after use.
- Conduct disinfection drills in preparation for infected persons and those in close contact with infected persons
- Promote telecommuting

• Conduct vaccination in workplaces

In June 2021, we began offering inoculations at workplaces. The vaccination program was expanded to include not only employees, but also their families and local boards of education (teachers at nearby nursery schools, elementary schools and junior high schools). Approximately 80% of employees have been vaccinated at their workplaces. In addition, in October 2022, the company conducted simultaneous inoculation of employees at workplace with the Omicron strain-compatible bivalent vaccine and influenza vaccine, and approximately 80% of employees have been inoculated at work.



Workplace vaccination

• In-house Infection Prevention Guide published and revised

We have developed our own in-house infection prevention measures guide based on the Shizuoka Prefecture Infection Control Guide. Since its initial publication on February 1, 2020, the guide has been revised and updated more than 70 times as of March 31, 2023, with additional editions.

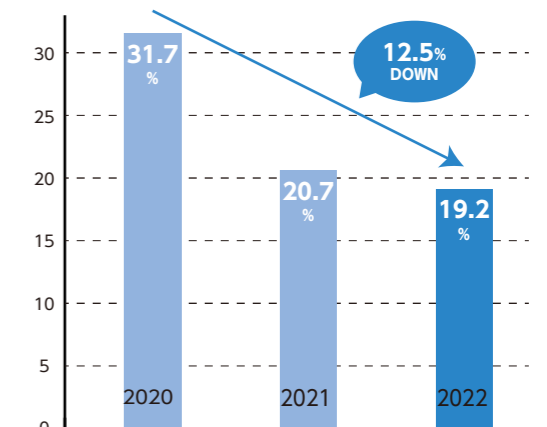
We have also developed and implemented an exit strategy for the transition to Class 5 of the Infectious Disease Control Law.

Passive smoking prevention efforts

CATALER has strengthened its measures to prevent passive smoking since April 2020, establishing company wide no smoking days twice a month.

We are also reviewing the smoking areas on the premises, relocating them to areas where there is less risk of passive smoking, and partially closing them to reduce the risk of potential future illnesses to employees. Other efforts include distribution of health information to all employees, individual smoking cessation guidance by public health nurses, referrals to smoking cessation clinics, and use of smoking cessation support by health insurance societies, etc., with employees who are willing to quit smoking. As a result, smoking rates are much lower than in 2020.

In-house smoking rate trends



Social contribution activities

Philosophy of social contribution

Based on our management philosophy "to contribute to the development of the community and to be a company that is loved and trusted by local people", CATALER actively promotes social contribution activities, either independently or in cooperation with partners in areas where we do business, with the aim of growing communities and creating a prosperous society.

Management system

The General Affairs Division takes the lead in promoting these activities.

Although events in the region did not fully resume in FY2022 due to the Corona disaster, CATALER continues to interact with the community through social contribution activities in the form of "Execution-oriented support" by providing supplies and participating in community activities.

Activities

Community revitalization

Aiming to realize a society in which local people can live prosperous lives, we will enhance our activities across a wide range of fields, including activities to support community revitalization and disaster prevention measures.

Sponsorship of Shizuoka Prefecture Softball Tournament for School Children

In promoting our business, we are committed to "contributing to the development of the community" and "gaining the trust of local people" as our management philosophy, and we will support the realization of the dreams of young people, who are the future, and the growth of children. In 2020, we decided to be a special sponsor of the "CATALER Tournament Shizuoka Prefecture Softball Championship for School Children," and after two years of postponement due to the spread of COVID-19 infection, the first tournament was held in 2022 and will be continued thereafter. Through the tournament, we hope that the players will cherish the environment in which they can play baseball, the gratitude to those involved, and the joy of being able to play baseball with their friends, and that they will grow up to be great players.



School children's baseball

Shizuoka Future Forest Supporter

On January 16, 2023, we signed a "Shizuoka Future Forest Supporter" agreement with Shizuoka Prefecture and Kakegawa City to support their reforestation activities. On May 11, 2023, we planted approximately 4,000 trees in a 0.8 ha area of the seawall on the south coastline of Chihama, Kakegawa City. In order to pass on the rich forests to the next generation, we will continue to clear the undergrowth and monitor the growth of the forests, and the entire company will work together to nurture the local forests.



Shizuoka Future Forest Supporter Tree Planting Activities

Kakegawa City x CATALER Comprehensive Collaboration Agreement for "Collaborative Community Development"

Since 2015, Kakegawa City and CATALER have entered into a comprehensive collaboration agreement with the aim of working together to promote community revitalization, improvement of citizen services, and appropriate responses to local issues. We will promote the creation of an attractive community and local revitalization, and contribute to the further development and enhancement of both Kakegawa City and CATALER.



Environmental conservation activities

As a company whose business itself contributes to the global environment, CATALER takes global warming, waste, and other issues seriously and contributes to the preservation of the local environment.

The Adapt Road Program (continued from 2012)

The Adapt Road Program is a beautification activity in which local governments work together to create clean streets and a clean city.

Every month, we volunteer to weed and pick up trash along Route 150 north of our head office.



The Adapt Road Program

Kakegawa City Shiosai no Mori Tree Growing Festival

We are promoting the creation of a Forest of Hope in collaboration with the local community. In 2022, we participated in the Kakegawa City Shiosai no Mori Tree Growing Festival (held on October 22).

Supporting athletes

In recent years, as the nature of sports and the activities of athletes have diversified along with social development, CATALER, as part of its social contribution activities, has been supporting athletes from the prefecture who are active around the world from various angles based on the idea that "supporting athletes leads to the development of the community." For example, we provide financial assistance for overseas expeditions and training, negotiate representation for media appearances (TV, newspaper, web media interviews, etc.), support during event appearances, and assist in obtaining sponsors.

CATALER, with the cooperation of its supporters, will not only promote the Games, but will also actively engage in communication activities with local residents to nurture the next generation and expand its circle of social contribution.



Tsubaki Miki (Alpine snowboarding)

In February 2023, at the young age of 19, she won the first Japanese gold medal in women's parallel slalom at the World Championships. In May of the same year, she received the SNOW AWARD 2023 MVP award, given to the most successful Japanese ski and snowboard athlete.

*By mutual agreement, the contract was terminated at the end of August 2023.



Takumi Moriya (Windsurfing Freestyle)

In 2019, he became the youngest person ever to earn a professional certificate at age 13. In August of the same year, he won the Professional Windsurfers Association (PWA) Freestyle U15 Class World Champion. Since the 2021-2022 season, he has been ranked No. 1 in the JWA Professional Annual Ranking for two consecutive years, and in the 2023-2024 season, he went undefeated in Japan (as of November) and was clinched the No. 1 ranking for the third consecutive year. In 2023, he participated in two World Cup matches for the first time in his career. In October of the same year, he became the PWA Freestyle U20 Class World Champion, and is attracting attention as the face of windsurfing.



Global Initiatives

Under the sustainability policy, our production sites and offices around the world are promoting social contribution activities while taking their local circumstances into consideration. Our main activities are environmental preservation, community beautification, welfare, educational support, and donations.

As a representative activity in FY2022, employees in Thailand participated in the "Mangrove Planting Project to Plant 1,500 Trees" to restore mangrove forests, which play a role in reducing global warming, with residents of coastal communities. In South Africa, the program provides learning materials to schools and supports the cost of instruction to teachers to improve the English language skills of elementary school students in rural communities in the local KwaZulu-Natal province. In the U.S., we are committed to contributing to our local communities through fundraising activities, donating approximately \$4,000. In India, a portion of the proceeds is donated to local villages to help build school buildings and latrines, install sanitation equipment, provide learning materials, and distribute uniforms. In Indonesia, we are contributing to the revitalization of the local community by deepening cooperation with the local community through the installation of water treatment plants for drinking water and the planting of seedlings. In addition, to address the problem of dengue fever transmission, we are releasing fish that feed on larval bowheads in order to eliminate the mosquitoes that carry dengue fever.



