Cataler Sustainability Report 2024

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(Disclaimer)

This report contains not only past and present facts about Cataler and its target companies but also future projections based on plans, outlooks, management policies, and strategies as of the issuance date. These future forecasts are based on processes and judgments made from the available information at the time of description, and changes in various conditions may result in differences between future business outcomes and the forecasted results. If corrections, re-descriptions, or significant changes are made to information provided in past reports, those changes will be described in this report. We ask readers to understand these points.

Editorial policy

(Editorial policy)

This report presents Cataler's sustainability initiatives related to "contribution to a sustainable society" and "future directions" through its business activities in the development, manufacturing, and sales of exhaust gas purification catalysts for automobiles, motorcycles, and other vehicles—a focus since the company's inception. The report is structured from the perspective of ESG (Environmental, Social, and Governance). We hope this report helps stakeholders gain a deeper understanding of our company.

(Target period)

FY2023 (April 2023 – March 2024)

*Some content includes information outside this period.

(Target range)

This report targets Cataler Corporation.

*Some information includes overseas subsidiaries.

(Issue Date)

October 2024(Previous: December 2023) / Next scheduled issue: September 2025.

▶Reporting cycle is planned annually.

(Reference guidelines)

GRI Standard

(Inquiries)

CATALER Corporation

Department responsible for issuing: General Affairs Division

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Top Message

CATALER has primarily focused on purifying exhaust gases using catalysts until now. However, our surrounding environment is rapidly and dramatically changing, with demands for sustainable growth, changes in competitive rules like carbon neutrality and digital adoption, diversification of energy sources worldwide, and a shrinking internal combustion engine market due to automotive electrification. In response, our corporate activities need to continuously adapt to a changing society.
Notably, the automotive industry is undergoing significant transformation, marking a once-in-a-century period of major upheaval, and our company is also at a turning point. First and foremost, addressing electrification is our top priority, but we also believe in the potential for our unique catalyst technology to contribute to various social issues in the carbon-neutral era, alongside the expansion of internal combustion engine markets in emerging countries. By seizing these opportunities and accelerating our global activities, we aim for further growth.

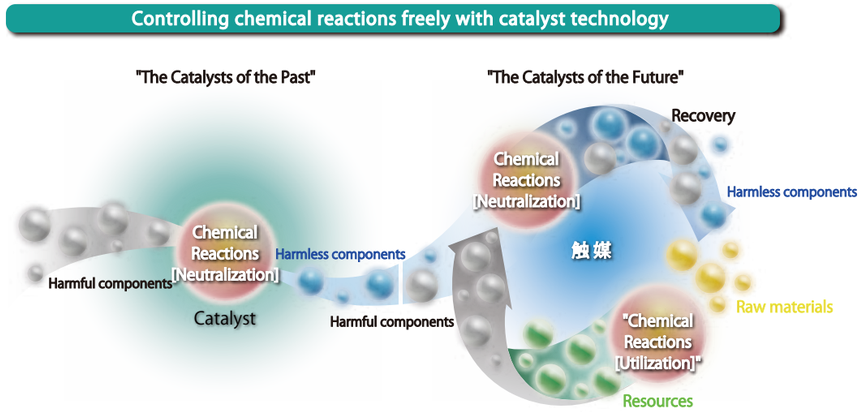
To achieve this, we have formulated "GLOBAL VISION 2035" with a commitment to swiftly advance the restructuring of our business and enhancement of our management foundation for a new stage.

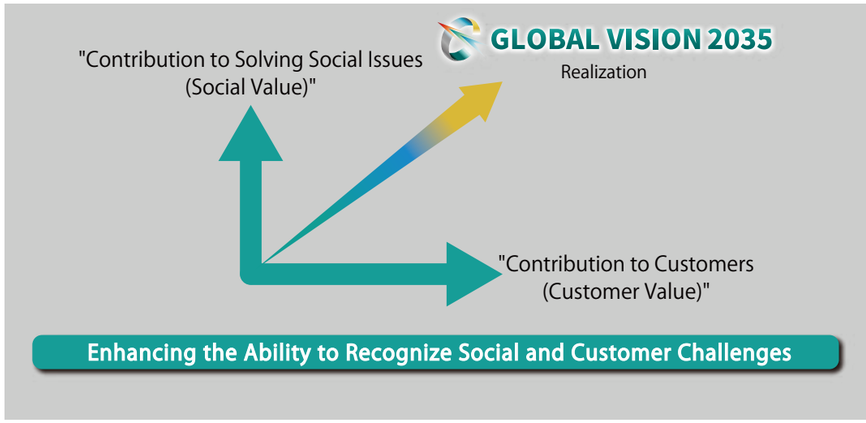
Under GLOBAL VISION 2035, we redefine our core competence as "mastering chemical reactions through catalyst technology" and aspire to "contribute to the growth and development of a circular society through our technologies and products" and become "an indispensable presence in society trusted by our customers" by 2035.

Towards realizing this vision, we are evolving into an organization that proactively drives change with "strengthening management foundations" at its core, alongside existing businesses in "exhaust gas purification" and "hydrogen (FC)" while charting a course towards "technologies that address resource and energy challenges" as a new business area.

Moving forward, we will cultivate a keen sensitivity to social issues, expand our areas of activity, challenge ourselves with transformation, and work with our stakeholders towards the realization of GLOBAL VISION 2035.

▶Here is the "GLOBAL VISION2035"





President and CEO **Masashi Ishida**

Introduction of CATALER products

Live together on this earth

Transforming harmful substances into harmless components through chemical reactions—that is the power of a "catalyst."

Cataler manufactures and sells catalysts that neutralize harmful substances emitted by automobiles and motorcycles before they are released. We hold the top market share domestically, are highly regarded by overseas automobile manufacturers, and are widely adopted around the world.

As a company committed to walking alongside our stakeholders on this earth, Cataler aims for a sustainable society and contributes to reducing the number of illnesses caused by air pollution through our business activities.

Catalysts for exhaust gas purification

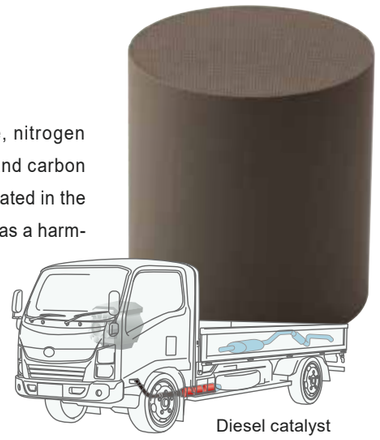
Catalysts for gasoline vehicles

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 Diesel catalyst

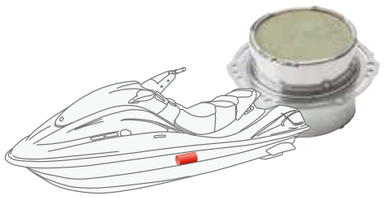
By coating a catalyst to the filter-like substrate, particulate matter (such as soot) unique to diesel vehicles is removed along with hydrocarbons and carbon monoxide when the exhaust gas passes through the walls of the filter.



Diesel catalyst

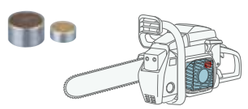
3 Catalysts for motorcycles

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.



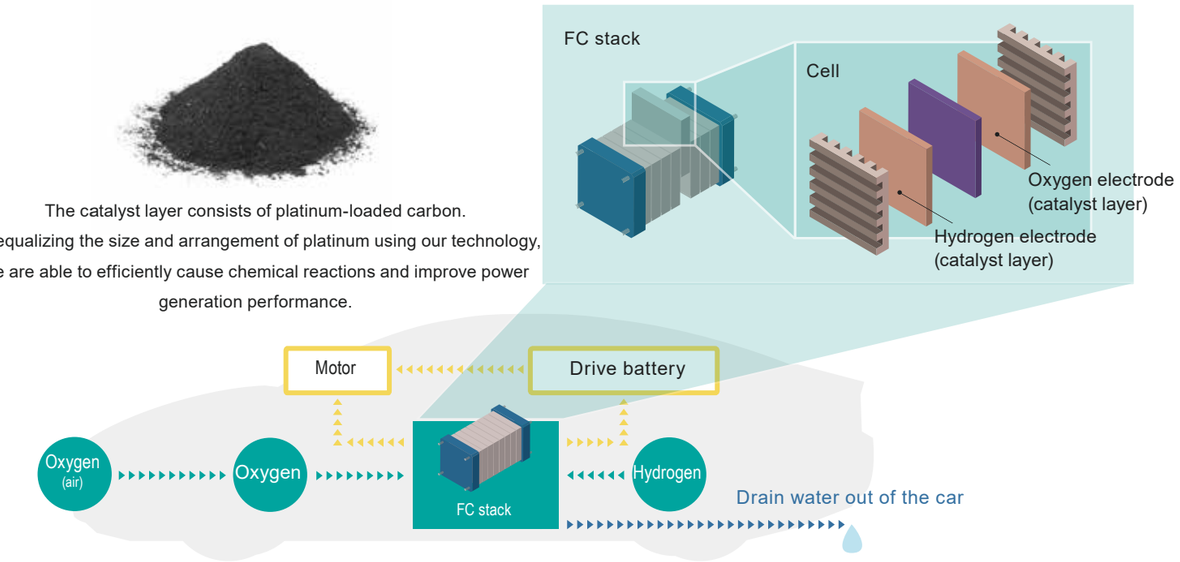
5 Catalysts for general-purpose engines

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.



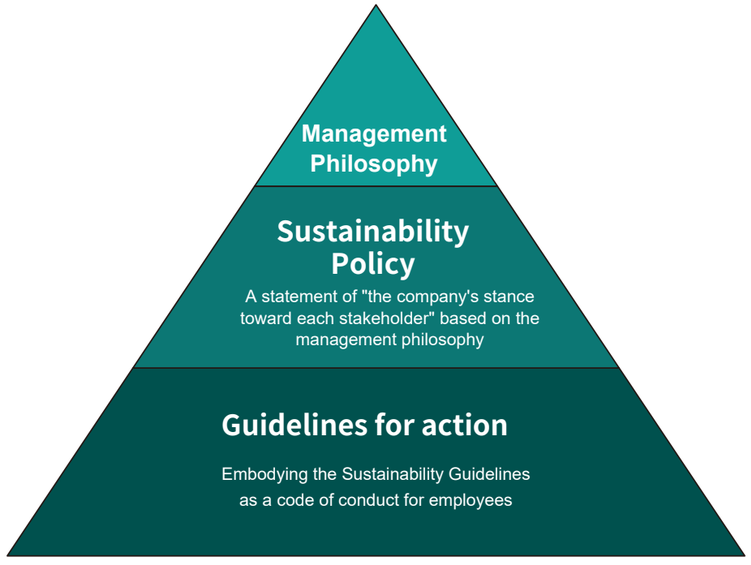
CATALER GROUP Management Philosophy

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 engage in corporate activities aimed at achieving sustainable success by creating new value in response to the changing environment surrounding us.
To achieve this, we respect human rights, conduct business activities with high ethical standards and social decency, and provide products and services that contribute to solving various social challenges and addressing global issues.
As a result, we contribute to achieving the Sustainable Development Goals (SDGs) and aim to enhance corporate value as a global company by developing sustainably ourselves.

Sustainability Policy

Cataler believes that practicing our management philosophy leads to achieving sustainability and contributes to the development of a sustainable society. To that end, we have established the "Cataler Group Sustainability Guidelines," which express the company's stance towards various stakeholders, based on our management philosophy, as we work towards solving social issues and sustainable development.

▶Click here for the Sustainability Policy

Promotion structure

The SDGs Organizer of the General Affairs Division leads these efforts, promoting activities in collaboration with relevant departments.
Discussions and considerations regarding the identification of priority issues and goal setting are held at the internal "CSR Committee" meetings, attended by senior management. The progress of the approved priority issues and goals is regularly reviewed and reported to senior management as necessary.

CATALER Group priorities (Materiality)

We have evolved our traditional CSR activities and have been conducting various activities in line with the philosophy of the SDGs to contribute to our stakeholders and society. Since 2020, we have identified three priority issues to focus on as the Cataler Group and have set goals to be achieved by 2030. Moving forward, we will continue to review our plans as necessary and promote our 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

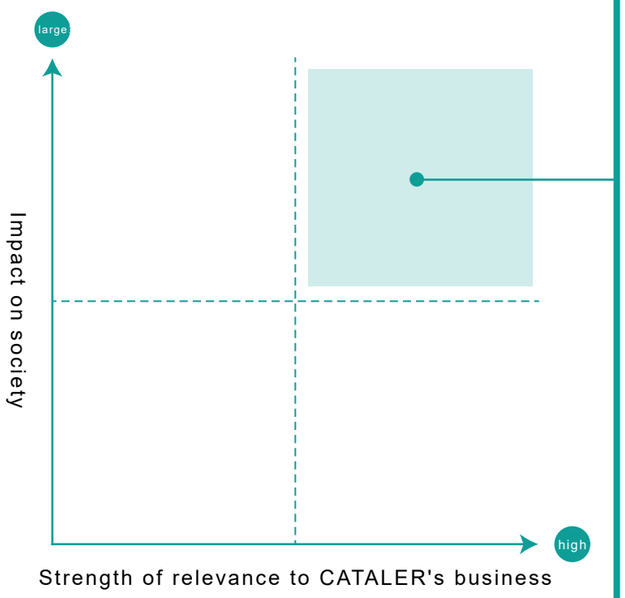
Based on the 17 goals and 169 targets of the SDGs, we identified initiatives with high priority on the two axes of (1) their strong relevance to our business and (2) the magnitude of their impact on society. (See figure below).