CTC (Thailand)
Mangrove Plantation Project



CSA (South Africa)
Rally to Read



CNA (U.S.A.)
Relay for life



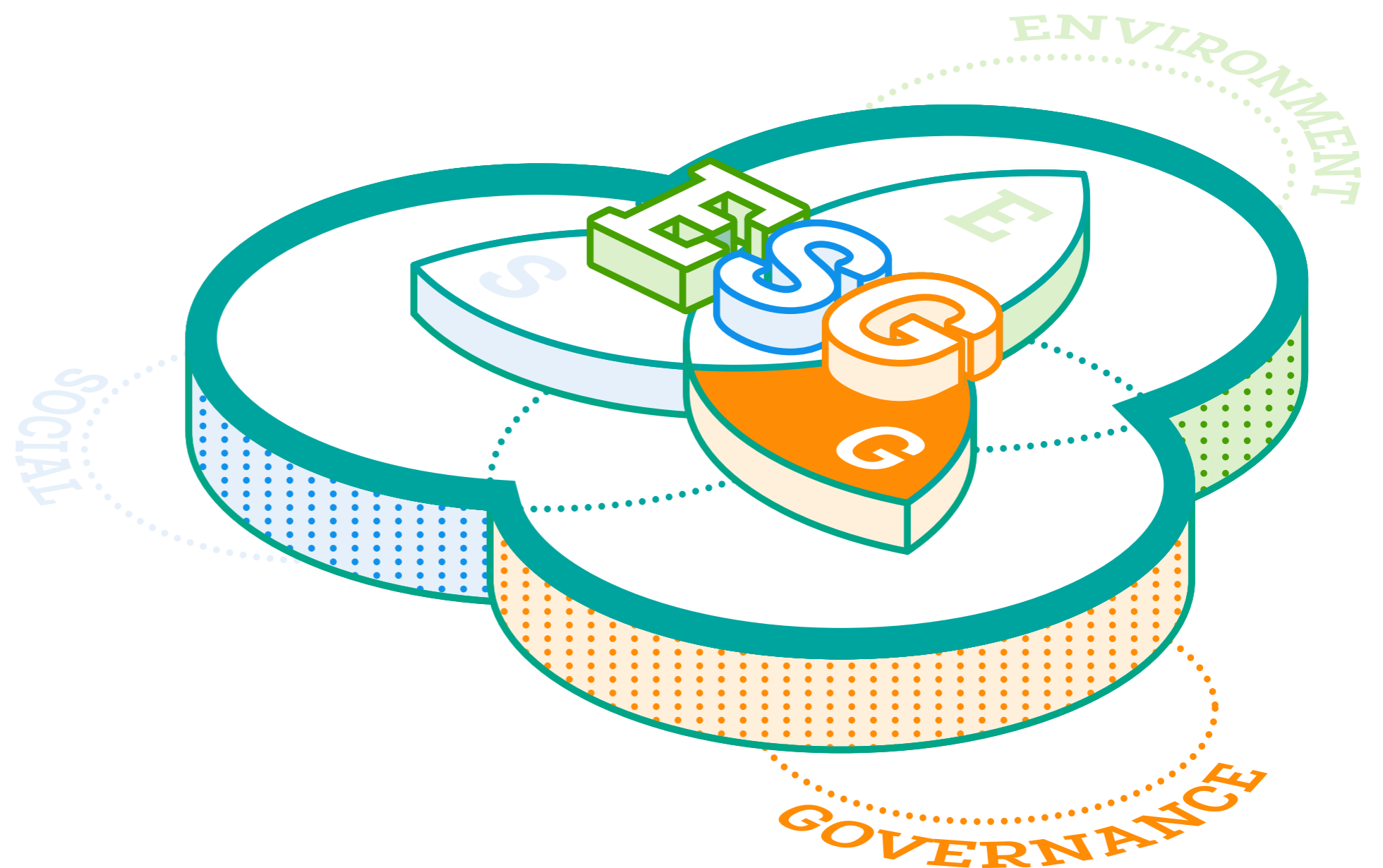
CIN (India)
Donation Activities



CIC (Indonesia)
Release of fish against dengue fever

Governance

Corporate governance	34
Compliance	35
Risk management	41

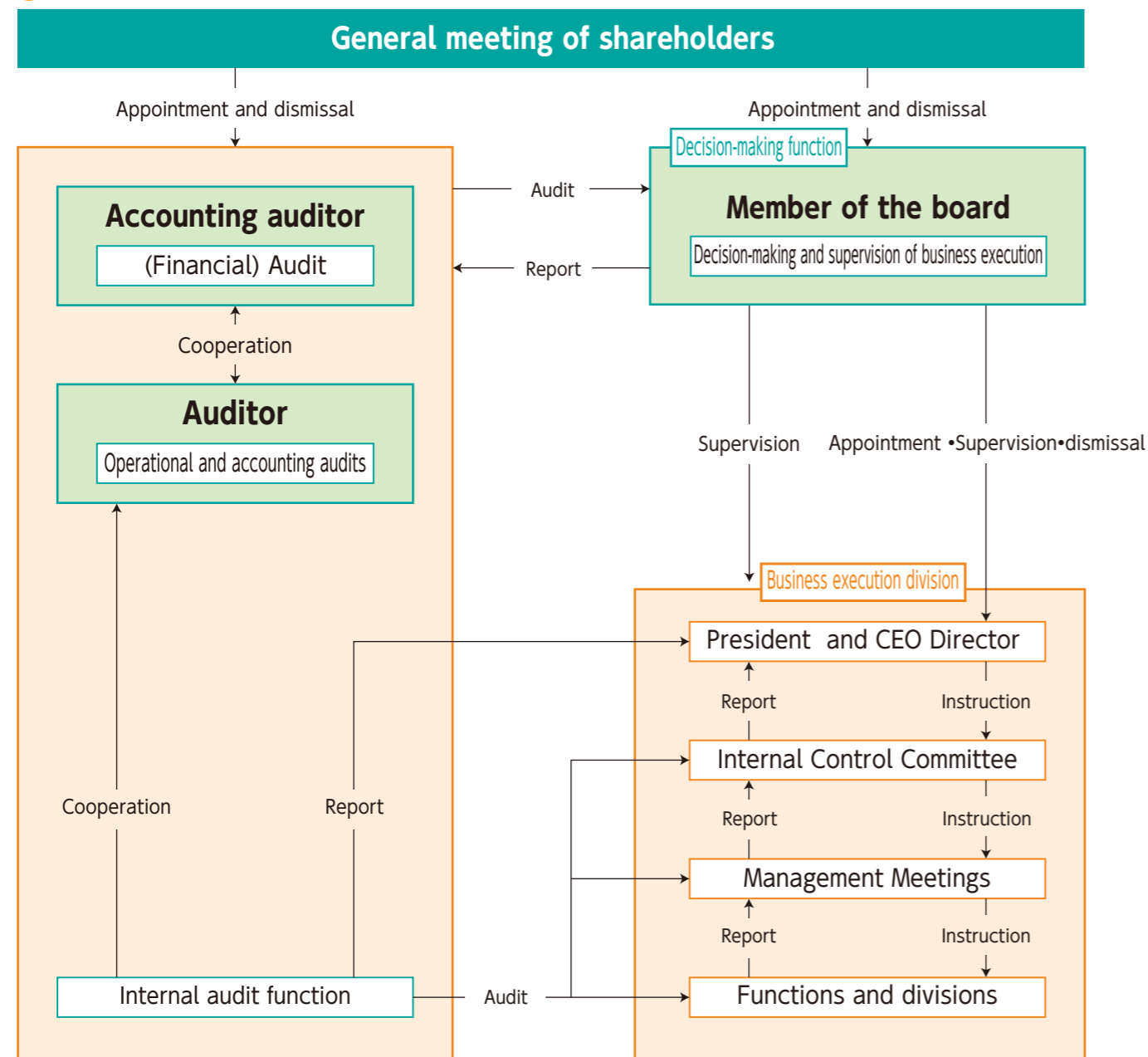


Corporate governance

Basic concept

Corporate governance, which is the structure and system of control and monitoring, is important for sound and efficient corporate organizational management. CATALER ensures proper corporate governance by establishing a General Meeting of Shareholders, Board of Directors, corporate auditors, and accounting auditors.

Organization chart



Status of activities

The Board of Directors' meetings are held in accordance with the Companies Act and the Company's Board of Directors Regulations to supervise the directors' performance of their duties. In fiscal year 2022, a total of nine meetings of the Board of Directors were held.

To ensure the effectiveness of their audits, full-time corporate auditors attend not only meetings of the Board of Directors but also key internal meetings such as the Management Committee.

Internal controls

C-ICS(Cataler-Internal Control System)

As C-ICS (CATALER-Internal Control System), CATALER strives to develop and properly operate a system to ensure the appropriateness of business operations as a corporate group, based on "CATALER's Basic Approach to Internal Control". In addition, every fiscal year, the Internal Control Committee inspects the status of the development and operation of internal control, and confirms that the activities of the departments that implement internal control are being carried out autonomously and strengthened as necessary.

Basic approach to internal controls

CATALER places a high priority on sustainable success and continuous enhancement of customer value through quality management. To achieve this, we believe that it is important to build good relationships with each of our stakeholders, including shareholders, customers, business partners, local communities, and employees, while continuing to provide products and services that impress our customers, and we are working to maintain and improve internal controls from the following perspectives.

- 1) Based on the concept of respect for human beings, the Company shall establish a system that draws out the good intentions, motivation, and autonomous judgment of the "people" who execute operations.
- 2) Aim to prevent the occurrence of problems by incorporating an internal control mechanism into the "business execution process" (WISDOM, work procedures) by "people" and "organization" and by build-in quality with ownership.
- 3) Visualize the status of effectiveness and efficiency of operations, reliability of financial reporting, compliance with laws and regulations related to business activities, and risk management on a global basis, and implement a PDCA cycle for continuous improvement.

Compliance

Basic concept

Based on the management philosophy of "complying with the spirit of domestic and foreign laws and regulations and practicing open and fair activities," we aim to be a company trusted by our stakeholders and are engaged in compliance activities by establishing a system to prevent problems from occurring and to detect and deal with problems immediately after they occur, and by fostering compliance awareness as the two pillars of our activities.

From the Compliance Officer

To meet stakeholders' expectations

Since its establishment in 1967, CATALER believes that it has built good relationships with many people, including local residents and customers, by conducting its business activities in compliance with "the laws of Japan and abroad and their spirit," as stated in its management philosophy. On the other hand, society's demands on companies are increasing day by day, and responses to safety, the environment, and human rights are having an impact on corporate reputation. We have been striving to maintain and develop sound relationships with our stakeholders through our "CSR Policy," which is based on our management philosophy. However, in response to the changing times, we have newly revised the policy as our "Sustainability Policy". From now on, based on the new policy, the entire CATALER GROUP will work to meet expectations through communication with our stakeholders.

We believe that a company is a living organism. We must constantly strive to improve our corporate strength (improvement of organizational capability) so that we can respond appropriately to external stimuli such as changes in the environment. CATALER has a domestic production headquarters and R&D center, as well as seven overseas production sites, and we recognize the need for governance as a global CATALER in order to make further progress in the future. In recent years, the Internal Control Committee has accelerated the C-ICS (CATALER-Internal Control System) initiative, and we will continue to evolve our corporate governance structure by enhancing our internal audit organization and further promoting risk management. In the past, we have overcome difficult situations such as the Lehman Shock and the Corona disaster by drawing on the wisdom and support of our stakeholders. We will leverage these experiences to improve our corporate governance system and achieve sustainable growth.



Executive Managing Officer,
Member of the Board
Yukiyasu Saeki

Management system

In order to strengthen the compliance system of the entire group, the Internal Control Committee serves as an organization for promoting compliance, checking the status of compliance and monitoring the progress of measures related to compliance.

Guidelines for action

CATALER's "Management Philosophy" defines our philosophy of compliance, which is "to comply with domestic and foreign laws and their spirit, and to practice open and fair corporate activities."

In order to realize our Management Philosophy, we have established "Guidelines for action", which specifically outlines the actions and attitudes required of those who work at our company.

Chapter 1. With People

Harmonious, Safe and Lively Work Environment

<Our Concept>

- ▶Cataler respects every team member's diversity and works to create an environment of trust, respect and dignity where members can fully and actively be engaged in their work at Cataler.
- ▶Cataler strives to create a safe and harmonious work environment that is free from discrimination and harassment for our team member.
- ▶Cataler complies with the labor and employment laws and regulations in effect where we do business, and provides decent working conditions to all Cataler team members.

- ▶Work with integrity and make our best effort by using all of our capabilities.
- ▶Listen to everyone's ideas, so team members can consider and benefit from thoughts and opinions that are different.
- ▶Never engage in harassment or discrimination.
- ▶Promote diversity to solve problems and innovate.
- ▶Follow safe practices and procedures and abide by regulations.
- ▶Report immediately injuries or illnesses that could impact workplace safety and help prevent unsafe conditions from happening again.

Human Rights

<Our Concept>

- ▶Cataler respects the human rights of our team members, customers and all people involved in our business activities.

- ▶Respect the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, and follow Cataler' s Global Human Rights Policy.
- ▶Comply with international human rights obligations, applicable laws and regulations and Cataler' s local rules and policies about wages, benefits and terms of employment, as well as prohibitions against child, forced or bonded labor.
- ▶Screen potential business partners using appropriate risk-based due diligence processes to identify, prevent and mitigate negative human rights impacts.

Personal Information

- <Our Concept>
- ▶Cataler complies with applicable laws and regulations when handling personal information by taking privacy consideration into account in the development and operation of products and services.
 - ▶By cooperating and coordinating on privacy issues across all business functions throughout the enterprise, Cataler works to create and sustain an appropriate personal information management system.
 - ▶Cataler promotes a corporate culture that respects privacy via continuous training and education.

- ▶Carefully and sincerely listen to and consider consumer feedback on privacy issues.
- ▶Use consumer personal information responsibly to develop products and services tailored to the consumer with a goal of achieving consumer happiness and satisfaction.
- ▶Ensure that personal information is managed and processed throughout the enterprise in a manner that complies with applicable laws and regulations.

Chapter 2. With Society

Environment

- <Our Concept>
- ▶Cataler is dedicated to providing clean and safe products.
 - ▶Cataler proactively seeks strong environmental performance.
 - ▶Cataler works toward a better understanding of environmental impacts at all life-cycle stages of our products.
 - ▶Cataler continues to promote environmental initiatives in our business activities in cooperation with our suppliers and other business partners.

- ▶Comply with international environmental standards and take positive actions to address the local community' s environmental concerns.
- ▶Anticipate and evaluate impacts on the environment and avoid or reduce known risks.

Traffic Safety Activities

- <Our Concept>
- ▶Cataler works to raise awareness of traffic safety in society as a whole and to promote safety measures.

- ▶Comply with traffic rules, strive for good driving that serves as a model for others and advocate for traffic safety.

Philanthropy and Community Relations

- <Our Concept>
- ▶Cataler aims to be the “best-in-town” where we operate our business activities.
 - ▶Cataler' s philanthropy and giving focuses on the local community. Cataler contributes to the resolution of social and regional issues as a good corporate citizen.
 - ▶Toyota engages in disaster prevention activities and contributes to the recovery of local communities in the event of a natural disaster.

- ▶Actively take part in philanthropic initiatives, such as volunteer activities.
- ▶Comply with the local Donations and Sponsorships policy and applicable laws and regulations when making charitable contributions.
- ▶Do not offer charitable contributions to improperly secure a business advantage for Cataler.

Government Relations and Political Activities

- <Our Concept>
- ▶Cataler maintains proper and transparent relations with the government.
 - ▶Toyota' s relationships with political parties or administrative bodies (government agencies and officials) are also fair and transparent, and we comply with applicable laws and regulations.

- ▶Maintain healthy and transparent relationships with political and administrative bodies and government officials.
- ▶Comply with the local Donations and Sponsorships policy and applicable laws and regulations when making political contributions, which must not be offered or accepted to influence a decision impacting Cataler or to otherwise improperly secure a business advantage.

Corporate Communication Activities

- <Our Concept>
- ▶Cataler endeavors to build positive relationships with stakeholders by communicating accurate, timely and appropriate information openly and fairly.
 - ▶Cataler listens to and respects our stakeholders' criticisms and suggestions.
 - ▶Cataler is respectful and thoughtful in all of our communications activities to prevent harm to people or to Cataler' s reputation.

- ▶ Understand the importance of our brand communications and ensure that accurate information is communicated.
- ▶ Do not make public statements on Toyota's behalf or provide comments to the press unless authorized to do so. Refer any external inquiries, including inquiries from the press, to company authorized messengers.
- ▶ Make clear that any opinions expressed using social media (including personal accounts) are your own — and not those of Cataler.
- ▶ Maintain high standards of ethics and courtesy both inside the company and outside the company, including in our online exchanges.
- ▶ Keep confidential information about Cataler, team members, customers and business partners secure and out of public view.

Chapter 3. With Integrity

Product Safety and Quality

<Our Concept>

- ▶ Cataler places product safety at the top of our list of values.
- ▶ Cataler endeavors to engage in research and development, design, production, quality control and after-sales services to deliver our customers safe, high-quality products.

- ▶ Ensure products' safety and quality to meet customers' expectations.
- ▶ Follow applicable laws and regulations and Cataler's standards and procedures that are designed to ensure product safety and quality.
- ▶ Report and promptly address any concerns about product safety or quality.

Research and Development Activities

<Our Concept>

- ▶ Cataler provides safe and high quality products and services.
- ▶ Cataler strongly promotes research and development of advanced technologies.
- ▶ Cataler does not tolerate research and development that violates any applicable laws or regulations, or breaches agreements with research and development partners. Cataler also does not tolerate the illegal or unauthorized use of another party's intellectual property or confidential information.

- ▶ Develop s from products customers' perspective and promote research and development.
- ▶ Use our best efforts to build a relationship of mutual trust.
- ▶ Respect the intellectual property rights of others at all times, including when conducting research and development and during production.

Procurement Activities

<Our Concept>

- ▶ Cataler aims for mutual growth based on mutual trust with the suppliers.
- ▶ Cataler promotes localization by procuring local parts and materials.
- ▶ Cataler selects suppliers based on fair and reasonable criteria.

- ▶ Deal fairly and honestly with all suppliers, regardless of the value of the transaction or the length of the relationship.
- ▶ Conduct appropriate due diligence and select suppliers who meet the following criteria:
 - Committed to respecting human rights and responsible sourcing practices.
 - Mindful of Cataler's commitment to ethical business practices and diversity.
 - Able to satisfy our objective criteria including quality, price, reliability, technical excellence and delivery.
- ▶ Avoid conflicts of interest, or the appearance of them, which could raise a question about our ability to exercise independent judgment.
- ▶ Accept from business partners only gifts and hospitality that are appropriate and reasonable in value and comply with local rules and policies.

Sales Activities and Fair Competition

<Our Concept>

- ▶ Cataler develops products and services that meet the needs of our customers, and provides them through fair competition and responsible marketing.
- ▶ Cataler endeavors to build relationships with business partners based on mutual trust, and toward a goal of mutual growth.

- ▶ Maintain a customer-first mindset.
- ▶ Market our products in a manner that is truthful and not misleading.
- ▶ Ensure that every claim in our advertisements and marketing materials is adequately substantiated as required by law.
- ▶ Do not discuss or make agreements with competitors about pricing, costs, bids, markets, territories, customers, suppliers or contract terms and conditions.

International Business Activities

<Our Concept>

- ▶ Cataler complies with applicable laws and regulations that apply to our international operations, and we respect the culture, customs and history of local societies.
- ▶ Toyota promotes our business activities, contributing to the development of local economies and society, and aims to be the "best-in-town" company in each region.

- ▶Respect the culture, customs and history of each country and region.
- ▶Comply with applicable national, regional and international laws and regulations, including those that govern international trade (exports and imports) and applicable restrictions on conducting business with certain groups, individuals or countries.
- ▶Confirm the scope of applicable sanctions and export controls requirements, and comply with local rules and policies.
- ▶Maintain accurate and complete records related to trade compliance activities, including classifications, values and country of origin.

Accurate Record Keeping

- <Our Concept>
- ▶Cataler creates and maintains business records with accuracy and integrity.
 - ▶Cataler makes accurate, timely and fair disclosure of our financial condition.
 - ▶Cataler pays appropriate taxes.

- ▶Record all assets, liabilities, revenues and expenses completely, accurately, in the proper period, in the proper account and in a timely manner.
- ▶Operate more efficiently, reduce our risk, comply with regulations and make responsible business decisions by keeping complete and accurate records.

Asset Protection and Confidentiality

- <Our Concept>
- ▶Cataler appropriately protects both physical assets, such as facilities and equipment, and intangible assets, such as intellectual property and confidential information.
 - ▶Cataler manages and protects confidential information and uses such information in an appropriate manner.
 - ▶Cataler is committed to continuously improving our security systems, including our systems for managing and responding to data security breaches or other information leaks.

- ▶Secure company property and preserve our reputation by handling all our funds and assets honestly and responsibly in accordance with local rules and policies.
- ▶Recognize that computers, phones and other electronic devices issued to us by Cataler are Cataler' s property, and we use those devices with that ownership in mind.
- ▶Ensure that Toyota' s assets are not damaged, abused, wasted, lost or stolen, and report any misuse of assets.
- ▶Take reasonable steps to secure the company' s assets from external attacks and guard against risks to the company' s confidential information, IT systems and plant facilities.
- ▶Always keep security in mind when handling technology, information, IT systems and when navigating the internet.
- ▶Build and maintain the company' s security culture through continuous training and education.

Insider Training

- <Our Concept>
- ▶Cataler possesses material nonpublic information, and we safeguard that information from improper disclosure or use.
 - ▶Cataler does not engage in insider trading or tolerate insider trading by team members.

- ▶Keep material nonpublic information secure.
- ▶Within the company, share material nonpublic information only with those who need to know.
- ▶Never disclose material nonpublic information to anyone outside the company, including family members, friends and social media communities.
- ▶Do not use information to buy or sell securities before that information has been released to the public, and the period set by the company' s local rules and policies has passed for investors to evaluate it.

Chapter 4. Fairness

Anti-Bribery and Anti- corruption

- <Our Concept>
- ▶Cataler will never offer, pay, solicit or receive a bribe.
 - ▶Toyota does not make facilitation payments.

- <Definitions>
- Anything of value in any form that is offered or given to improperly influence the actions of a government official or to improperly obtain a business advantage from anyone, even if offered or given indirectly.
- Payments to induce a government official to perform a routine, nondiscretionary task that the company is already entitled to.
- ▶Do not offer, pay, solicit or receive bribes.
 - ▶Do not make facilitation payments.
 - ▶Know who we are dealing with and whether they are a government official, and interact with them in accordance with applicable laws and local or regional regulations.
 - ▶Comply with the local Gifts and Hospitality policy, the local Donations and Sponsorships policy and applicable laws and regulations when offering or receiving gifts, hospitality, donations or any political or charitable contributions.
 - ▶Comply with the local Human Resources hiring practices and any applicable regulations and local rules and policies before hiring any candidate referred by a government official or who recently worked for a government entity.
 - ▶Know our business partners by ensuring they are screened according to applicable risk-based due diligence processes.
 - ▶Maintain accurate books, records and accounts that fairly reflect all transactions.

Gifts and Hospitality

- <Our Concept>
- ▶Cataler acts with integrity in our interactions with third parties, and builds strong business relationships for the long term.
 - ▶Cataler provides only appropriate gifts and hospitality within reasonable amounts for a legitimate business purpose.

- ▶Comply with the local Gifts and Hospitality policy and applicable laws and regulations when offering or receiving gifts and hospitality, which must not be offered or accepted to influence a decision impacting Cataler or to otherwise improperly secure a business advantage.
- ▶Offer gifts or hospitality that are reasonable in value and only for a legitimate business purpose, and accurately record all related expenses.
- ▶Do not request gifts or hospitality from anyone doing business with Cataler.

Anti-Money Laundering

<Our Concept>

- ▶Cataler conducts business with reputable customers and business partners, and complies with applicable anti-money laundering laws and regulations.
- ▶Cataler prohibits any money-laundering activity.

<Definition>

Money laundering occurs when funds or other assets that originate from criminal offenses are circulated through the legal economy to make their source look legitimate.

- ▶Check the identity of customers, suppliers and other business partners using due diligence processes in place at your location.
- ▶Stay alert for signs of potential money laundering, which may include attempts to make large payments in cash, requests to make an overpayment or requests for refunds to accounts different from the ones that issued the payments.
- ▶Report any suspicious transaction to the company in a timely manner so that the company can take appropriate measures.

Conflicts of Interest

<Our Concept>

- ▶Cataler does not tolerate any conflicts of interest by our team members when they are engaged in Cataler' s business.

- ▶Act with integrity.
- ▶Do what is best for Cataler' s business.
- ▶Avoid conflicts of interest, which occur when personal interests interfere, or appear to interfere, with the best interests of Cataler, like the following:
 - Improperly supervising or assisting in hiring of a family member, romantic partner or close friend.
 - Competing with Cataler.
 - Using Cataler property, information or position for personal gain.
 - Having a substantial investment in a company doing business with Cataler.
 - Overseeing the relationship with a third party in which a family member, romantic partner or close friend is the key decision maker.
 - Receiving a gift from a third party while negotiating a contractual relationship on Cataler' s behalf.