Step 3 Confirmation of appropriateness

Management and the SDG 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.



Materiality (SDGs applicable targets)

- [Goal 3] GOOD HEALTH AND WELL-BEING
- [Goal 6] CLEAN WATER AND SANITATION
- [Goal 8] DECENT WORK AND ECONOMIC GROWTH
- [Goal 12] RESPONSIBLE CONSUMPTION AND PRODUCTION
- [Goal 13] CLIMATE ACTION

Priorities (Materiality) and Goals to 2030

Priorities (Materiality)		What we aim for	Goal	Control item	FY2023 Target	FY2023 Actual	FY2023 Evaluation	FY2024 Target	FY2030 Target	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	Total amount of purification of CO, HC, and NOX	99.29 million tons or more	94.86 million tons	×	More than 152.12 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 and selling products.	13	CO_2 emissions at plants	45,045 tons or less	43,799 tons	○	41,299 tons or less	**17,573 tons (61% reduction compared to 2013)**	Whole Group
			12	Amount of waste generated	44.22 kg/per 1,000 units or less	31.88 kg/ 1,000 units	○	44.22 kg/per 1,000 units or less	**44.22 kg or less**	Whole Group
				Precious metal usage (Pt、Pd、Rh)	More than 30% reduction (compared to 2015)	50% reduction	○	More than 50% reduction (compared to 2015)	**More than 60% reduction (compared to 2015)**	Whole Group
			6	Water quality	80% or less of the regulatory limit	Compliance with 80% or less	○	80% or less of the regulatory limit	**80% or less of the regulatory limit**	Whole Group
3	Promoting Diversity	To be an attractive company where diverse human resources can work vigorously in accordance with their own work-life balance.	8	Employment rate of persons with disabilities	2.3% or more	2.4%	○	2.5% or more	**2.7% or more**	Head office
				Employment rate of women hired as new graduates	20% or more	39%	○	More than 20% annually	**More than 20% annually**	Head office
				Number of female managers	More than 1.5 times	Twice	○	3 times that of 2020	**5 times (compared to 2020)**	Head office

Stakeholder Engagement

In recent years, the scope and magnitude of the impact that corporate activities have on society, and that society has on corporations, have expanded.
At Cataler, for sustainable development, we strive to maintain and develop healthy relationships with all stakeholders—including customers, shareholders, employees, local communities, and suppliers—based on our management philosophy and through open and fair communication.

Specifically, we aim to address societal expectations and issues earnestly by engaging in dialogue with key stakeholders through internal departments acting as points of contact. This allows us to promote initiatives that contribute to solving social issues through our core business. Moving forward, under our management philosophy, we will continue to strive to be a sincere company 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

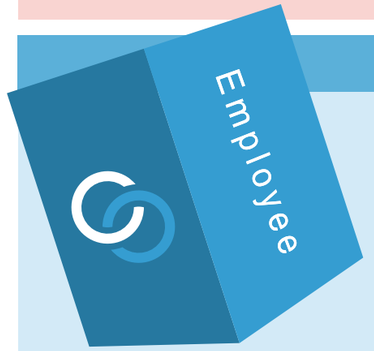
Communication methods | Frequency

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 | 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

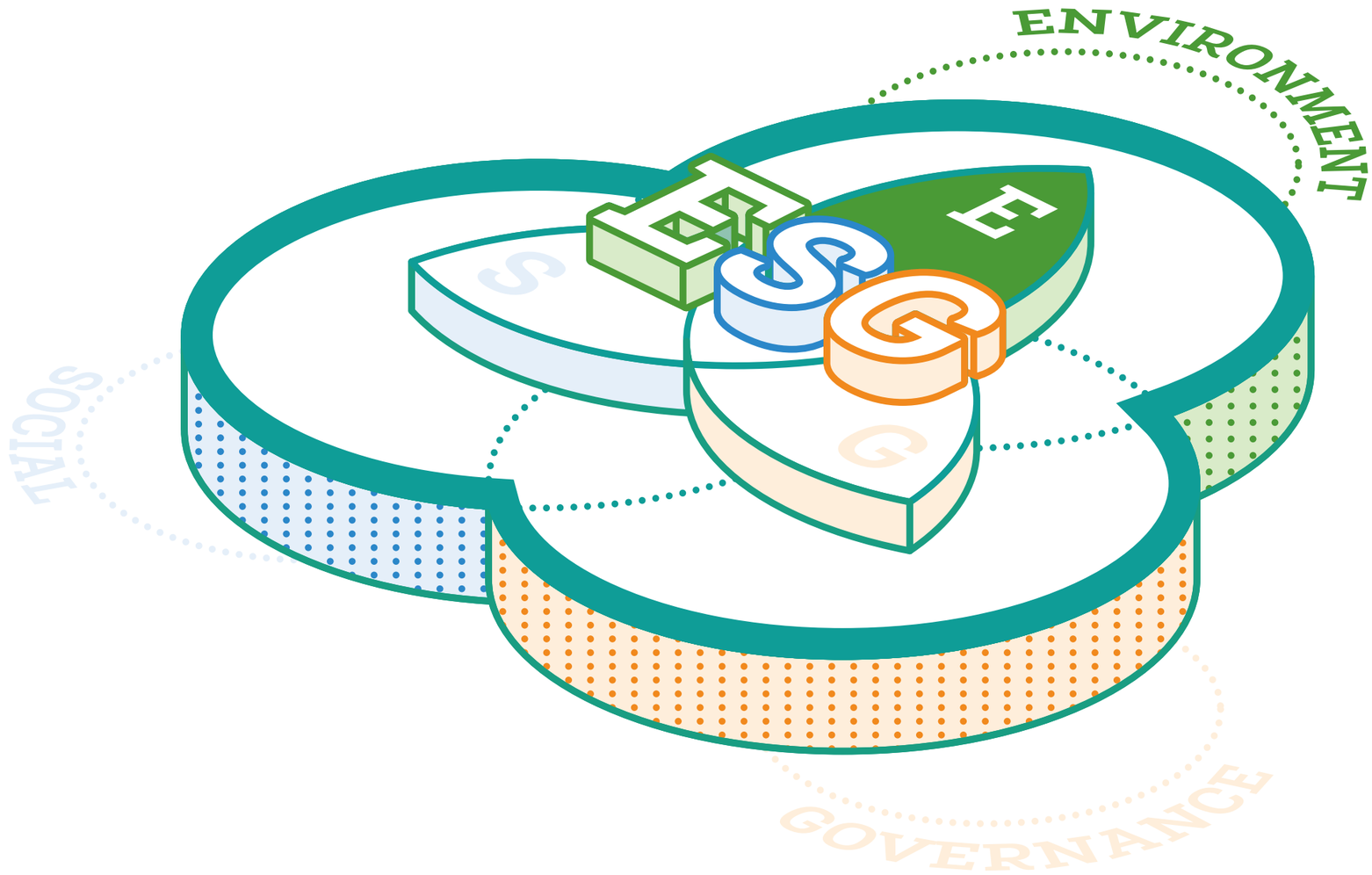
Communication methods | Frequency

General meeting of shareholders | Once/year
->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, under the theme of "optimal coexistence between people and the environment," positions consideration for the global environment as one of the key challenges in our business activities, with the goal of protecting our irreplaceable Earth and a prosperous society for the long term.
Our 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

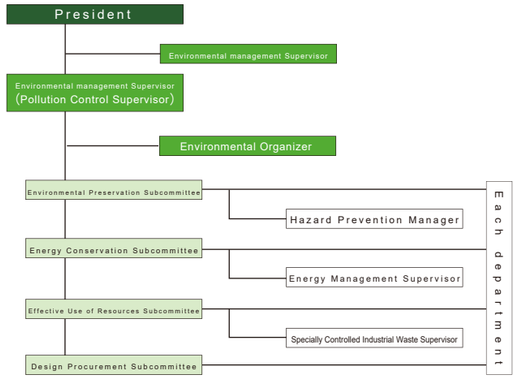
In addition to complying with all environmental laws and regulations, other laws and regulations, ordinances, agreements, and agreements with our customers, we will promote cooperation with affiliated companies and related industries, as well as collaboration and cooperative relationships with a wide 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 led by the president as top management, with environmental management officers and the environmental organizer taking the lead in promoting environmental activities involving all employees. In response to legal requirements for roles such as pollution control managers, qualified personnel are appointed accordingly.
At environmental meetings, we receive updates from the organizer on compliance status, legal amendments, environmental concerns and their countermeasures, collaboration with other companies, and activity reports from each subcommittee, which are then used to determine the next course of action. The environmental subcommittees are divided into four groups: the Environmental Conservation Subcommittee, the Energy Conservation Subcommittee, the Resource Utilization Subcommittee, and the Design and Procurement Subcommittee.



From the Environmental Management

Cataler has aimed to contribute to the global environment by focusing on technologies for exhaust gas purification catalysts for internal combustion engines, striving for better harmony between people and the environment. Additionally, we have developed and supplied electrode catalysts for Fuel Cell Electric Vehicles (FCEVs)—the ultimate eco-car powered by hydrogen—playing a role in reducing greenhouse gases. Our environmental conservation efforts span the entire Cataler Group, including overseas bases, with a focus on not only compliance with regulations but also reducing waste, preserving water environments, effectively utilizing rare resources, and engaging in energy conservation activities to reduce environmental impact. In recent times, as recognizing and responding to climate change challenges are increasingly required in business activities, we have invested in energy-saving equipment, expanded the use of renewable energy, and actively promoted efforts toward carbon neutrality.
Moving forward, we will continue to conduct our business with consideration for the global environment, creating and providing advanced decarbonization energy technologies and environmental products, while continuously improving our efforts in environmental conservation, such as reducing greenhouse gas emissions, to contribute to the global environment.

Executive Officer
Environmental Management Officer
YOSHIHIKO SANO

Environmental targets and results

Cataler is committed to continuous improvement in contributing to environmental conservation, based on our environmental guidelines. Specifically, we have identified "reducing environmental impact across the value chain" as one of the priority issues in our SDGs efforts. We are not only setting targets to be achieved by 2030 but also setting annual targets and regularly reviewing progress.

In 2023, we achieved all annual targets for every management item. Moving forward, we will continue to promote ongoing activities towards the realization of a sustainable society.

Control item	Scope of coverage	Indicator	2023 Target value	2023 Actual results	2023 Self-evaluation (*)	Goal for 2030
CO2 emissions (t)	CATALER Group as at plants	—	45,045	43,799	○	24,842 tons (61% reduction compared to FY2019)
Waste generated (kg)	Head Office	Basic unit [kg/1,000 pieces]	44.2 or less	31.88	○	44.2 kg per 1,000 units or less (below 2018 levels)
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 our environmental guidelines for compliance with environmental laws and regulations, we have implemented an environmental management system to ensure thorough compliance with all environmental laws, regulations, ordinances, agreements, and customer commitments related to our business activities. Additionally, we promote collaboration and cooperation with affiliated companies, related industries, and a wide range of societal stakeholders on environmental matters.

Over the past five years, there have been no incidents of major environmental pollution, nor have there been any complaints regarding environmental issues.

Scope: Domestic locations (Headquarters)
Research and Development locations (ARK)
★1 Aggregation period: January 2023 to December 2023
★2 Aggregation period: April 2023 to March 2024

INPUT

Raw materials★2

PRTR (*1) Target substances	844,502kg

Water resources★2

Water intake	129,932 ㎥
(Breakdown)	
Tap water	69,800 ㎥
Underground water	60,132 ㎥

Energy★1

Non-renewable electricity	20,037.25Mwh
Shizuoka Green Electricity	−840.00Mwh
City gas	2,172,460N ㎥
Kerosene	1.21 kℓ
Light oil	46.73 kℓ
Gasoline	1,452.26 kℓ
LPG	24.87 t

Renewable Energy★1

Solar powe	2,574.94Mwh
(Breakdown)	
Generated power	1,734.94Mwh
CO_2 free electricity	840 Mwh

Business

Product development

Production

OUTPUT

Product*4

Automotive catalysts	6,454,236pieces
Motorcycle catalysts	762,552pieces

Waste★2

PRTR Target substances	2,451 kg

Atmosphere★2

PRTR Target substances	680 kg

Water intake★2

Drainage volume	146,851 ㎥
Chemical oxygen demand (COD)	239 kg
Biochemical oxygen demand (BOD)	84 kg
Suspended solids(SS)	14kg
Ammonia and other compounds	2,867kg
PRTR Target Substances	0kg

CO_2★1

Scope1*2	8,345t-CO_2
Scope2*3	8,812t-CO_2

*1 PRTR
"Pollutant Release and Transfer Register," which is a system for reporting the amounts of hazardous substances released into the air, water, and soil from business establishments or treated as waste. This system is established to monitor, manage, and improve the impact on the environment. The reported data is collected and published by national and local governments.