- ▶Disclose to the company any situation, transaction or relationship that may give rise to an actual, apparent or potential conflict of interest.

Speak Up

The Code covers Cataler' s policies and ways of thinking that we should keep in mind while working at Toyota. Whenever you' re not sure about the right action to take, or you find known or suspected misconduct, please consult with your supervisor or company' s internal resources. You can also raise questions or concerns by contacting external Speak Up Lines.

When asking a question or raising a concern, you do not need to have all the details or be certain that wrongdoing has occurred.

It is important to raise the issue so the company can address it in a timely manner. Cataler takes violations of the Code seriously, and reviews questions and concerns in a fair and consistent manner. If the results of an investigation warrant further action. Cataler will work to prevent similar problems from happening again.

Non-retaliation commitment

Cataler prohibits retaliation against team members for reporting concerns in good faith or for participating in an investigation. Any retaliation including dismissal, demotion or other similar employment actions, whether direct or indirect, against such team members is grounds for discipline.

Any attempt to learn the identity of a team member who reported a concern is considered retaliation, and is also grounds for discipline.

Any such retaliation should be immediately reported using the above Speak Up resources.

Speak-Up resources

There are several ways to speak up.
 Supervisors: Contact your team leader or supervisor, or supervisors from another division.
 Internal Resources: Contact the human resources function, legal function or other related divisions for help.
 External Speak Up Line: Contact the Speak Up Line. You can ask questions or report anonymously.

CATALER Speak Up Line		All TOYOTA Speak Up Line	
If you become aware of any conduct that violates the Code of Conduct and Ethics or violates any laws or regulations, please contact the following consultation service. (For example, power harassment, sexual harassment, rule violations, etc.)			
Internal	Personnel Division	TEL: 0537-72-7864 (Ext.: 10001)	As a general rule, please use [CATALER Speak Up Line]. For advice on relationship problems, or opinions or requests regarding personnel matters or treatment, please contact your workplace supervisor or the "CATALER Speak Up Line". If you make a report that is not based on good faith, such as false content or slander against others, you may be punished in accordance with the regulations. (Consultation and Reporting Regulations, Article 4 (5)) Please note that if no documents or evidence are submitted and the facts cannot be verified, our investigation and corrective actions will be limited. We accept reports of fraud and legal violations. Anonymous reports are also accepted.
	Labor Union	E-mail: kumiai@cataler.co.jp	
External	Masanori Matsukawa	TEL: 0120-75-5532	
	KINJO Law Office	E-mail: soudan@cataler.co.jp Making appointment: Mon-Fri 9:30AM-5:30PM After receiving appointment, consult at the designated date and time.	

Dissemination of action guidelines

In order to ensure that all employees are thoroughly familiar with the "Code of Conduct," we distribute the "Code of Conduct and Ethics Handbook," a booklet containing the "Code of Conduct" and its explanations, to all of CATALER's employees, including directors and employees.

In addition to the "Action Guidelines," the "Ethics in Conduct Handbook" contains "Ethics in Conduct Q&A" that shows how to judge and act based on the "Action Guidelines" in specific situations.

Furthermore, during the company's CSR month (October every year) , we conduct a check test on the "Ethics in Conduct Handbook" to ensure that the contents of the handbook are well understood by all employees.



Internal reporting system

In order to promptly collect information on compliance violations and take countermeasures, we have established and are operating a global whistle-blowing system in addition to systems at each of our domestic and overseas offices. Among the cases reported, those involving serious compliance violations and those involving the Awards and Disciplinary Committee are reported to the Internal Control Committee.

Taking the opportunity of the revision of the Whistleblower Protection Act in June 2022, we have strengthened the secretariat function and established a system to respond to problems more promptly. 11 cases of reporting and consultation were received in FY2022 (including overseas), but none of them had a serious impact on our business operations.

We have also initiated new measures to prevent harassment, such as Multi Feedback (multifaceted evaluations of managers and supervisors by colleagues and subordinates) .

[Reporting system]

(1) In-house consultation service

- In-house consultation service by Personnel Division
- Consultation service by Labor Union
- Full-time Corporate Auditor

(2) External consultation service

- Partner law firms
- All Toyota Speak Up Line

(3) Global whistleblower system

- Partner with management companies to establish and operate systems

* Other efforts are made to create an atmosphere in the company where employees can easily ask for advice, such as through the implementation of assertion training and consultation with public health nurses.

Anti-corruption initiatives

In order to realize fair and transparent transactions, we have established "Basic Anti-bribery Rules" and "Guidelines on Anti-bribery" as part of our efforts to prevent bribery of public officials.

In addition to the above, we have introduced training for directors and employees, prior approval procedures when coming into contact with public officials in the course of their duties, and prior screening procedures for business partners involved with public officials.

Compliance with competition and antitrust laws

In order to realize fair and free transactions, we have established "Regulations for Prevention of Violation of Competition Laws" and "Guidelines for Compliance with Competition Laws" as part of our efforts to comply with domestic and foreign competition laws.

In addition to the above, we have introduced training for directors and employees, as well as prior approval procedures and post-approval reporting procedures when contacting other companies in the same industry.

Compliance with export-related laws and regulations

CATALER has established export control regulations and is working to ensure strict compliance with the Foreign Exchange and Foreign Trade Law and other control laws and regulations. We have established a system to obtain permission from the Ministry of Economy, Trade and Industry (METI) for all products to be exported that require such permission. In addition, we have established an "Export Trade Control Committee" composed of our executives, which regularly checks the status of compliance with laws and regulations. We ensure that all employees are well informed through annual in-house training, and there were no violations of laws and regulations in FY2022.

In addition, to ensure that applicable items exported to CATALER GROUP's overseas bases with permission are not diverted to weapons of mass destruction, etc. without permission, we have established a management system at our overseas bases and conduct periodic physical inspections to confirm that such items have not been diverted.

Risk management

Basic concept

In recent years, social and environmental issues such as climate change, resource depletion, large-scale disasters, epidemics of infectious diseases, and price hikes due to shortages of materials for semiconductors and other products have become a major influence on corporate management, requiring companies to identify and appropriately address risks that may impede their sustainable growth.

CATALER is working to enhance and strengthen risk management in order to properly identify increasingly diverse and complex risks, prevent risks before they occur, and minimize damage when they do occur.

Specifically, each division within the company implements various measures to reduce and avoid risks, and implements daily management, as well as providing education to employees. In the unlikely event that a risk does materialize, we will respond promptly and appropriately under the direction of top management.

In recent years, we have been implementing "BCM (Business Continuity Management) for Infectious Diseases" to ensure business continuity against the spread of a new coronavirus infection, and we have been promoting company-wide initiatives to address the "risk of cyber-attacks" and "privacy protection" as important risks.

Basic guidelines for business continuity

CATALER's activities are guided by four basic guidelines: "human life first," "community," "responsibility to supply," and "prevention of weathering".

1. Prioritize human life and safety
Prioritize the lives and safety of employees, their families, and related parties.
2. Contribution to local communities
Strengthen cooperation with local communities, and actively contribute to local communities.
3. Provide a reliable, continuous supply to customers
Strive to maintain and improve the business continuity system to ensure a stable supply to customers.
4. Continuously improve the business continuity management system (BCMS)*¹
Regularly evaluate changes in the business environment and training results to improve the business continuity plan.

*1 Business Continuity Management System (BCMS)

A management system for protecting businesses from various threats and realizing early recovery and resumption.

Business continuity management (C-BCM)

CATALER has established and operates its own business continuity management system, C-BCM (CATALER - Business Continuity Management), to prepare for various threats such as earthquakes and tsunamis. We continue our business continuity efforts by establishing a system that allows us to continue contributing to local communities and supplying products to our customers, while placing the highest priority on human life and safety.

In 2014, we obtained ISO 22301*¹ certification. Currently, we are working toward certification at all CATALER Group locations.

ISO22301 certification status

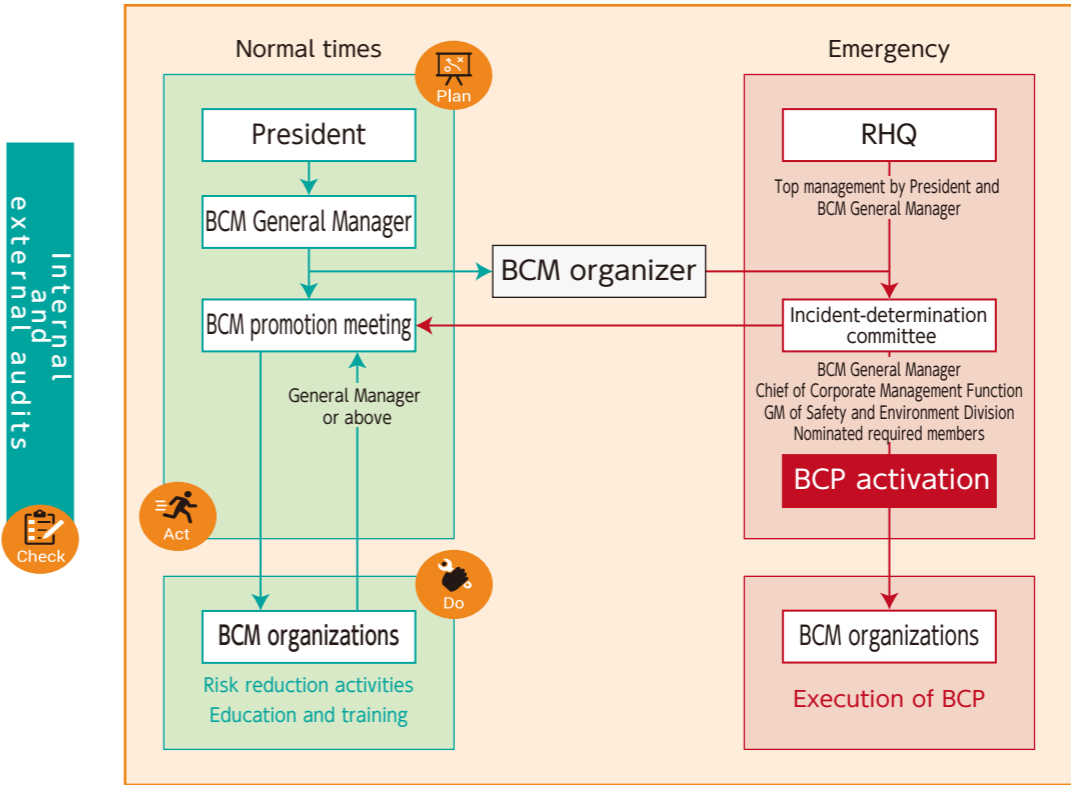
CATALER GROUP	CAC (Head office)	CCC (China)	CTC (Thailand)	CSA (South Africa)	CNA (North America)	CIC (Indonesia)	CIN (India)	CEC (Czech Republic)
ISO22301	2014	2021	2017	2020	—	2019	—	—

*1 ISO 22301 International standard for business continuity management system (BCMS)

It provides a comprehensive framework for efficient and effective countermeasures against natural disasters such as earthquakes, floods, and typhoons, as well as potential threats to business continuity such as system trouble, infectious disease outbreaks, power outages, and fires.

Promotion structure

During normal times, each BCM organization systematically conducts activities such as organization-specific training and education (Plan/Do), including risk reduction activities for damage assumed in the event of an incident (major earthquake, fire, explosion, typhoon, torrential rain, infectious disease, cyber attack, etc.) and disaster response training, and undergoes internal and external audits (Check), overall activities are reviewed by top management at BCM promotion meeting. The PDCA cycle is used to reflect the findings and recommendations in each organization's activity plan for the next fiscal year (Action). Once an incident is detected, a Restoration Headquarters (RHQ) is established as an emergency response headquarters, and after confirming the damage, an incident assessment meeting is held. This is where we determine if BCP implementation is necessary. If the BCP is activated, each BCM organization starts recovery activities based on the business continuity plan.



Preparing for Natural Disasters

Organization of activities

A system is in place to quickly confirm safety and resume product supply. Immediately after a disaster strikes, the initial response organization is activated to save lives and support employees. The day after safety is confirmed, the factory recovery organization, product supply organization, and recovery supply organization work together to resume production and proceed with production at overseas sites.

As of 2022, it is organized as follows

- [Head office] Initial response organization, factory recovery organization, product supply organization
- [ARK: Research and Development Center] Initial response organization, recovery supply organization

Specific initiatives

We are taking both hardware and software measures to prepare for natural disasters that may occur at any time.

On the hardware side, in addition to conventional measures to reinforce buildings and facilities against earthquakes, prevent falling objects, and prevent leakage of hazardous materials from tanks, CATALER installed its own breakwaters and sluice gates in 2014. We also stockpile food for when it is difficult to return home.



Breakwaters for tsunami protection



Sluice gates for tsunami countermeasures



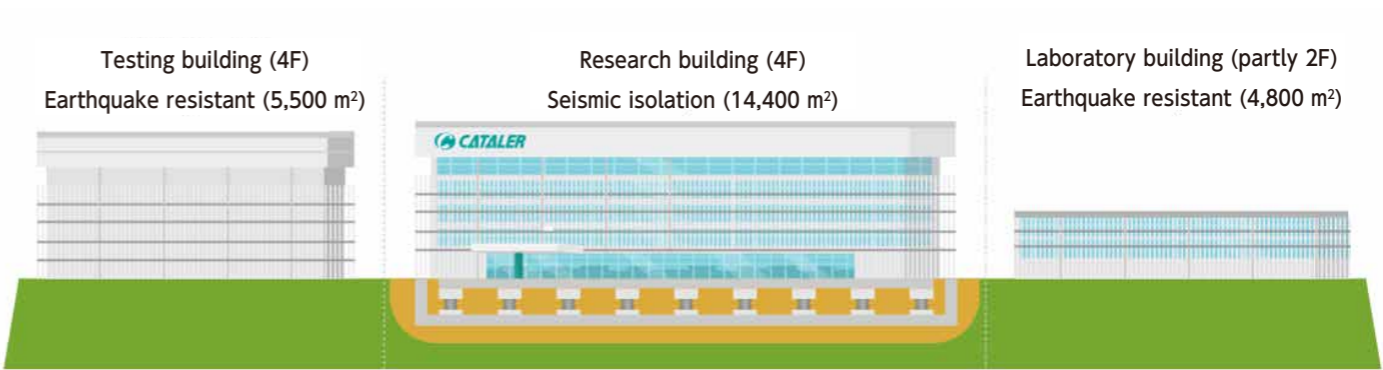
Falling object countermeasure, wiring rack anti-sway



Chemical leakage countermeasures, emergency shutoff valve anchor installation

Research and development center, disaster mitigation efforts

CATALER has eight production sites in Japan and abroad, but research and development sites are located only in Japan. Therefore, as a risk hedge in the event of a major natural disaster, in November 2017 we built our research and development center, the CATALER ARC Creation Centre, in an area with low disaster risk. In addition, the facility's research building (4 stories) has a seismic isolation structure that is highly effective in reducing shaking and the risk of secondary disasters.



On the software side, we conduct various types of education and training for all employees and accumulate disaster simulations. In doing so, we identify operations that should be continued even in the event of a head office malfunction and confirm emergency response procedures.

Education

Implementation item	Contents	Implementation
BCM basic training (Target: New recruits)	Training on BCM-related peacetime initiatives and contingency action procedures	April
BCM Basic Education Refresher Training (for all employees)	Education to reaffirm BCM activities and acquire new information	October

Training

Implementation item	Contents	Month of implementation
Safety confirmation training	Safety confirmation/response training for all employees using the response system	March
Comprehensive disaster prevention drill	Practical drills for evacuation to tsunami evacuation sites, rescue, firefighting, and employee support by the initial response organization in the event of a huge Nankai Trough earthquake, to ensure safety of human life and to prevent secondary disasters.	June
Simulation training	Training to strengthen the response capabilities of each BCM organization in the event of a disaster for the purpose of early restoration of business activities after the disaster.	July, August, September
Fire evacuation drill	Evacuation drills aimed at preventing secondary disasters from fires	November
Training on the use of fire extinguishers	Training for all employees to learn how to use fire extinguishers	March



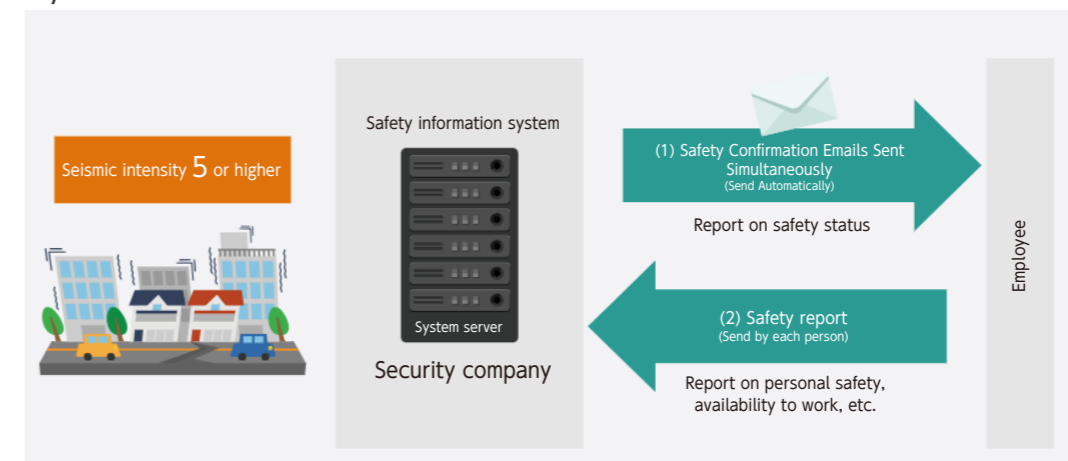
Comprehensive disaster prevention drill



Simulation training

Safety confirmation system

In the event of a large-scale disaster or incident in Japan, we have introduced a "safety confirmation system" that allows employees who work or live in the affected area to report the safety of themselves and their families to the company via PC or smartphone. To ensure that this system functions as a means of communication in the event of an emergency, we regularly conduct response drills based on the assumption that a major earthquake has struck, and are prepared to respond at any time. Otherwise, in the event of a major typhoon or torrential rain, the system is utilized after the weather recovers to survey households for damage. In addition, as a response to COVID-19, we are also effectively using the system to survey employees to confirm their physical condition before the end of a long holiday weekend, thereby encouraging them to come to work safely and securely.



Cooperation with and contribution to the community

In accordance with our basic business continuity guideline, "Contribution to the local community," we contribute to the government's goal of creating a community with a high awareness of disaster prevention. Specifically, we have prepared the evacuation routes and lighting for a tsunami evacuation site on high ground in a mountain forest adjacent to its Head office (30 m above sea level) available not only to employees but also to local residents at all times. This was highly appreciated by the local government, and we became the first company in Kakegawa City to conclude a "Tsunami Evacuation Facility Agreement".



Agreement on the use of tsunami evacuation facilities (March 2012)



Establishment of evacuation routes that can be used by local residents

Information security

Basic concept

CATALER recognizes that all information related to its business activities is an important asset, and has established information security management rules and regulations to protect information assets and ensure the safety and security of CATALER and its stakeholders through systematic and continuous improvements.

Basic stance on information security management rules

- 1. Compliance**
Comply with laws, national guidelines, contractual obligations, and other social norms related to information security
- 2. Maintenance of a stable management base**
Strive to maintain a stable management base by ensuring competitiveness and business continuity through appropriate management and protection of information assets.
- 3. Provide safe products and services**
Provide safe products and services to customers and society by implementing information security measures in our business activities, including the development, design, and manufacture of products and services.
- 4. Contribution to the creation of a safe cyberspace**
Contribute to the creation of a safe cyberspace so that users can enjoy its benefits with peace of mind
- 5. Information security management**
Continuously promote and improve information security through risk management, including incident response, as well as the establishment of a governance structure.

Principles of information security initiatives

- 1. Clarification of responsibility**
Establish a promotion system for information security to appropriately manage and protect information assets, and clarify its duties and responsibilities.
- 2. Maintenance and compliance with information security regulations**
Establish and adhere to rules and regulations regarding information security
- 3. Risk management**
Identify information assets to be protected and information security threats to them
Based on the identified threat preparedness and severity of threat impact, take measures to prevent the occurrence of incidents that compromise the confidentiality, integrity, or availability of information assets (information security incidents).

In the event of an information security incident, promptly take appropriate measures to contain the incident, restore the current situation, prevent damage from spreading and prevent recurrence of such incidents.

- 4. Training and awareness**
Provide necessary training and awareness-raising activities for directors and employees to improve their awareness of information security.