*2 Scope1
This refers to greenhouse gases (GHG) directly emitted from facilities or equipment owned or controlled by the company. Specifically, it includes emissions from fuel combustion and industrial processes.

*3 Scope2
This refers to greenhouse gases (GHG) indirectly emitted as a result of the consumption of electricity, heat, or steam by the company.
This includes emissions associated with the use of purchased electricity from external sources."

Training and awareness activities

At Cataler, we believe that raising environmental awareness among employees is crucial for contributing to a sustainable society, and we actively promote environmental education and awareness activities for our employees. Additionally, we provide specialized training, such as ISO 14001 internal auditor training, for those responsible for environmental operations.

	Time (Actual results for 2023)	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 Environmental Regulations	Once/year	Practitioners involved in product development and process design will learn about the regulations related to environmental laws.
Environmental Month	Once/year	Aimed at all employees, the environmental management officer will deliver messages, hold panel exhibitions, and raise awareness about environmental consciousness.
Energy conservation declaration Environmental declaration	Once/year	Energy Conservation Education Declaration: Each employee will declare and implement energy-saving initiatives to raise environmental awareness. Education: Share a common understanding on how to promote energy conservation in buildings and production facilities (technology/management/operation).
Information Dissemination to Suppliers	Once/year	Our procurement department will call on suppliers to prevent environmental accidents during operations conducted over long holidays.

Strengthen global environmental management

In response to the growing demand for international disclosure of non-financial information, we calculate CO_2 emissions annually, including from our global bases, and undergo verification by third parties. We also set target values for waste generation and wastewater quality at each base, and in 2023, we initiated top-level reviews.

Moving forward, the Japan headquarters, acting as the mother factory, will further its understanding of environmental activities at each base and strive to enhance the level of environmental initiatives so that all group bases can contribute to reducing environmental impact.

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	August 1999	November 2006	July 2011	June 2007	November 2006	November 2016	March 2020	August 2023

Environmental load and resource saving

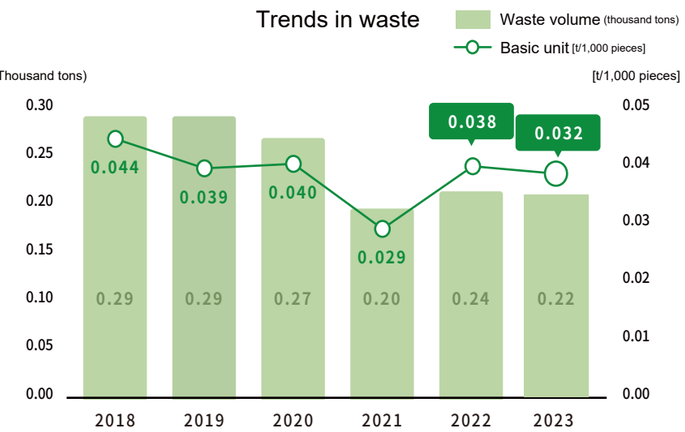
Basic concept

To realize a sustainable society, a shift from a mass production and mass disposal system to a circular economy is necessary. Additionally, to protect the Earth's ecosystems, compliance with regulations and reduction of environmentally harmful substances throughout the entire product lifecycle are required.
At Cataler, we are committed to resource conservation through thorough separation of waste and various recycling methods.

Waste reduction

At Cataler, the Resource Utilization Subcommittee takes the lead in developing production methods that do not produce excess sludge during catalyst production and reusing waste materials to reduce waste. In 2007, we achieved zero emissions of landfill waste, a practice we continue today.
In 2023, a key initiative involved transferring export wooden pallets to business partners with reuse needs, resulting in a reduction of 19.2 tons of annual waste.

Trends in waste



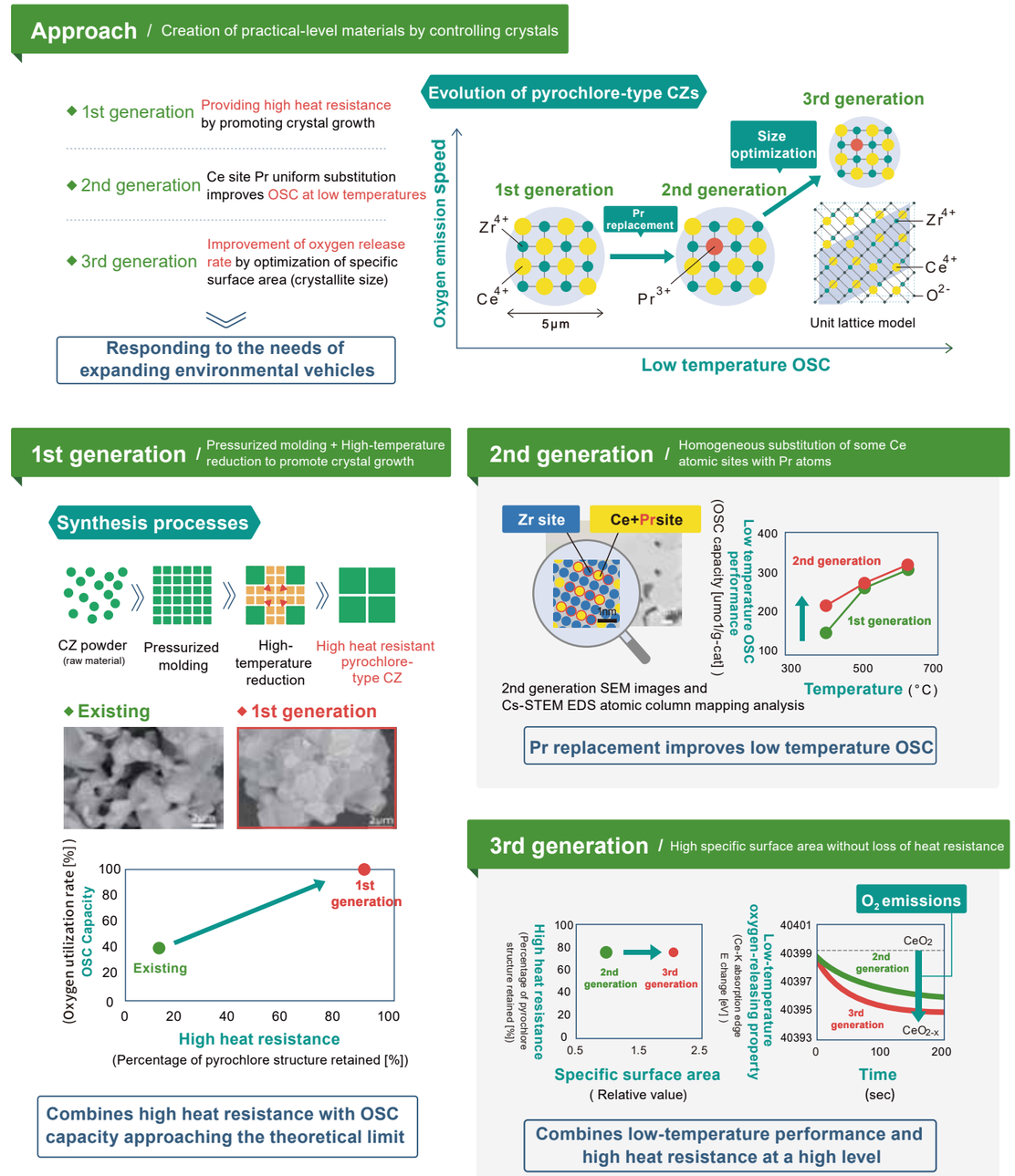
Reduction of precious metal usage through improved catalyst performance

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 CeO_2 -ZrO_2 Oxygen Storage Material"*1.

*1 This is a joint development achievement of Toyota Motor Corporation, Toyota Central R&D Labs, Inc., and Cataler Corporation.



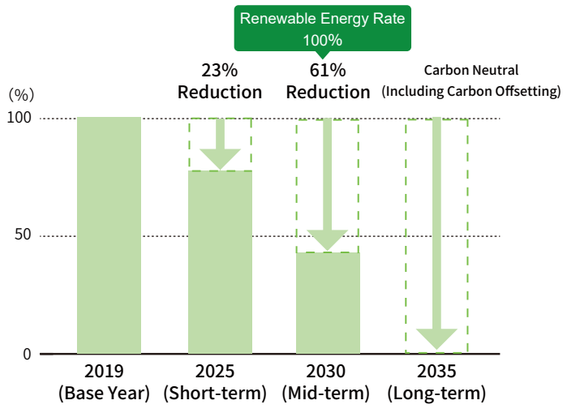
Climate change

Basic concept

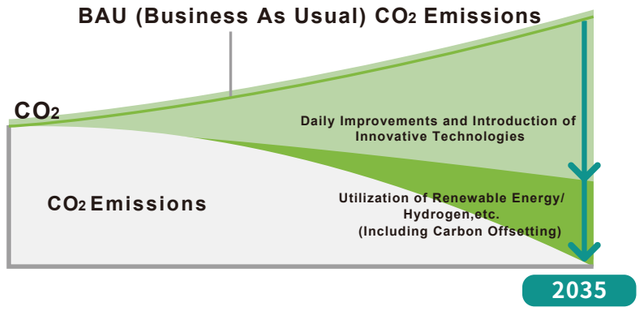
Cataler actively promotes the reduction of environmental impact that its corporate activities have on the community and society, contributing to the early realization of a decarbonized society. As part of our medium- to long-term goals, we have set a target to reduce CO_2 emissions by an amount greater than what is required to achieve the goal outlined in the Paris Agreement, which aims to limit global temperature rise to 1.5℃ above pre-industrial levels. Through these efforts, we aim to create a more sustainable society.

Targets

Global CO_2 Emission Reduction Targets



CN Roadmap



Key Initiatives to Achieve Goals

Introduction of Renewable Energy

Solar Power Generation

We are actively promoting the introduction of renewable energy facilities while considering the regional characteristics of each site.

Japan headquarters

China base

Thailand base

Use of "Shizuoka Green Electricity" at Headquarters

Since October 2023, Cataler's headquarters office building in Kakegawa City has been utilizing "Shizuoka Green Electricity," provided by Chubu Electric Power Miraiz Co., Inc., as its electricity source. The use of "Shizuoka Green Electricity" is part of Cataler's initiatives toward decarbonization, while also contributing to the expansion of renewable energy in the region and economic revitalization through it. Moving forward, we will continue shifting to renewable energy in collaboration with the local community.

Shizuoka Green Electricity
Certificate of Purchase Agreement

※Shizuoka Green Electricity

Shizuoka Green Electricity is 100% renewable energy generated by hydropower plants in Shizuoka Prefecture (Oi River, Tenryu River, Fuji River, Abe River).

Energy Conservation Subcommittee and CO_2 Reduction Efforts

Cataler has long established the "Energy Conservation Subcommittee," dedicated to energy-saving activities and reducing CO_2 emissions. Since energy conservation can lead to CO_2 reduction and help streamline business operations, we have set higher targets for our activities starting in 2023 (Target: Improvement in intensity from ▲1.5% per year to ▲3.0% per year).

Process	Content of Initiatives
Production	・Optimal use of furnace equipment ・Addition of energy-saving modes/ intermittent operation for production equipment
	Improvement of operational efficiency of production equipment (review of conditions, cycle time improvement, etc.)
Non-production	Utilization of regenerative power in testing equipment
	Review of air conditioning operating hours

Participation in the GX League

Cataler has endorsed the Ministry of Economy, Trade and Industry's GX League and has participated in Phase 1 for the fiscal year 2024.

The GX League encourages participating companies to set ambitious goals and to promote proactive investments and actions aimed at growth and emission reductions.

Cataler, by joining this initiative, will set and publicly disclose its own targets, steadily advance the reduction of greenhouse gas emissions, and collaborate with stakeholders such as customers and business partners to challenge for the realization of a sustainable society.