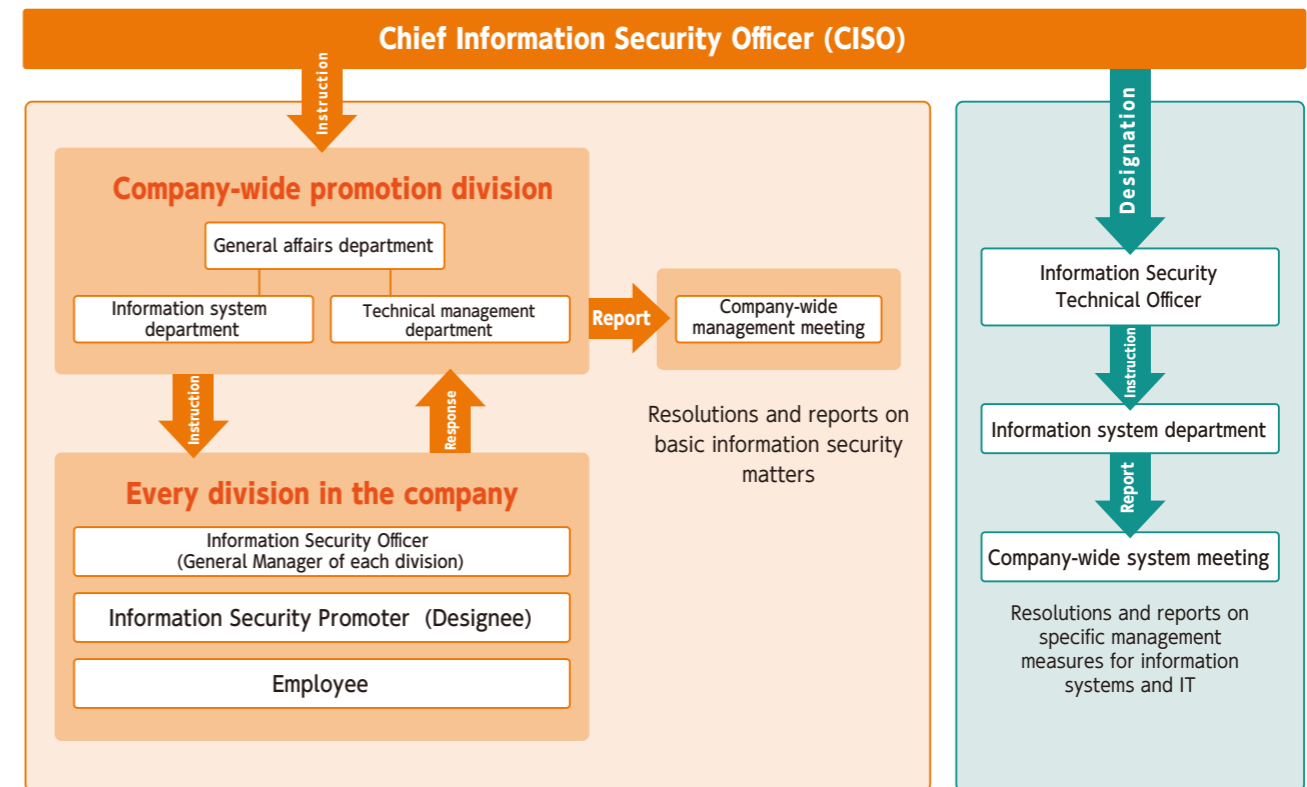
Promotion structure

The Chief Information Security Officer (CISO) oversees information security for the entire company and supervises security policies and processes.

The "Company-wide Promotion Division" consists of three division under the CISO: General Affairs, Information Systems, and Technology Management. The department formulates and promotes specific measures, while assigning "Information Security Managers" to each division within the company to conduct daily security management.

Information security progress is reported regularly at company-wide meetings, and all division work together to protect information assets.

The technical aspects are led by the "Information System Technical Manager" designated by the CISO, supported by the Information System Department, and policies are determined through reports at company-wide system meetings.



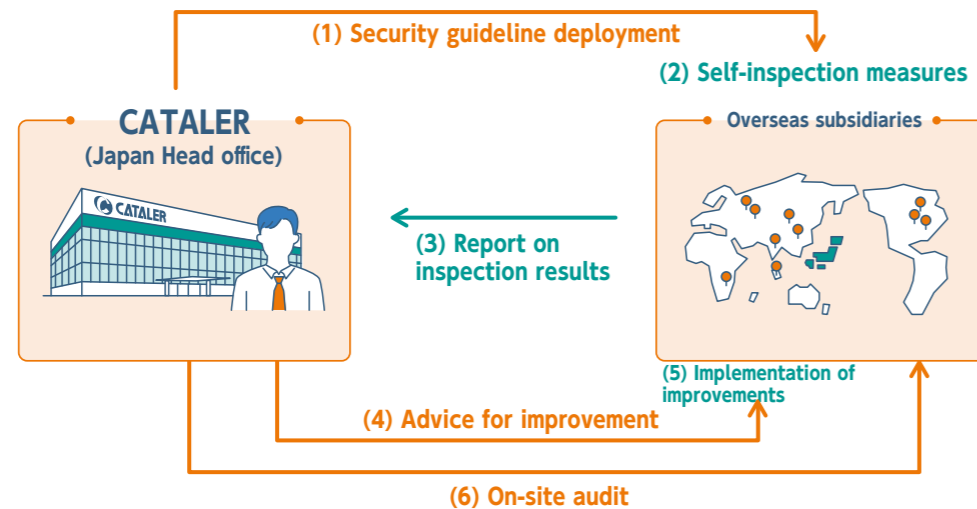
Initiatives

Initiatives at CATALER

- Enhancement of security based on security guidelines and upgrading through PDCA
- Compliance with cybersecurity guidelines of JAMA and other organizations
- To ensure security measures based on regional and customer requirements
- Implementation of security training for executives and employees
(Basic education, position-specific training, security mail magazine, targeted attack e-mail response training, etc.)

Initiatives with Overseas Subsidiaries

CATALER is committed to enhancing information security in its global business operations, including its overseas subsidiaries. Overseas subsidiaries conduct periodic self-inspections in accordance with security guidelines and report the results to the Head office. The Head office will then provide guidance for improvement and confirm the progress of countermeasures during an annual on-site audit.



In addition, the Head office immediately notifies information on newly discovered security vulnerabilities to overseas subsidiaries. Subsidiaries respond promptly and report the results of implementation to minimize global security risks. This ensures uniform security policy enforcement and risk management worldwide.

Initiatives for supply chains

We believe that information security measures are important not only for our own company but also for our suppliers, and we are promoting efforts to comply with the cyber security guidelines of JAMA and other organizations. In addition, CATALER discloses its initiatives and measures to promote enhanced security throughout the supply chain.

Privacy policy

CATALER has established internal rules for the protection of personal information and has built an internal management system to ensure the protection, management, and handling of personal information. The internal regulations stipulate measures to be taken when personal information is acquired directly or indirectly, how it is handled and managed within the company, and how to respond to inquiries from the individual concerned. These regulations also comply with the Personal Information Protection Law, the My Number Law, and the EU General Data Protection Regulation (GDPR). As for the management system, the Chief of the General Manager of the General Affairs and Personnel Division is appointed as the Chief Privacy Officer, the General Manager of the General Affairs Division as the administrator, and the General Manager of the Personnel Division, etc., as the person in charge of office handling.

▶[Click here for our basic policy regarding personal information.](#)

Protection of intellectual property

Basic concept

CATALER considers "intellectual property" as the result of research and development activities to be an important management resource that supports growth and earnings to maximize corporate value, and in "IV.7. Protection of Intellectual Property Rights" of the guidelines for action, it is stipulated that "Employees must protect the intellectual property rights held by the company and respect the intellectual property of other companies". Therefore, we strive to secure strategic intellectual property that supports our own business and to maintain and manage the intellectual property we have acquired. At the same time, we conduct investigations as appropriate to ensure that we do not infringe on the intellectual property of others, and take appropriate measures to avoid or prevent infringement on the intellectual property of others.

Main initiatives

• Strategies in intellectual property

We build a patent portfolio by analyzing the status of intellectual property in each R&D field, reflecting it in our R&D strategy, and protecting the resulting R&D results as intellectual property.

We also believe that securing a large number of strong patents is important to maintain our competitive advantage, and we evaluate the value of the patents we hold and reflect this in our development and intellectual property strategies.

• Employee development in handling intellectual property

To ensure that each and every developer is able to maintain and manage his/her own intellectual property and avoid or prevent infringement of intellectual property by others, we provide intellectual property education for employees in the development division according to their job qualifications.

ESG data

Environment



■ Period: Year "Jan-Dec" / ■ Fiscal year " Apr-Mar"

		2017	2018	2019	2020	2021	2022
CO ₂	Thousand t-CO ₂ /year	14.97	16.04	16.47	14.86	14.63	12.45
Waste	Amount of discharge Thousand tons	0.32	0.29	0.29	0.27	0.20	0.24
	Emissions intensity t/thousand pieces of product	0.045	0.044	0.039	0.040	0.029	0.038
Environmental accident	cases	0	0	0	0	0	0

Society



Aggregation period: the end of March at the end of each year
*1 : As of June 1

		2017	2018	2019	2020	2021	2022	
Number of employees (Group)	No. of people	2,123	2,254	2,473	2,447	2,470	2,513	
Number of employees (non-consolidated)	Male	No. of people	780	805	858	876	910	
	Female	No. of people	191	198	198	207	214	
	Total	No. of people	971	1,003	1,056	1,083	1,083	1,124
	Percentage of females	%	19.6	19.7	18.8	19.1	19.5	19.0
By employment status	Number of full-time employees	No. of people	791	827	871	893	900	938
	Number of contract employees	No. of people	119	121	121	106	102	90
	Number of temporary employees	No. of people	61	55	64	84	81	96
	Total	No. of people	971	1,003	1,056	1,083	1,083	1,124
Employment of persons with disabilities	Employer *1	No. of people	11	11	15	16	15	21
	Employment rate *1	%	1.76	1.73	2.27	2.27	2.13	2.54
Average age (unit)	years old	36.0	36.7	36.8	37.2	38.9	37.7	
Average years of service (unit)	years	12.8	12.8	12.8	13.8	13.9	13.0	

		2017	2018	2019	2020	2021	2022	
Number of recruits (unit)	New graduate recruits	No. of people	22	27	31	26	23	28
	Career recruits	No. of people	19	31	37	16	24	40
Number of employees leaving or losing a job	One's own convenience	No. of people	22	22	24	15	28	25
	Retirement age	No. of people	6	4	10	2	4	11
Percentage of new graduates who are female	%	22.7	25.9	19.4	30.8	21.7	28.6	
Employees acquiring childcare leave	No. of people	10	12	15	7	15	22	
Acquisition rate of childcare leave	Male	%	2.2	5.1	11.8	4.5	16.7	30.8
	Female	%	100	100	100	100	100	100
Return to work after childcare leave	%	100	100	93	100	93	95.5	
Number of employees taking nursing care leave	No. of people	2	1	0	1	0	1	
Number of short-time workers	No. of people	25	29	22	26	37	40	
Training and education	Number of educational programs	Cases	83	84	83	85	108	119
	Number of educational competencies acquired	Cases	2,181	1,541	1,911	1,945	2,010	4,363
Industrial accident	Fatal accident	Cases	0	0	0	0	0	0
	Lost time accident	Cases	0	0	0	0	0	0
In-house gynecological checkup uptake rate	%	—	57.0	63.0	79.0	81.0	80.0	
Percentage of respondents who possess antibodies against measles	%	—	99.2	99.2	99.2	99.2	99.2	
In-house influenza vaccination coverage	%	24.3	29.1	42.2	47.3	46.0	41.3	

Governance



Period: Fiscal year "Apr-Mar".

		Male	Female	Number of times held		
Member of the board	Number of employees (part-time)	No. of people	8 ⁽²⁾	0 ⁽⁰⁾	Meeting of member of the board	9
Auditor	Number of employees (part-time)	No. of people	3 ⁽²⁾	0 ⁽⁰⁾	Auditors council	7

Third-party verification in the environmental field

Verification Opinion



3 July 2023
Opinion No : SGS23/086

Masashi Ishida
President
CATALER CORPORATION
7800 Chihama, Kakegawa City, Shizuoka, Japan

Objective

SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by CATALER CORPORATION (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2019 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the Statement"). The objective of this verification is to confirm that the Statement in the Organization's applicable scope has been correctly calculated and reported in the Statement in conformance with the criteria, and to express our views as a third party. The Organization is responsible for the preparation and fair presentation of the Statement.

Scope

The scope of verification is Scope 1 and 2 emissions, energy consumption, and Scope 3 emissions.
The period subject to report is from 1 January 2022 to 31 December 2022.
Refer to the attached sheet for the detailed scope of verification.

Procedure of Verification

The Statement was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation, and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the Statement: On-site verification and voucher review conducted at headquarter and ARK Creation Centre, and analytical procedures and interviews for the other sites in the scope of verification carried out at the headquarter

The criteria for this review are based on the GHG Emissions Calculation and Reporting Manual (Ver.4.7), Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver.2.4), Emission Factor Database on the same Accounting (Ver.3.2), LCI Database IDEA (Ver.3.2) and the protocol specified by the Organization.

Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's Statement was not calculated and reported in conformance with the criteria.
SGS Japan Inc. affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Yokohama business Park North Square 1
134, Goo-d-cho, Hodogaya-ku, Yokohama
Management Committee Member
Head of Certification/Accreditation

Yuji Takeuchi

1 / 2

本書面は、SGSジャパン株式会社によってwww.sgs.com/terms_and_conditions.htmで参照することができる「認証サービスの一般条件」に従って発行されたものであり、「認証サービスの一般条件」に規定されている責任の制限と補償に関する事項および管轄に関する事項に従います。この書面に記載された内容は検証を行った時点におけるまた適用される場合は組織の指示の範囲内における検証内容を示しています。組織およびこの書面に関するSGSジャパン株式会社の責務は取引文書におけるすべての権利および義務の履行から、免除させるものではありません。本書面の内容または体裁について、許可なく偽造、変造または改ざんすることは違法であり違反した場合には法令に基づきあらゆる範囲において罰せられる可能性があります。



Attached file

3 July 2023
Opinion No : SGS23/086

The details of the scope of verification

The Scope	The Boundary	The Statement
1 The performance data Scope 1 and 2 include energy related greenhouse gas emissions. Energy consumption	The Organization and the consolidated companies (8 production sites, 3 non-production sites)	Scope 1: The Organization: 9,296 t-CO ₂ The consolidated companies: 18,942 t-CO ₂ Total: 28,238 t-CO ₂ Scope 2: The Organization: 7,444 t-CO ₂ The consolidated companies: 24,206 t-CO ₂ Total: 31,650 t-CO ₂
2 Scope 3 (category 1)	The Organization	1,027,632 t-CO ₂
3 Scope 3 (category 2)	The Organization	7,052 t-CO ₂
4 Scope 3 (category 3)	The Organization	3,673 t-CO ₂
5 Scope 3 (category 4)	The Organization	728 t-CO ₂
6 Scope 3 (category 5)	The Organization	16 t-CO ₂
7 Scope 3 (category 6)	The Organization	497 t-CO ₂
8 Scope 3 (category 7)	The Organization	1,805 t-CO ₂
9 Scope 3 (category 8)	The Organization	466 t-CO ₂
10 Scope 3 (category 9)	The Organization	2,901 t-CO ₂
11 Scope 3 (category 12)	The Organization	91 t-CO ₂

2 / 2

本書面は、SGSジャパン株式会社によってwww.sgs.com/terms_and_conditions.htmで参照することができる「認証サービスの一般条件」に従って発行されたものであり、「認証サービスの一般条件」に規定されている責任の制限と補償に関する事項および管轄に関する事項に従います。この書面に記載された内容は検証を行った時点におけるまた適用される場合は組織の指示の範囲内における検証内容を示しています。組織およびこの書面に関するSGSジャパン株式会社の責務は取引文書におけるすべての権利および義務の履行から、免除させるものではありません。本書面の内容または体裁について、許可なく偽造、変造または改ざんすることは違法であり違反した場合には法令に基づきあらゆる範囲において罰せられる可能性があります。

Policy type

Policy List

Category	Guidelines	Publication page
CATALER's Sustainability	Sustainability guidelines	P4
Environment	Environmental guidelines	P8
Society	Quality guidelines	P15
	Procurement guidelines	P18
	Supplier Sustainability Guidelines	P18•P20
	Human rights guidelines	P21
	Action plan based on the Act on the Promotion of Women's Active	P21
	Safety guidelines	P26
Governance	Action guidelines	P35
	Basic guidelines for business continuity	P41
	Basic stance on information security management rules	P44
	Principles of information security initiatives	P44
	Basic guidelines on personal information	P45



Establishment: October 2013

Revision: November 2023

CATALER GROUP Sustainability Guidelines

We (CATALER CORPORATION and its subsidiaries), as a global company, will take the initiative in contributing to the harmonious and sustainable development of society and the earth through all of our business activities in each country and region, based on our "Management Philosophy". For the sake of sustainable development, we will conduct our management with the focus on all stakeholders as described below, and strive to maintain and develop sound relationships with stakeholders through open and fair communication.

We hope that our business partners would support the purpose of this policy and act accordingly.

(Compliance)

■ We will comply with domestic, overseas, and international laws/regulations/rules as well as the spirit of them, and endeavor to conduct our business activities in an honest, sound, and fair manner with high ethical standards, while respecting the culture, customs, and history of each country and region.

■ We will not engage in any violation of laws and regulations relating to competition laws, bribery control laws, export control laws, intellectual property protection laws, data protection laws including personal information, or any other related laws/regulations.

(Respect for Human Rights)

Based on international norms, such as the Universal Declaration of Human Rights and the UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS, we will respect the human rights of all people involved in our business activities, and will not engage in any form of forced labor, child labor, or any other labor that infringes on human rights or any other similar conduct.

We will also strive to ensure that our business activities do not take part in any human rights violations, including conflict mineral issues that may cause human rights problems.

(Thorough Risk Management)

We will always be aware of risks in preparation for terrorism, cyber-attacks, natural disasters, and other diversified risks that may threaten the lives of citizens and corporate activities, and

will thoroughly manage risks from the perspectives of both minimizing damage and ensuring business continuity.

(Relationship With Each Stakeholder)

<Customers>

Based on our belief that "customers come first," we will develop and provide innovative, safe, and outstanding high-quality products and services that meet diverse expectations of our customers to enrich the lives of people around the world.

<Employees>

■ We respect our employees and support their individual growth based on the belief that "the success of our business activities is only achieved through excellent teamwork as well as creativity of each and every one of our employees."

■ We will provide equal employment opportunities and strive to ensure diversity and unity among our employees.

We will also strive to enhance the abilities of our employees and realize workstyles that enable diverse human resources to play active roles. We will provide working conditions and opportunities without discrimination based on gender, age, nationality, disability, sexual orientation, or any other factor in all aspects of employment.

■ We will comply with the laws and regulations of each country and region concerning basic working conditions, such as working hours, holidays, and wages, and will work to maintain and improve a comfortable working environment that takes health and safety into consideration.

■ We will build and share the values of "mutual trust and mutual responsibility" through sincere dialogues and consultations with our employees. We will work together to ensure mutual prosperity for both employees and the company.

■ We recognize the right of our employees to associate or not associate freely in accordance with the laws and regulations of the countries in which we promote our business activities.

<Business Partners>

■ We respect our business partners and strive to achieve co-existence and co-prosperity based on mutual trust from a long-term perspective.

■ When deciding on business partners, we open our doors to all candidates, regardless of the nationality or size, and make decisions based on their overall strengths.

■ We are committed to open, fair, free and appropriate trade, and to responsible procurement practices to ensure that this policy is implemented not only within the CATALER Group but

also throughout our supply chain without fail.

<Shareholders>

■ We aim to enhance our corporate values through long-term and stable growth for the benefit of our shareholders.

■ We will make timely and appropriate disclosure of business and financial conditions and results, as well as non-financial information, to our shareholders.

<Local and Global Communities>

· Environment

We will strive to protect the environment through all of our corporate activities, develop and disseminate technologies that balance the environment and the economy, and work with a wide range of stakeholders in society to achieve growth in harmony with the environment through activities, such as prevention of global warming and preservation of biodiversity.

· Society

■ We will respect the culture, customs, history, and laws/regulations of each country and practice management “with respect for humanity.”

■ We will constantly pursue superior technologies that are safe and clean and meet the needs of society in order to realize sustainable mobility demanded by society.

· Participation in society and contribution to its development

We aim to coexist in harmony with society and contribute to the growth of communities and development of affluent society through participation, either independently or in cooperation with partners, in all regions where we conduct business activities.

(Role of Top Management)

Top management will take the initiative in establishing effective governance to realize the spirit of this policy, and will ensure that all group companies are fully aware of the policy.

In the event that a violation of this policy occurs, top management will take the initiative in resolving the problem, investigating the cause, and preventing recurrence, and will fulfill its responsibilities.

Masashi Ishida
President and CEO
CATALER CORPORATION

CATALER CORPORATION Human Rights Guidelines

We, CATALER CORPORATION (hereinafter referred to as "we" or "us"), support the UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS (hereinafter referred to as the "UN Guiding Principles") and are committed to respecting human rights in accordance with these principles. Based on our management philosophy of "Keep strict observance of, and respect for, the language and spirit of all foreign and domestic laws and regulations, and engage in fair and open business practices," we promote our business activities with the aim of being the best company in town, which is loved and relied upon by local residents, in each country and region where we conduct our business. The automotive industry is supported by a great number of people, including local residents, suppliers, other business partners, and customers. We will continue to improve ourselves and protect the human rights of our customers and all people involved in our business activities so that we can continue to be useful to everyone and be needed by society. These Guidelines are to be observed by each and every one of us working at CATALER, and are positioned as the highest guidelines for human rights in business activities by CATALER.

1. Commitment to Respect Human Rights

We understand that our business activities may potentially or actually impact human rights. We will take utmost care not to infringe on the human rights of others, and we will have a sense of ownership with regards to negative human rights impacts caused in the course of our business activities. If our business partners or other related parties are involved in negative impacts on human rights, we will encourage them to respect and not violate human rights in accordance with these Guidelines. We will learn from international norms, including the Universal Declaration of Human Rights, and address issues related to human rights. These Guidelines are based on the UN Guiding Principles and are designed to ensure that CATALER respects internationally recognized human rights and thoroughly complies with the international human rights obligations of the countries in which we operate, as well as relevant laws and regulations. In the unlikely event that a country's laws and regulations differ from international human rights norms, we will follow the higher standard. In cases of any conflict, we will seek ways to maximize respect for internationally recognized human rights.

2. Scope of Application

These Guidelines apply to all officers and employees of CATALER (CATALER CORPORATION and its consolidated subsidiaries). We also hope that all of our business partners, including our suppliers, understand and support these Guidelines.

3. Human Rights Due Diligence

In order to fulfill our responsibility to respect human rights, we will establish a system of human rights due diligence*, which we will implement on an ongoing basis. (*A process implemented to identify, prevent, and mitigate negative human rights impacts)

4. Remediation and Redress

When it becomes clear that we have caused or contributed to negative impacts on human rights, we will work to rectify such impacts through appropriate means, expand the consultation services established in Japan and other regions, and develop effective redress mechanisms.