※GX League

The GX League is a framework for corporate collaboration to promote Green Transformation (GX). It aims for companies to share and cooperate on specific actions and initiatives to reduce environmental impact and achieve a sustainable society. By participating in this league, companies are expected to practice environmentally conscious management and fulfill their social responsibilities.Ministry of Economy,
Trade and Industry "GX League Basic Concept"website:
https://www.meti.go.jp/policy/energy_environment/global_warming/GX-league/gx-league.html

Conservation of water resources

Basic concept

As droughts and flood damage become more severe around the world, the importance of water resources is increasing. Water is indispensable for business activities, and as a company that owns factories, it is essential to reduce water intake and prevent pollution, such as water contamination.
From the perspective of nature conservation, Cataler is working on preventing water pollution and reducing water usage.

Water pollution prevention

Cataler has a wastewater treatment facility that combines biological treatment and activated carbon treatment. For treated water, we conduct 24-hour continuous automatic monitoring of various water quality parameters, and we have safety mechanisms that automatically stop discharge and switch to emergency tanks in case of abnormalities. We have systems in place to ensure that wastewater that could lead to water pollution is never released outside without undergoing additional treatment.

We have established voluntary standards that are stricter than legal and administrative agreement levels, and we conduct regular water quality inspections by external organizations, as well as checks by environmental managers. Through thorough maintenance and management, we strive to prevent violations of environmental regulations.

Water use reduction

To reduce water usage, we are implementing water conservation and reuse measures, such as recirculating cooling water for equipment and using part of the treated water from the wastewater treatment facility for flushing toilets within our facilities.

Society

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Supply chains 18

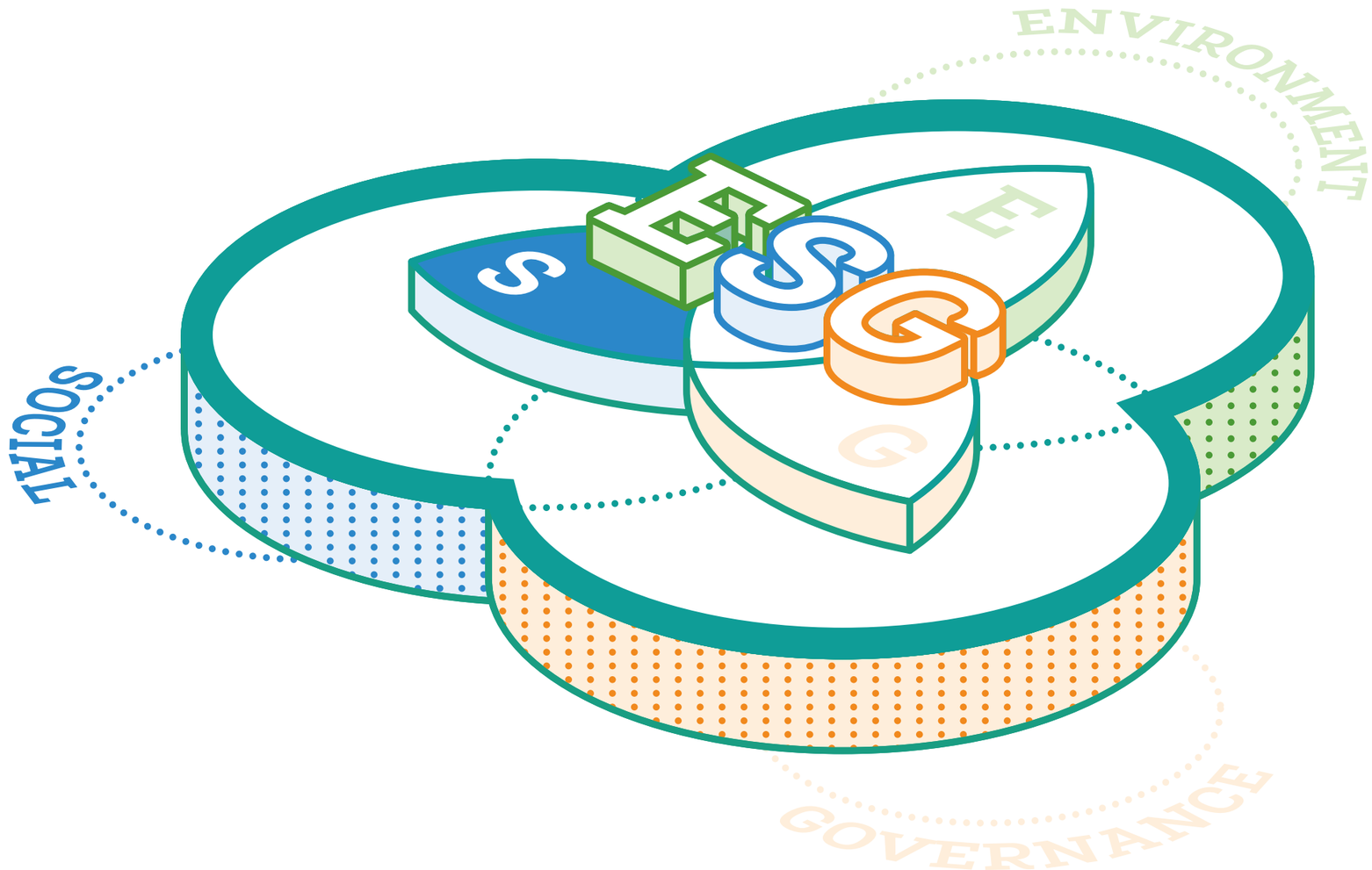
Respect for human rights 20

Human resources 21

Occupational safety and health 26

Health 28

Social contribution activities 31



Quality assurance

Procurement 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

At Cataler, we have established a robust quality assurance system to deliver stable, high-quality products. All group companies have obtained certification for either ISO 9001 or IATF 16949, which are quality management system standards.

Additionally, we operate internal quality-related meetings for various purposes to ensure the prompt resolution and prevention of quality defects and abnormalities. Through this approach, we visualize quality conditions across all levels—from employees to supervisors and top management—enhancing the speed of response and strengthening the prevention of issues and recurrence.

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	February 2024

CATALER Quality Conference Body List

Conference Bodies/ Liaison Letters	Frequency	Attendance	Agenda
Audit improvement reporting meeting	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 Headquarters and Overseas -bases Customer Satisfaction Survey, Continuous Improvement
Quality Liaison meeting	Once/month	Practitioners in product realization related divisions	Quality Status at Headquarters and Overseas -bases 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 overseas base	Disseminating information on quality problems (within 24 hours) Inspection of the same method line
Global Production Meeting	Once/year	Product realization related division of head office and each base	Sharing of quality activities between the Head office and each overseas base

*1 EDER

EDER stands for Early Detection and Early Resolution. It refers to initiatives aimed at identifying and promptly resolving issues or defects in product or service quality management. This approach helps improve quality and enhance customer satisfaction. Practicing EDER is a crucial factor in increasing a company's reliability and competitiveness.

Promotion of TQM Activity

CATALER has positioned the concept of TQM (Total Quality Management) at the core of its management, practicing "quality management" aimed at sustainable success under the basic principles of "customer first, continuous improvement, and participation by all." Through these efforts, we were honored with the "Deming Prize," the world's highest recognition in TQM, in 2015, and the "Deming Grand Prize" in 2018. Furthermore, our China base, CCC, received the Deming Prize in 2022, and our North American base, CNA, received it in 2023.

Since receiving these awards, we continue to adapt to the ever-changing business environment by leveraging and reviewing the systems established through TQM activities, promoting quality management aimed at sustainable success on a global scale.

Deming Prize Medal

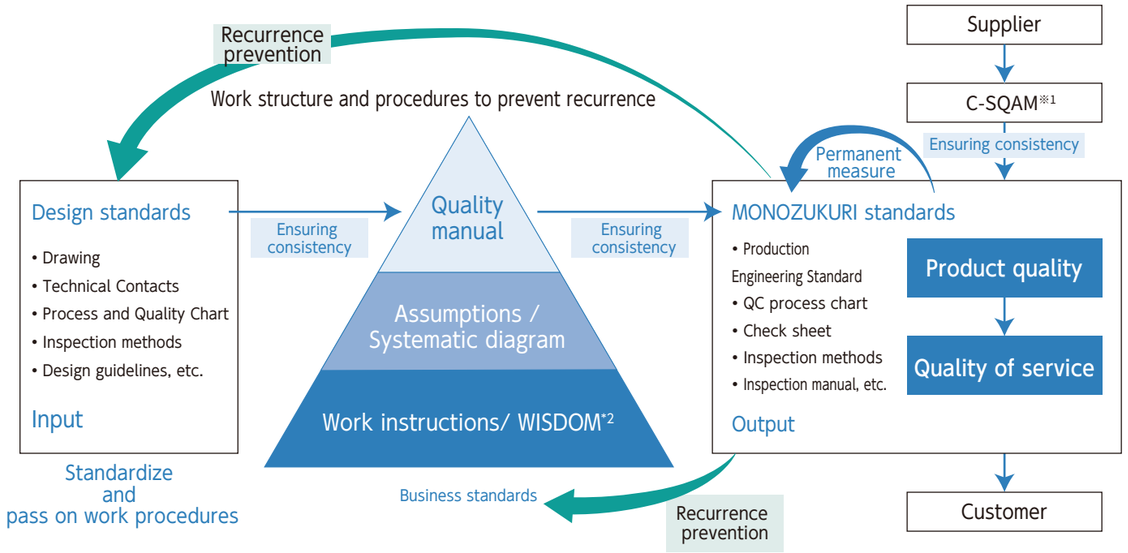
Deming Grand Prize Medal

Continuous Quality Improvement (C-QIC)

Since 2012, we have been promoting C-QIC (CATALER-Quality Innovation Challenge) across the company to ensure "creating processes that do not produce defects," "building equipment that does not fail," and "establishing business processes that do not lead to mistakes.

" C-QIC is an initiative that aims to improve the quality of work through the concept of "in-process completion," striving for continuous improvement of both "product quality" and "work quality" by "creating standards that prevent issues" and "developing systems that prevent recurrence of problems."

This initiative contributes to enhancing business quality by "eliminating rework, enabling each employee to proceed confidently with their tasks," "ensuring smooth transfer of knowledge and fostering multi-skilled workers," and "redirecting the time spent on defect handling towards more creative tasks." Through these efforts, we contribute to providing 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.

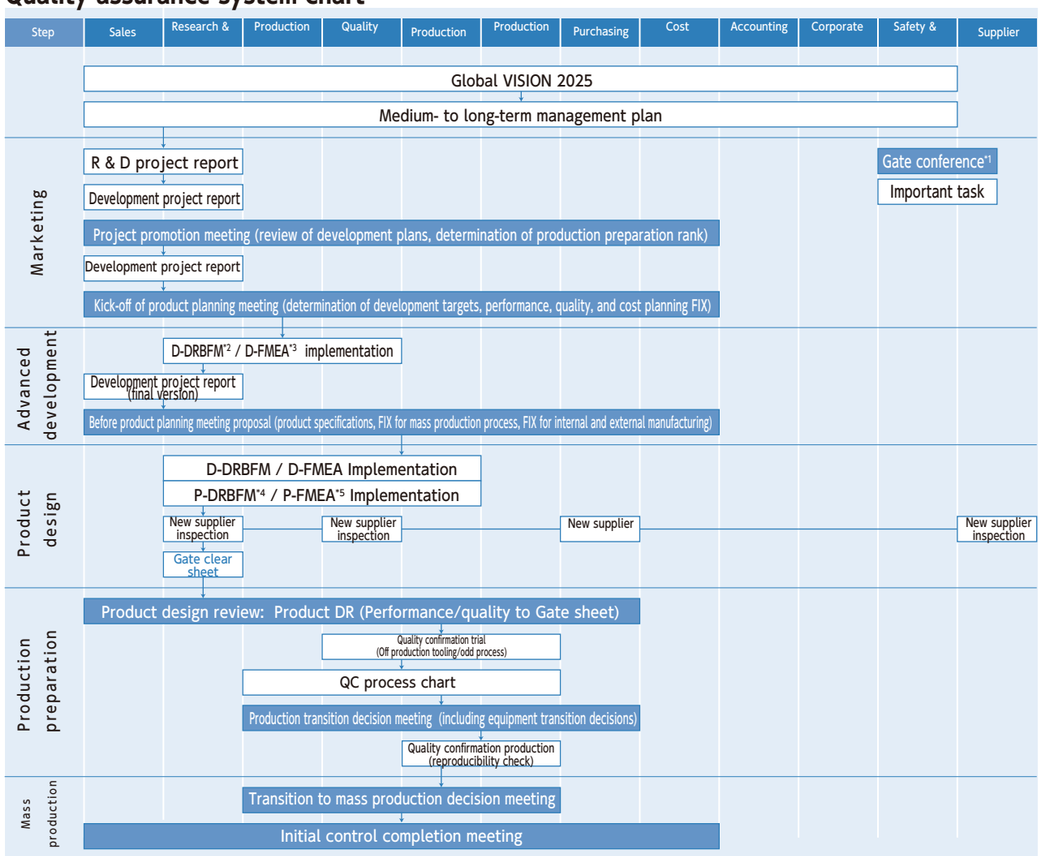
*2 WISDOM : Work Instruction Sheet for Divisional Operation Management

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)

To continuously deliver high-quality products that meet customer demands in a timely manner, CATALER is evolving its organization, human resources, and systems based on the concept of " build-in quality with ownership." Through these efforts, we aim to promote TQM activities and further strengthen quality management. One specific initiative involves collaboration among various departments related to product realization to review and update our traditional quality assurance framework (C-TOP: CATALER-Total Operation Procedure). To achieve zero market defects in the future, we are identifying key processes, activity timings, and inter-functional collaboration involved in product realization, ensuring that our quality assurance framework continues to evolve.