5. Education

We will provide appropriate education and skill development to our officers and employees to ensure that these Guidelines are disseminated both internally and externally, and we will strive to promote understanding of these Guidelines among our suppliers and other business partners. We will also reflect these Guidelines in relevant principles, guidelines, and other necessary procedures to ensure that these Guidelines take root throughout our business activities.

6. Progress Check and Information Disclosure

We will continuously monitor our compliance with the Human Rights Guidelines and make improvements as necessary. We will disclose information regarding our efforts and progress in disseminating the Human Rights Guidelines through CATALER's official website and other means of communication, as appropriate.

7. Dialogues and Consultations with Stakeholders

We will consult with third-party organizations specializing in human rights regarding any adverse impact on human rights, as well as engage in dialogues and consultation with internal and external stakeholders. The Guidelines above were approved by the Management Committee of CATALER CORPORATION on October 31, 2023.

November 1, 2023
Masashi Ishida
President and CEO
CATALER CORPORATION

Supplier Sustainability Guideline

November 2023

CATALER CORPORATION

Introduction

Since our founding, we at CATALER have been developing new environmental technologies that purify the air using catalysts and working to solve environmental problems on a global scale. Through these activities, we have provided people and environmentally-friendly products to our customers and endeavored to contribute to the development of sustainable future.

During this time, we have faced various difficulties due to changes in the social environment, but we recognize the importance of having a firm philosophy; and we have established the "CATALER Management Philosophy" and clarified our action guidelines.

In October 2013, we summarized the ideas expressed in the "CATALER Management Philosophy" in terms of our relationships with stakeholders, and we have compiled them into the "CATALER GROUP CSR Guideline" from the perspective of social responsibilities that we should assume as a company.

In 2015, we prepared and announced the "CATALER CSR Guideline for Suppliers" to ensure that we can continue our business based on mutual trust with our suppliers.

In December 2021, we prepared the "CATALER Sustainability Report," which we regularly update, to inform our stakeholders of our "contributions to sustainable society" and "future direction" as well as our E (Environment), S (Society), and G (Governance) initiatives, which we have been promoting since our establishment.

In response to the recent demand for more effective solutions to issues throughout supply chains, such as efforts to achieve carbon neutrality and human rights and labor issues, we have renamed the "CSR Guideline for Suppliers" to "Supplier Sustainability Guidelines" and revised some of the content to reflect this change. We would like to take this opportunity to confirm and agree with our suppliers once again regarding the efforts that we should promote.

We would like to ask our suppliers to understand the purpose of this guideline and put it into practice yourself, and we would like to ask that you also request your suppliers to understand the purpose of this guideline and put it into practice as well.

Isao Uda

Division Chief

Purchasing & Production Control Function

CATALER CORPORATION

1. Compliance

<Compliance with Laws, Regulations, and their Spirit>

- We will comply with laws and regulations of each country and region, as well as their spirit.
- We will establish policies, systems, action guidelines, reporting systems, education, etc. to ensure thorough compliance.

<Management and Protection of Confidential Information>

- We will strictly manage our own confidential information, including trade secrets, and use it appropriately.
- We will obtain confidential information of other companies from legitimate sources by legitimate methods, confirm the scope of use and other conditions, use the information only within the scope of use, maintain confidentiality, and will not infringe on the rights of other companies.
- We will obtain personal information on employees, customers, business partners, etc., only by legitimate means, and shall strictly control, use, and protect the information obtained to the appropriate extent.

<Protection of Intellectual Property>

- We will protect our intellectual property rights and such from infringement by third parties and will exercise caution.
- We will not participate in unauthorized use of intellectual properties of third parties, such as patents, utility models, designs, and trademarks, nor will we infringe on the intellectual property rights through means such as making unauthorized copies of software or books.

<Compliance with Competition Laws>

- We will not engage in any acts that violate the competition laws of respective countries, such as private monopolization, unfair restriction of trade (cartels, bid rigging, etc.), unfair trade practices, and abuse of a superior bargaining position.

<Export Trade Controls>

- In accordance with export trade control laws and regulations, we will thoroughly control exported products, technologies, etc. by checking whether they are restricted items or not, and preparing and providing certificates of applicability.

<Anti-corruption>

- We will make political contributions, donations, etc. in accordance with the laws of each country, and strive to build transparent and fair relationships with political and administrative authorities.
- We will not provide entertainment, gifts, or money to customers, suppliers, or other business partners for the purpose of obtaining or maintaining undue profits or unfair preferential treatment.
- We will comply with domestic and international anti-bribery laws, and maintain honest and fair relationships not only with political and administrative authorities but also with our business partners.
- We will not engage in off-balance sheet transactions, fictitious transactions, or other false or misleading transactions, and we will prepare and maintain accounting records (such as forms and books of account) that are reasonably detailed and accurate that fairly reflect all transactions and dispositions of assets.

<Prohibition of Conflicts of Interests>

- We will not engage in any conduct that unfairly benefits individuals, customers, business partners, or third parties against our own interests (conflict of interest).

2. Human Rights and Labor

<Respect for Human Rights>

- We will understand internationally recognized human rights, including the Universal Declaration of Human Rights, and will respect the human rights of all people involved in our business activities.

<Immigrant and Forced Labor>

- We will not tolerate any form of modern slavery, including forced labor or human trafficking of any kind through violence, threats, debt, etc.
- We will ensure without fail that all work is voluntary and that employees are free to leave their jobs at any time.
- We will not require employees to surrender passports, official identification documents, or work permits as a condition of employment. We will not have our employees bear any cost, such as employment handling fee, that is deemed undue under international norms.

<Child Labor and Young Workers>

- We will not allow child labor that deprives children of educational opportunities and forces them to work at a young age that hinders their development.
- The maximum age at which individuals may work shall be 15 years of age, the minimum age for employment under the applicable laws and regulations of each country, or the age at which compulsory education ends, whichever is the highest.
- Employees under 18 years of age shall be protected from hazardous work and working conditions that are detrimental to their health, safety, morale, and development.
- Vocational training and apprenticeships shall be allowed only to the extent permitted by applicable laws and regulations in each country.

<Prohibition of Discrimination and Respect and Acceptance of Diversity>

- In all aspects of employment (application, hiring, promotion, compensation, right to education, assignments, wages, benefits, disciplinary actions, termination of employment, retirement, etc.), there shall be no discrimination on any grounds including gender, age, nationality, national origin, race, color, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital and child status.

<Harassment>

- We will not tolerate any form of harassment, including power harassment, sexual harassment, and peer pressure, or any conduct that offends personal dignity.
- Any verbal, visual, or physical conduct directed at an employee that interferes with his or her performance or dignity or creates an intimidating, hostile, or offensive work environment, shall be considered harassment.
- Any complaint of harassment will be immediately reported and investigated. We will also ensure that employees are able to report any instance of harassment without fear of retaliation, intimidation, or harassment.

<Wages and Benefits>

- We will pay employees in compliance with applicable laws and regulations regarding minimum wages, overtime, wage deductions, payments by result, and other compensations.
- We will provide legally required compensations.
- Breakdowns of salaries, other compensations, welfare benefits, and deductions will be clearly detailed to employees in a timely manner in compliance with applicable laws and regulations.

<Working Hours>

- We will comply with applicable laws and regulations governing employee working hours (including overtime).

<Freedom of Association and Collective Bargaining>

- We will recognize the right of employees to associate or not to associate freely in accordance with the applicable laws/regulations, etc. of the countries in which we promote business activities.
- We will guarantee employees the right to communicate openly and directly with management without fear of retaliation, intimidation, or harassment.

3. Safety and Health

<Occupational Health and Safety>

- We will comply with the Industrial Safety and Health Act and the Fire Service Act, place the highest priority on ensuring safety and health on the job so that everyone can work with a sense of security, and strive to prevent industrial accidents and disasters.

<Healthy Living and Working Environment>

- We will support the health of our employees through health promotion activities in workplaces, guidance on disease prevention, etc.

4. Environment

<Environmental Management System>

- Aiming for growth in harmony with the environment, we will challenge to achieve zero emissions in all areas of our business activities.
- We will establish an environmental management system for continuous improvement, comply with environmental laws and regulations in each country and region, and maximize our environmental performance.

<Reduction of Greenhouse Gas Emissions>

- We will develop products and services that reduce greenhouse gas emissions and work to reduce greenhouse gas emissions throughout their lifecycle, including at our business sites.

- We will work together with your suppliers to develop and promote all types of reduction measures, including energy conservation, facility improvement, material replacement, and introduction of renewable energy, in order to achieve carbon neutrality.

<Water and Air Environment>

- We will comply with the laws and regulations of each country and region concerning the prevention of pollution in water, air, etc.
- Considering the water environment in each country/region, we will continuously evaluate the impact of our efforts to thoroughly reduce water consumption and manage drainage.

<Contribution to the Creation of Recycling Society and Systems>

- In designing and developing products, we will work to reduce the use of exhaustible resources and utilize recycled materials, and will give consideration to proper disposal and recyclability at the time of disposal.
- We will strive to make effective use of resources through the reduction and recycling of waste at our business sites and in our logistics operations.

<Management of Chemical Substances>

- We will comply with the relevant laws and regulations of each country and region, control (abolish, reduce, etc.) chemical substances, and will not use prohibited substances in our products, manufacturing processes, etc. We will also appropriately report to the government in accordance with laws and regulations.

<Responsible Procurement of Resources and Raw Materials>

- We will conduct procurement activities considering the impact on local communities of using raw materials (e.g., conflict minerals) that may cause social problems, such as human rights and the environment. If there is any concern, we will take measures to avoid their use.

5. Risk Management

- In preparation for diversified risks, such as terrorism, cyber-attacks, and natural disasters that threaten the lives of citizens and corporate activities, we will constantly monitor risks and manage risks from the perspectives of both minimizing damage and business continuity.

6. Local and Global Societies

<Contribution to Local Communities>

- To contribute to prosperous local communities and their development, we will focus on social problems faced by each region and aim to promote social contribution activities in collaboration with local communities to solve such problems.

<Disclosure of Information to Stakeholders>

- We will strive to maintain and develop sound relationships with stakeholders through open and fair communication, while disclosing useful information to stakeholders in an accurate and timely manner, including information related to management, finance, environmental preservation, society, and social contributions.

7. Dissemination Among Your Suppliers

- We ask that you also disseminate the respective sustainability policies and guidelines to your suppliers based on the objectives above to ensure that they are fully aware of them, and also work to infiltrate and spread the sustainability initiatives to your suppliers.
- When infiltrating and spreading the policies, etc., please be aware of the entire supply chain and take follow-up and corrective actions as necessary.

8. Compliance With Sustainability Guidelines

- CATALER CORPORATION will make efforts to comply with these guidelines throughout the entire supply chain that supports our manufacturing. We ask you to read and understand these guidelines carefully and to make sure that you disseminate the guidelines throughout your supply chain.
- We may visit your factories and other sites as necessary to confirm compliance with these guidelines and for the purpose of mutual communication.
- If you encounter any problems that do not conform to these guidelines, please report them promptly and take measures for improvement.

If appropriate improvement measures are not taken, we may be required to suspend further orders.

Issued by CATALER CORPORATION

Date of Issuance and first edition: April 2015

Second edition: November 2023