Quality assurance system chart



*1Gate 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 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 circular society" and "continue to protect a clean Earth for future generations." Through the provision of advanced technologies and products that achieve better harmony between people and the environment, we contribute to customer satisfaction and the creation of a prosperous society.
To achieve this, we aim to procure materials, components, and equipment that excel in "quality, technology, cost, and delivery," and we conduct procurement activities based on six fundamental principles.
Below are our procurement guidelines.

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, thePurchasing Division oversees supplier transaction management and promotes procurement operations in collaboration 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
   - Implementation of Business Continuity Management (BCM)
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.

Compliance

- Compliance with laws and regulations and their spirit
- Management and protection of confidential information
- Protection of intellectual property
- Export transaction management
- Corruption prevention

Human rights & Labor

- Respect for human rights
- Elimination of discrimination and harassment
- Abolition of forced labor
- Proper wages and Working Hours
- A Safe and Healthy Work Environment

Local and global society

- Environmental conservation
- Contribution to a Circular Society
- Responsible procurement of resource and raw material
- Contribution to the community
- Information disclosure to stakeholders

▶Click here for Supplier Sustainability Guidelines

Communication with suppliers

At CATALER, we actively engage in various forms of communication with our suppliers to promote CSR activities and closely collaborate on risk management. Through these efforts, we strive to maintain and improve 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 in factories, and alerts regarding epidemic prevention
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 provide education on various laws and regulations (such as the Subcontract Act and the Antimonopoly Act) and disseminate the "Guidelines for Sound Procurement of Goods" to ensure that employees can carry out procurement operations fairly and with a spirit of compliance. Additionally, we distribute a handbook on ethical conduct to all employees and ensure thorough awareness, thereby maintaining and continuing an equal relationship and stance with our suppliers.

Addressing Responsible Mineral Procurement (Conflict Minerals)

At CATALER, we are committed to procurement activities that do not include minerals that may fund armed groups or are associated with human rights violations such as child labor, forced labor, and labor under poor conditions. Specifically, we support the objectives of the Responsible Minerals Initiative (RMI), which leads global efforts on conflict minerals, and we conduct mineral surveys throughout our supply chain using the RMI’ s industry-standard questionnaire. In the event that significant risks are identified within the supply chain, we implement risk mitigation measures such as requesting corrective actions from our business partners.
We will continue to collaborate with our suppliers to ensure responsible mineral sourcing throughout the entire 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 relided 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 andHuman 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 will 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 andto create a corporate culture of respect for human rights.

In FY2023, we provided educational programs for department managers and above on the theme of "Businessand Human Rights" to deepen their understanding of not only human rights issues in the workplace, but alsohuman rights issues for which companies must be socially responsible.

Consultation and reporting desk

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

Initiatives for supply chains

Based on our Human Rights Guidelines, we established the "Supplier Sustainability Guidelines" in November 2023 to prevent incidents of human rights violations in advance and to build a sustainable supply chain.

Together with everyone in our supply chain, we will strive towards the realization of 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
(2) Migrant and forced labor
(3) Child labor and young workers
(4) Prohibition of discrimination, respect and acceptance of diversity
(5) Harassment
(6) Wages and benefits
(7) Working Hours
(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, s ocial issues that need to be solved areincreasing and becoming more complex. Therefore, it is importan t to create a corporate culture in which theentire company works together to tackle these issues and to develop human resources who can play an activerole on a global scale.
At CATALER, we believe that the irreplaceable asset for achievi ng sustainable success is our humanresources. By promoting the creation of systems that enable employees to work in a diverse and flexible mannerand 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, humanresource development initiatives, prevention of problems, and promotion of employee education.

Employee attitude survey

At CATALER, we have been conducting employee awareness surveys targeting employees and senior staff since fiscal year 2004 to identify various issues in corporate activities and to improve the workplace environment and job satisfaction. The response rate has exceeded 90% each year, with the response rate for fiscal year 2023 being 92.7%. The survey results are promptly shared with executives, headquarters directors, and department managers, and are reflected in each department's policies as goals for workplace environment improvement. Going forward, we will continue to advance workplace improvements company-wide and strive to enhance employee satisfaction.

Labor and management communication

CATALER upholds "mutual trust between labor and management" as part of its management philosophy. To this end, we regularly hold various forums for information and opinion exchange between labor and management, such as monthly administrative negotiations, year-round labor-management working group meetings, and the Trinity Roundtable involving top management, the labor union, and department managers.
Through these interactions, all parties earnestly engage in addressing various issues.
Regarding working hours, we not only strictly adhere to the agreed-upon overtime hours but also set even shorter internal management hours. This allows all union members to work with an awareness of achieving a better work-life balance within those hours.

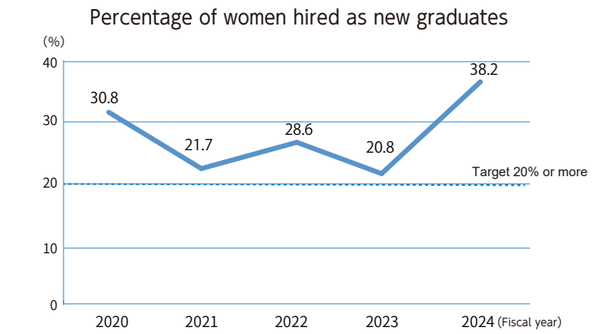
Diversity

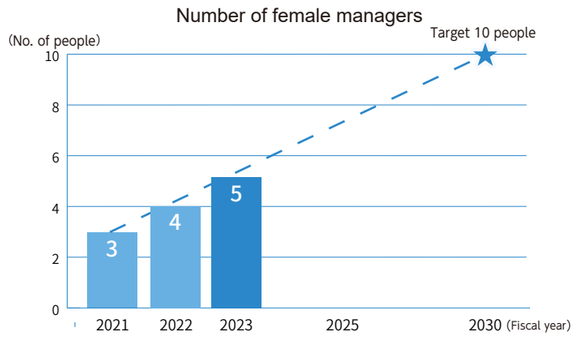
Promotion of women's activities

CATALER believes that promoting the active participation of women leads to enhanced corporate value. Therefore, in fiscal year 2017, we established a working group organization called "Tsubomi," primarily consisting of women, to identify issues related to women's participation within the company and to promote activities.
In March 2024, we will formulate the third phase of our action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (planning period: April 1, 2024, to March 31, 2026). To achieve our goals, we aim to create an environment where anyone, regardless of gender, can pursue their career equally by fostering female managers and encouraging greater participation of men in childcare.

Furthermore, as one of our priority issues under the SDGs, we are committed to "achieving rewarding employment" by promoting a workplace environment where diverse human resources can work energetically and securely, with a proper work-life balance.
As a target for 2030, we aim to have at least 20% of new graduate hires be women each year and to increase the number of female managers fivefold compared to 2020, striving to build an organization where everyone can thrive.

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

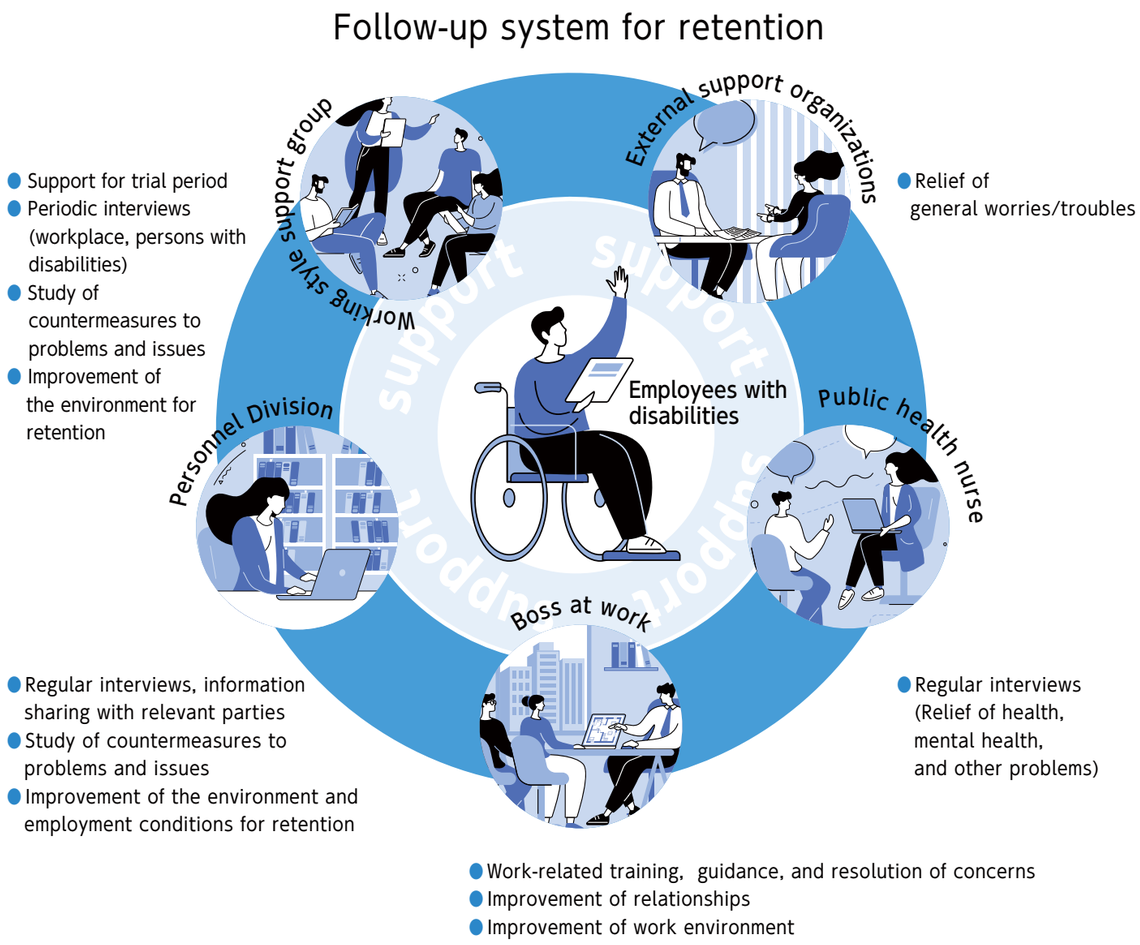




Promoting employment for people with disabilities

In order to realize a society in which people with disabilities can live together in harmony, respecting eachother's personality and individuality without being separated by disabilities, CATALER is creating and expandingemployment opportunities for people with disabilities and supporting them to settle into the workplace, aiming tobe 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



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

- 2.39% (as of the end of March 2024)

Fostering a culture in the workplace

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

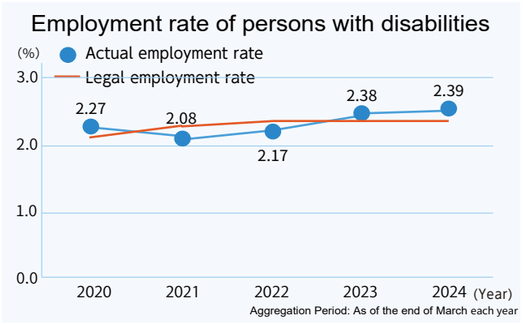
Support for retention and competence in the workplace

- 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

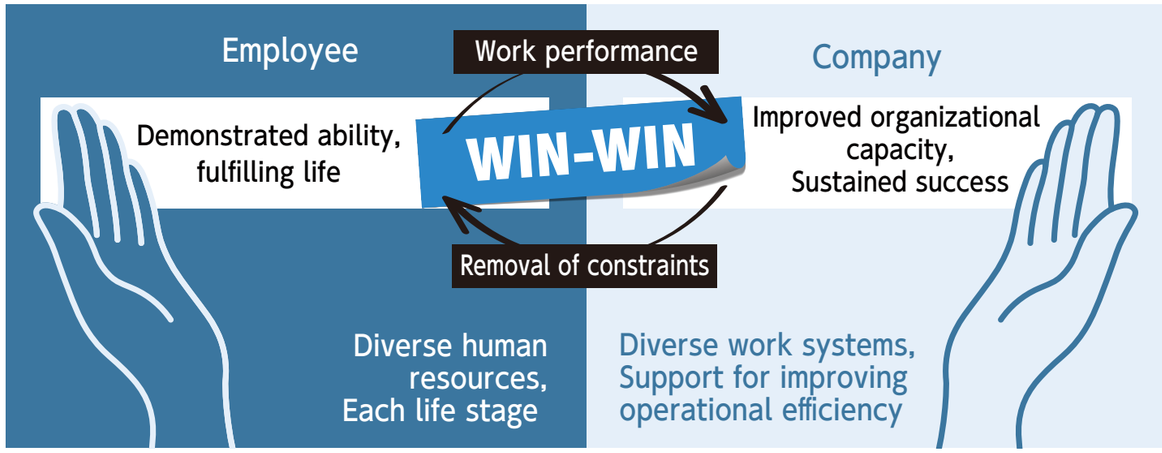
We rehire all employees who wish to continue working after the mandatory retirement age of 60. We will continue to respect the diverse lifestyles and work intentions of each employee, ensuring that they can work with a sense of purpose and fulfillment. Moving forward, we aim to expand the working opportunities for the senior generation and enhance work-life balance.

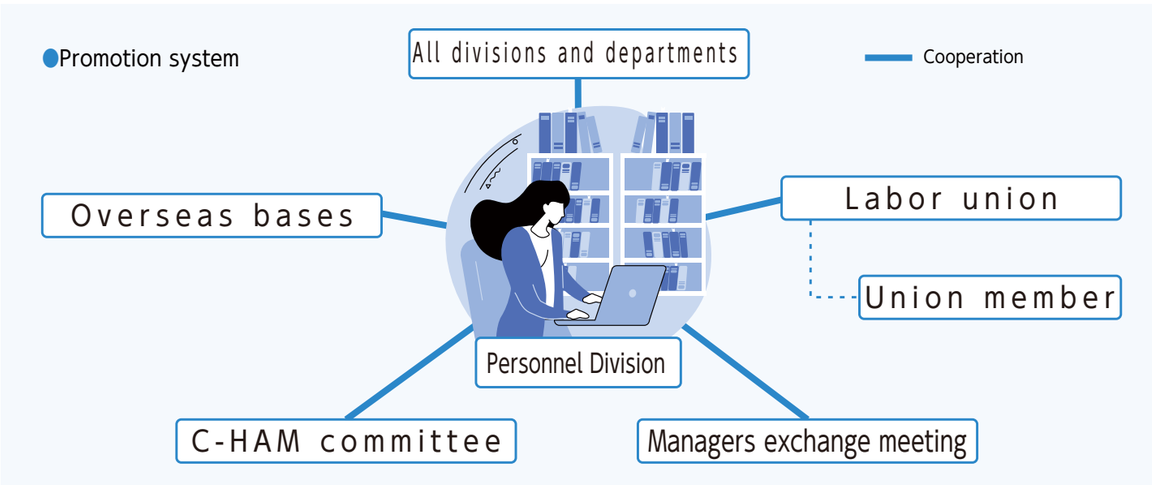
Work life balance

CATALER way work style innovation (C-WIN)

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

Reform of work style (C-WIN) Image





Categor	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 the Flex-time System (including the application of core time)
	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 andfamily life. We will continue to improve the system and review its operation methods while incorporating changes in socialneeds, 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.

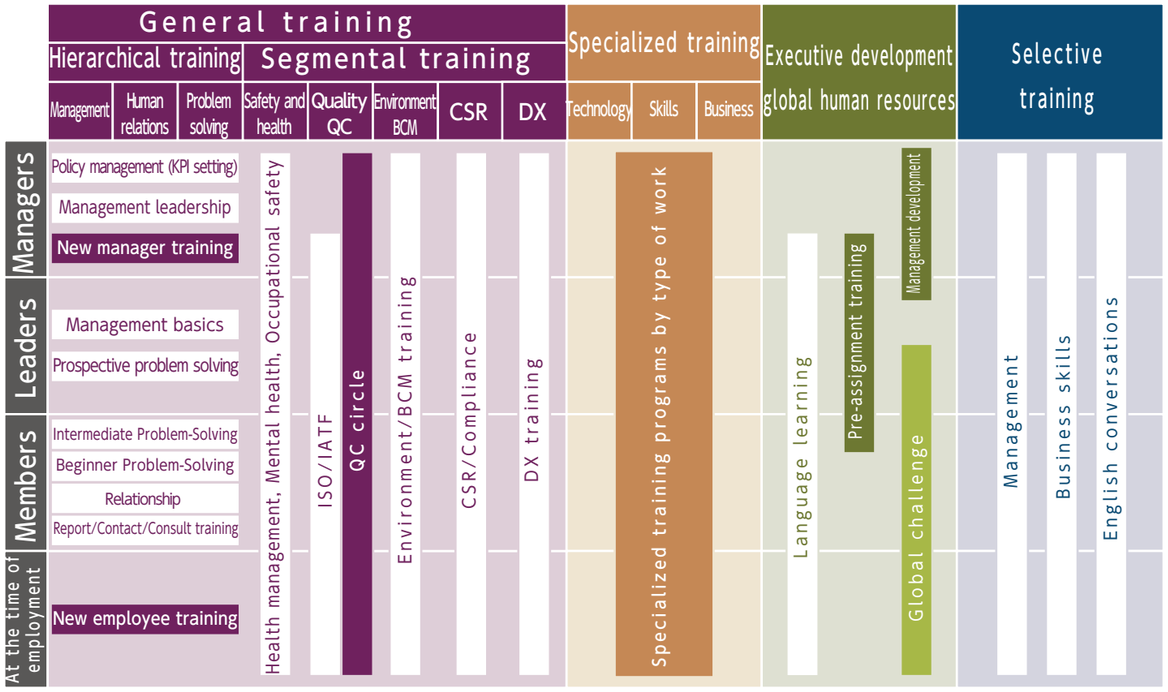
Certified as a Fujinokuni Child-Raising Friendly Company by Shizuoka Prefecture (2022)

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)

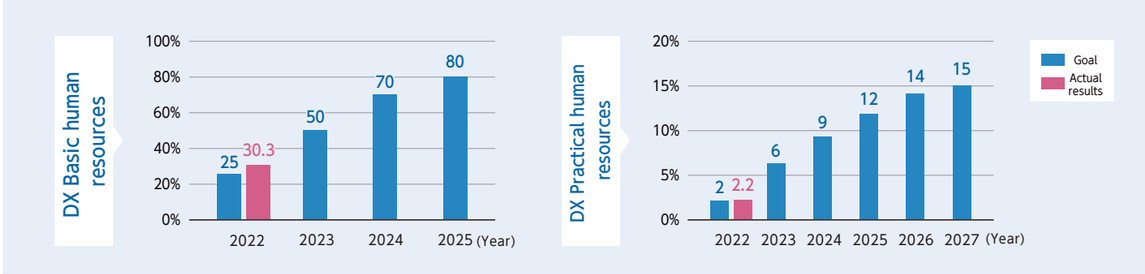
CATALER's human resource development system (C-HAM: CATALER Human Asset Management) aims to develop"human resources who can think and act on their own" who are able to recognize and solve problems and issueson their own, and who are able to work with a sense of ownershi p in their work, so that they can be activeglobally even in a fast-changing business environment. In addition, we implement continuous improvements on adaily basis to ensure that these human resource development effo rts function effectively as organizationalcapabilities and lead to increased customer value.
Training is structured by job level in accordance with the "Job Qualification Standards," which clearly definethe abilities required for each position. We have created an environment in which all employees have access tothe 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 purposeof developing young employees who can play an active role on the global stage, and are striving to help youngemployees acquire language skills and quickly understand overseas operations.
The training status of these programs is centrally managed using a training management system, and the progress of participants is visualized.



Initiatives for DX Human Resource Development

In today's rapidly changing environment, promoting DX (Digital Transformation) is essential for CATALER's survival. This initiative extends beyond specific design and development areas to encompass company-wide operations, requiring a united effort across the entire organization to drive DX forward.
To strongly promote DX, CATALER has established a DX Promotion Department. Additionally, we have defined three levels of digital talent necessary for DX promotion and aim to train all employees by the end of fiscal year 2027.
We have developed an educational system that enables employees, regardless of experience or position, to acquire digital utilization skills. This system aims to enhance the ability to think independently and make improvements using digital tools. We are actively fostering "talent that creates new value," "talent that develops new businesses and products," and "talent that leads business reform."

In FY2023, we held an internal event titled the "DX Exhibition." This event provided a platform for business departments to showcase the systems they developed and offered opportunities to experience the latest technologies, including generative AI, thereby promoting a shift in employees' awareness towards DX. We plan to continue holding this event in the future.
Regarding the development outcomes, we did not reach the target number for both DX basic human resources and DX practical human resources for FY2023. However, for the next fiscal year, we have internalized the creation of educational materials and courses, revising them to be more practical and relevant to our operations. This is expected to further invigorate employee learning and help us meet our target numbers.Additionally, to further promote in-house development by each department, we plan to establish working groups. We will continue to enhance employees' digital literacy, aiming to become a company that can adapt to future societal changes.



Occupational safety and health

Safety guidelines

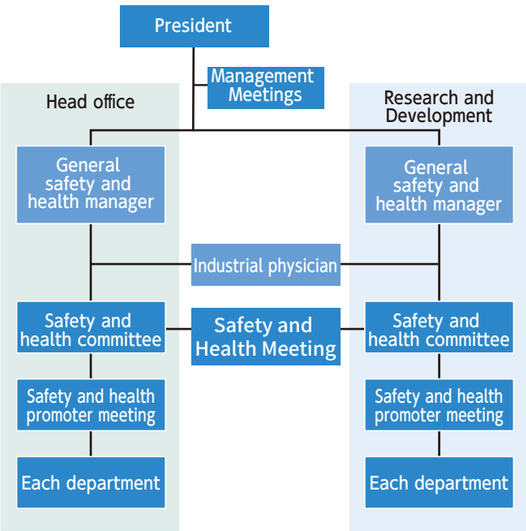
Ensuring the safety and health of employees is the foundation o f all corporate activities and should be themost important. A workplace where everyone can work with enthus iasm and peace of mind is the ideal fieldwhere we can provide good products and services. At CATALER, la bor and management cooperate to maintainand 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 Kaizen 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 health 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

The following regulations are applied to workplaces for managing chemical substances: the Ordinance on Prevention of Organic Solvent Poisoning, the Ordinance on Prevention of Hazards Due to Specified Chemical Substances, and the Ordinance on Prevention of Dust Hazards. Measurements are conducted in June and December based on the Working Environment Measurement Act. Additionally, we conduct chemical substance risk assessments (RA) to strengthen safety measures.

For workplaces with noise and heat hazards, work management is conducted based on working environment measurement results. In noisy workplaces, in addition to wearing appropriate protective equipment, barriers and soundproof walls are installed as necessary.
In workplaces with heat hazards, we install spot coolers and large fans, implement water spraying measures such as sprinkling water, and manage wind speed and the Wet Bulb Globe Temperature (WBGT) index to reduce the perceived temperature for workers.

Workplace accident prevention activities

As a preventive measure against industrial accidents, we conduct risk assessments (RA) for work procedures, equipment, and chemical substances. Additionally, before construction work or non-routine tasks, we carry out hazard prediction activities to ensure "no accidents occur." For on-site construction conducted by contractors, we regularly patrol to check compliance with site rules and actively prevent accidents not only among employees but also within the site. Furthermore, we engage in extensive safety activities with our affiliates and suppliers by sharing examples of disaster prevention measures, including incidents from other companies.

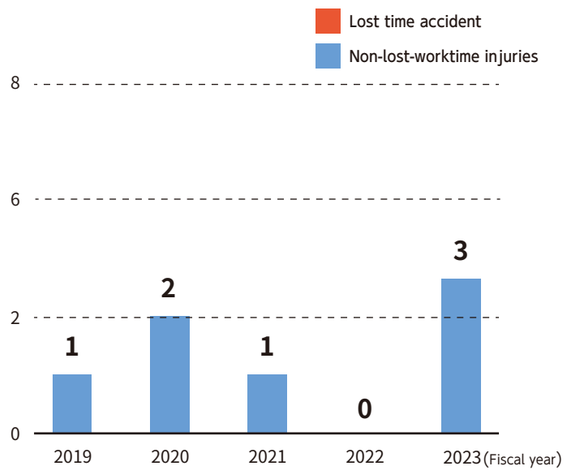
Specific initiatives

Activities	Frequency	Purpose and contents
Top management-led on-site inspections	Six times/ year	The president and union executives conduct inspections and provide improvement guidance based on safety,health, and the 4S principles.
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	To prevent labor accidents caused by defects during the installation or modification of equipment, we inspect against standard items and past defects using a checklist.
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.

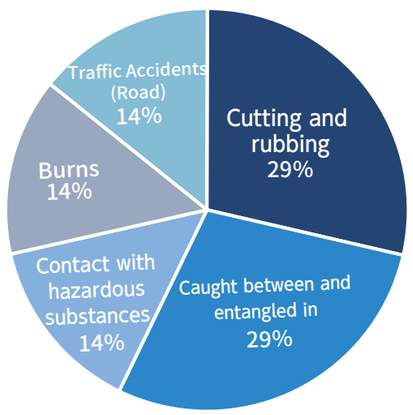
Occupational accidents

In the fiscal year 2023, three non-lost-worktime accident occurred.
We will continue to engage in preventive activities to avert such incidents.
Additionally, when an occupational accident occurs, we disseminate information horizontally and investigate similar locations, ensuring that the entire company treats the issue as a personal matter, striving for permanent solutions and recurrence prevention. Furthermore, through global meetings with our overseas subsidiaries, we share knowledge and experiences to ensure safety across the entire group.

Lost time accident and non-lost-worktime injuries



Types of occupational accidents (FY 2019-2023)



Health

Health Declaration

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.

Excellent Health Management Corporation
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

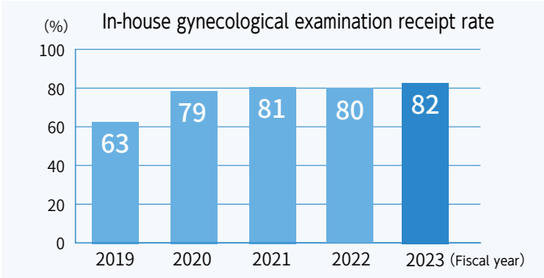
At Caterer, to protect the health of our employees, a public health nurse conducts individual interviews with those who have notable findings after regular and special health check-ups. During these interviews, the nurse explains the results of the health check-ups and encourages secondary consultations. Through these face-to-face meetings, we aim to detect physical and mental health issues early and enhance each employee's awareness of health management.
The completion rate of secondary consultations in fiscal year 2023 was 74.3%, and we are implementing the following systems to further improve the consultation rate.

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

Additionally, we digitize the health check-up results and extract internal health issues, which we then share with employees. Based on this data, we regularly provide educational sessions on how to interpret health check-up results and key points for preventing lifestyle-related diseases. These efforts aim to improve health status data by reviewing lifestyle habits, effectively utilizing the PDCA cycle.

Gynecological examination

Gynecological examinations have been conducted in-house since FY2018. By conducting the examinations during work hours, the examinations can be conducted in a short period of time (30 minutes to less than 1hour), 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 ofillnesses.



Prevention of infectious diseases

We conduct influenza vaccinations in-house every year from October to December. By administering these vaccinations during working hours, we create an environment that makes it easier for employees to get vaccinated.

Mental health

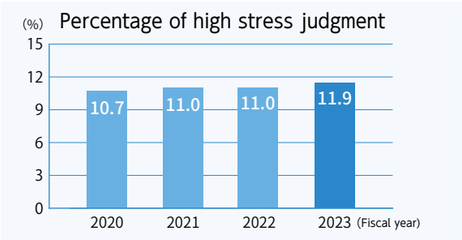
We conduct a stress check once a year. By conducting it simultaneously with regular health check-ups, we maintain a high participation rate, with a participation rate of 99.1% in fiscal year 2023. Based on the results of this stress check, we conduct individual interviews with high-stress individuals (by occupational physicians, external certified psychologists, and public health nurses) and hold departmental analysis reporting sessions to create a workplace with open communication and improve psychological safety.
As part of individual support, we introduced EAP (Employee Assistance Program) interviews in 2018, focusing on the prevention of mental health issues, early intervention, and prevention of deterioration. As a result, overall health risks have improved year by year, and the rate of employees taking leave due to mental health reasons is on a declining trend. Additionally, to support the return to work of those who have been unwell, we introduced a "short-time and half-day work system for illness" in 2021, implementing measures to balance disease treatment and work.
As a population approach, we provide self-care and line care education conducted by professionals.

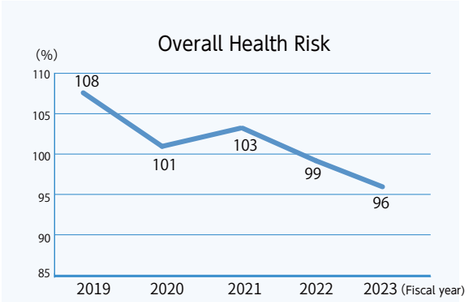
【Self-Care training】

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.





Self-care training

Line care training

Health counseling

At the medical offices of each of our domestic locations, a public health nurse is stationed full-time, providing health consultations as needed. We strive to create an atmosphere where employees feel comfortable seeking advice.

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 40years 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. Inaddition, 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.

Health counseling

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】

  For employees promoted to management positions, we provide education on safety and health topics such as how to respond to and care for subordinates, the responsibilities of supervisors, and more.

In-house walking trails

Measures against rubella

Following an outbreak of rubella among employees in 2015, we have implemented various measures and maintained a rubella antibody retention rate of 99.2%. Moreover, these initiatives have been featured in external lectures and Ministry of Health, Labour and Welfare awareness materials, among other platforms, demonstrating that Caterer's efforts in rubella prevention are being utilized outside the company as well.

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

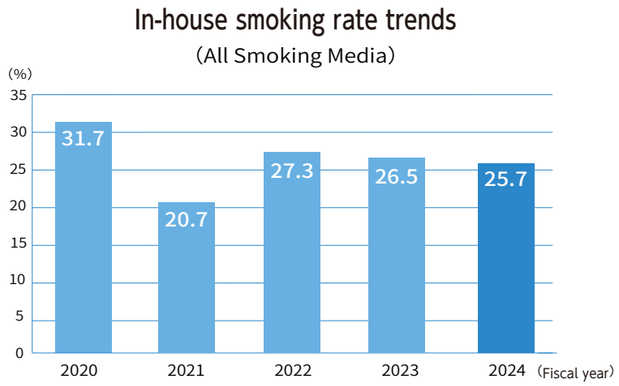
As a result of our health management initiatives, we have been recognized as an Excellent Health and Productivity Management Corporation for six consecutive years since fiscal year 2018.

Excellent Health

Passive smoking prevention efforts

CATALER has strengthened its measures to prevent passive smoking since April 2020, establishing companywide 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.



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 activities.
At the CSR Committee Meeting held every March, the achievements and challenges of the current fiscal year are reported and discussed, and the plans and direction for the following fiscal year are determined.

Activities

Community revitalization

Aiming to realize a society where local residents can live prosperously, we are enriching activities that support regional revitalization. These activities include sponsoring sports tournaments, conducting outreach classes at elementary schools, and hosting company events that anyone can participate in.

Sponsorship of Shizuoka Prefecture Softball Tournament for School Children

To support the dreams of young people who will lead the future and the growth of children, we have been a special sponsor of the Shizuoka Prefecture Youth Softball Baseball Tournament since 2020.
In September 2023, the 2nd Catara Tournament Shizuoka Prefecture Youth Softball Baseball Tournament was held and it was a great success.
Through the tournament, we hope that the players will cherish the gratitude towards the people who made it possible for them to play baseball and the joy of playing with their teammates. We also expect them to grow not only in their skills but also significantly as individuals.

School children's baseball

Cataliner

Since 2018, Cataller has been operating the wrapped train "Cataliner" on the Tenryu Hamanako Railroad. This "Cataliner" features Q&A designs related to chemistry inside the train, aiming to contribute not only to city promotion but also to the educational support of young people. In August 2023, the train was renewed with a new design featuring vertical stripes in Cataller's corporate colors of sky blue and forest green, and a departure ceremony was held at Tenryu-Futamata Station on the Tenhama Line. On that day, President Ishida served as the stationmaster for a day, fostering deeper connections with the local community.

Cataliner

Summer Festival

At Cataller, we hold a summer festival to express our gratitude to the local community for their ongoing support and to thank and recognize our employees and their families. The event features various food stalls and a stage with various attractions. Approximately 1,200 people attended, and the venue was filled with excitement thanks to dance performances by local children and a grand finale of fireworks.

Summer Festival

Outreach Classes

In February 2024, we held an outreach class at Chihama Elementary School in Kakegawa City, which is near our headquarters. The class, themed "Learning While Having Fun Through Hands-On Experience," was aimed at fifth-grade students and included science experiments and an introduction to Cataller's business.
This program was designed to help students realize how closely science and society are connected and how the knowledge gained from science experiments can be applied to various aspects of manufacturing. By conveying the joy of learning and the importance of craftsmanship, we aim to nurture individuals who can create new value.

Outreach Classes

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 Adopt Road Program (continued from 2012)

The Adopt Road Program is a beautification initiative led by municipalities, aiming for clean streets and neighborhoods through collective efforts.
Every month, we conduct volunteer activities such as weeding and picking up litter along National Route 150 on the north side of our headquarters.

The Adopt Road Program

Shizuoka Future Forest Supporters

On January 16, 2023, we signed the "Shizuoka Future Forest Supporter" agreement with Shizuoka Prefecture and Kakegawa City to support forest creation activities. On May 11, 2023, we planted approximately 4,000 trees in an activity area of 0.8 hectares on the coastal levee in Chihama, Kakegawa City.

Kakegawa City Shiosai no Mori Tree Growing Festival

In support of strengthening coastal disaster prevention forests aimed at reducing tsunami damage in the region, our employees and their families participate annually in the tree-planting festival organized by the city. In the 2023 fiscal year, we planted approximately 500 trees in the coastal disaster prevention forest at Okinozu Beach.

Shizuoka Future Forest Supporters Tree

Supporting athletes

In recent years, with the development of society, the nature of sports and the activities of athletes have diversified. As part of its social contribution activities, CATALER supports athletes with connections to the prefecture who are active worldwide, based on the belief that "supporting athletes leads to regional development." Specifically, CATALER provides financial assistance for overseas expeditions and training costs, negotiates on behalf of athletes for media appearances, supports event participation, and helps secure sponsorship companies.
Moving forward, CATALER will continue to collaborate with its supporters, not only to enhance the excitement of competitions but also to actively engage in communication activities with local residents, thereby expanding the scope of next-generation development and social contribution.

birth:2006 rep:Shizuoka,Japan
takumi.moriya_j171

TAKUMI MORIYA

TAKUMI MORIYA
GLOBAL TEAM
TOYOTA ATHELETES

Starting windsurfing at the age of six, now an 18-year-old high school senior. Obtained professional qualification in 2019. Began activities as the youngest professional windsurfer. In August of the same year, won the U15 class at the PWA (the world's top windsurfing competition) held in Spain. Since that same year, has been ranked number one in the JWA professional annual rankings for three consecutive years, reigning as the absolute champion in freestyle competitions.
Additionally, in the 2023 season, at the age of 17, became the world champion in the PWA U20 class. (Home spot: Hamana Lake, Nishi Ward Hamamatsu City, Shizuoka Prefecture)

"2023 Season (High School Year 2: 17 years old)
PWA Freestyle Youth World Champion (U20 World Champion)
2023, 2022, 2021 Seasons (Junior High Year 3 to High School Year 2: 15-17 years old)
JWA Freestyle Champion (3 consecutive years Japan Champion)"

Global Initiatives

Based on our sustainability guidelines, we are promoting community-based social contribution activities at our overseas bases.
Our main activities encompass a wide range of efforts, including environmental conservation, community beautification, educational support, welfare activities, and donations. In the fiscal year 2023, we implemented the following key initiatives.
In Thailand, we conducted a traffic safety awareness campaign at 20 local elementary schools, providing approximately 500 young students with opportunities to learn and practice traffic rules.
In South Africa, we continuously participated in the "Santa Shoebox Project," which involves gifting stationery and toys to children in Durban, thereby contributing to the smiles of local children.
In the United States, we have been supporting the American Cancer Society's fundraising event "Relay For Life" for over six years. Recognizing our continued contributions, we received the Silver Star Award for the third time this year, and employees who raised significant donations were honored with the All-Star Award.

CTC (Thailand)
Traffic Safety Awareness Campaign

CSA (South Africa)
Santa Shoebox Project

CNA (USA)
Relay for Life

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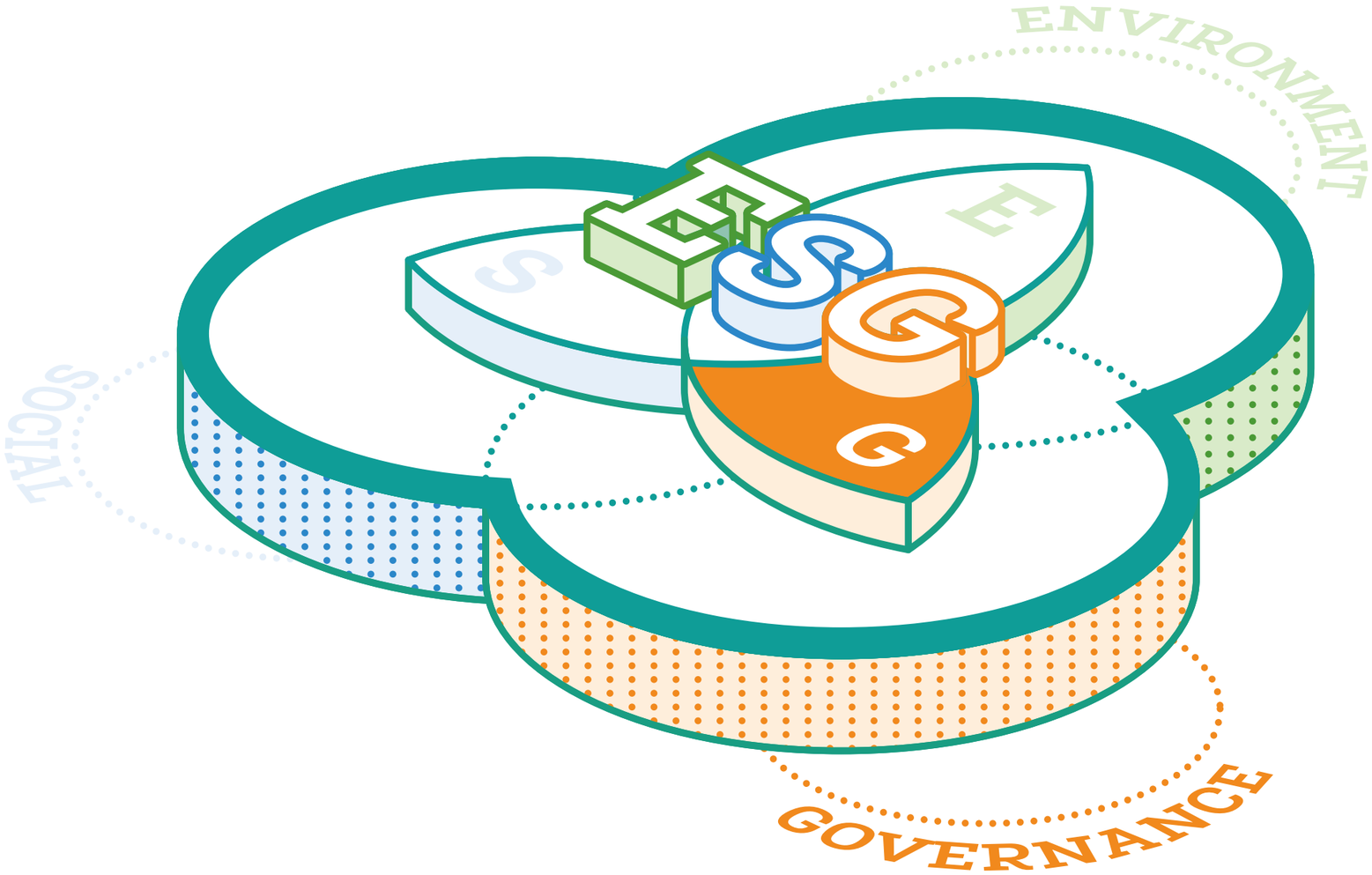
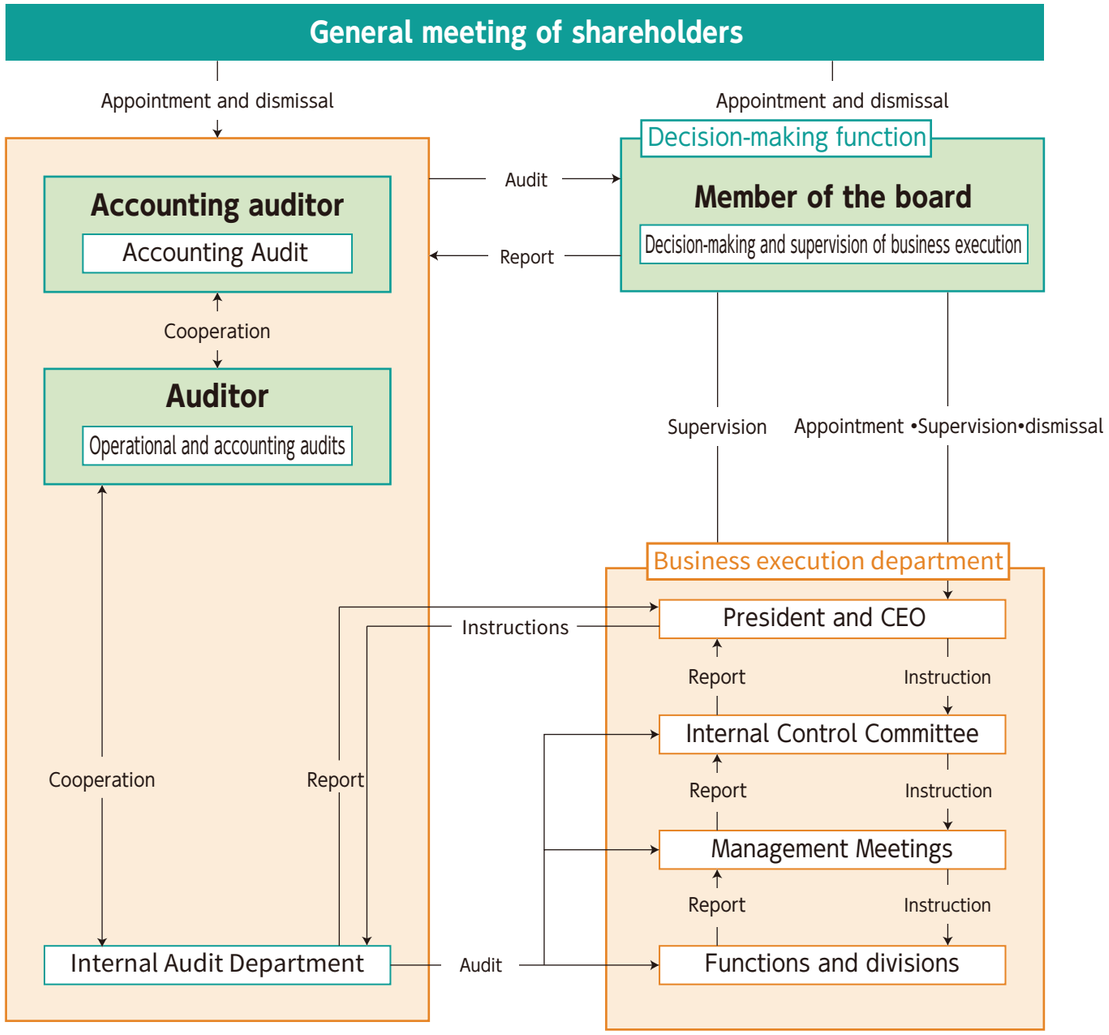


Corporate governance

Basic concept

Corporate governance, which is the structure and system of control and monitoring, is important for sound andefficient corporate organizational management. CATALER ensures proper corporate governance by establishing aGeneral 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 2023, a total of eight 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 Boardof 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 instructions) 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

Under the management philosophy of "complying with both domestic and international laws and their spirit, and practicing open and fair corporate activities," we aim to be a company trusted by stakeholders. We are engaged in compliance activities with a dual focus on "establishing a system that prevents problems and allows for their immediate detection and resolution if they occur" and "fostering a culture of compliance awareness."

From the Compliance Officer

To meet stakeholders' expectations

Since its founding in 1967, CATALER has conducted its business activities in accordance with the management philosophy of "complying with both domestic and international laws and their spirit," thereby building good relationships with many people, including local residents and customers.

On the other hand, societal demands on companies are increasing day by day, and responses to safety, environmental issues, and human rights are affecting corporate evaluations. We believe that a company is a living entity. It must constantly work to enhance its vitality (organizational strength) to appropriately respond to external stimuli, such as environmental changes.

To adapt to the changing times, we revised our "Sustainability Guidelines" last year. We will work together as the entire CATALER Group to learn through communication with our stakeholders and meet their expectations.

CATALER has a production base and R&D base at its headquarters in Japan and seven production bases overseas. For further growth in the future, we recognize the need for governance as a global CATALER. In recent years, we have accelerated our C-ICS (CATALER-Internal Control System) initiatives through the Internal Control Committee, and we will evolve our corporate governance system by enhancing our internal audit organization and advancing risk management.

We have overcome difficult challenges with the wisdom and support of our stakeholders. Utilizing these experiences, we will continue to improve our corporate governance and achieve sustainable growth.

Executive Officer
Hiroshi Ito

Management system

To strengthen the compliance system of the entire CATALER Group, we have established an Internal Control Committee, which is responsible for promoting compliance.

This committee monitors compliance adherence and the progress of related initiatives.

Action Guidelines

CATALER's "Management Philosophy" includes a compliance adherence principle of "complying with both domestic and international laws and their spirit, and practicing open and fair corporate activities.

" To realize this management philosophy, we have established "Action Guidelines " that specifically outline the behaviors and attitudes required of those working at CATALER.

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 actively aim to reduce environmental impact and engage in activities that sustain resourses.
- Cataler works toward a better understanding of environmental impacts at all life-cycle stages of our products.
- Cataler continues to promote top-class 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.

Social Contribution Activities and Community Relations

<Our Concept>
- Cataler aims to be the "best-in-town" where we operate our business activities.
- Cataler engages in community-based contribution activities and the resolution of social and regional issues as a good corporate citizen.
- Cataler engages in disaster prevention activities and contributes to the recovery of local communities in the event of a natural disaster.

- Actively take part in social contribution activities, 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.
- Cataler' 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 Public Relations

<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 Cataler' 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 their 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.
- 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 products from customers' perspective and promote research and development.
- Use our best efforts to build a relationship of mutual trust with research and development partners.
- 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 polices.

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.
- Cataler 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)
- 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.

- Handle all our funds and assets honestly and responsibly in accordance with company 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 Cataler' s assets are not damaged, abused, 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 Trading

<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.

- Manage information appropriately and 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.
- Cataler 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

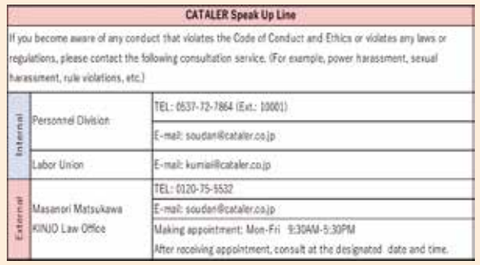
The Code covers Cataler' s policies and ways of thinking that we should keep in mind while working at Toyota. Whenever you' re not sure about the right action to take, or you find known or suspected misconduct, please consult with your supervisor or company' s internal resources. You can also raise questions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

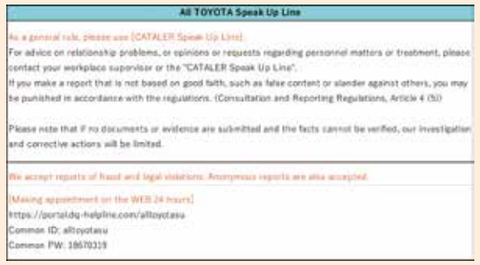
Cataler prohibits retaliation against team members for reporting concerns in good faith or for participating in an investigation. Any retaliation including dismissal, demotion or other similar employment actions, whether direct or indirect, against such team members is grounds for discipline.
Any attempt 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		
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) E-mail: soudan@cataler.co.jp
	Labor Union	E-mail: kumiai@cataler.co.jp
External	Masanori Matsukawa KINJO Law Office	TEL: 0120-75-5532 E-mail: soudan@cataler.co.jp Making appointment: Mon-Fri 9:30AM-5:30PM After receiving appointment, consult at the designated date and time.



All TOYOTA Speak Up Line
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.
[Making appointment on the WEB 24 hours] https://portal.dq-helpline.com/alltoyotasu Common ID: alltoyotasu Common PW: 18670319

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 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 "Code of Conduct Handbook" contains"Code of Conduct Q&A" that shows how to judge and act based on the "ActionGuidelines" in specific situations.
Furthermore, during the company's CSR month (October every year) , we conduct a check test on the "Code of 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 violatio ns and take countermeasures, we haveestablished and are operating a global whistle-blowing system i n addition to systems at each of our domesticand overseas offices. Among the cases reported, those involving s erious compliance violations and thoseinvolving 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 strengthenedthe secretariat function and established a system to respond to problems more promptly. 11 cases of reportingand consultation were received in FY2022 (including overseas), but none of them had a serious impact on ourbusiness operations.We have also initiated new measures to prevent harassment, such as Multi Feedback (multifaceted evaluationsof 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

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 In dustry (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, As a resuit there were no violations of laws and regulations in FY2023.
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

At CATALER, we are committed to enhancing and strengthening our risk management in order to properly identify the diversifying and increasingly complex risks, prevent them before they occur, and minimize damage when they do. Specifically, each department within the company implements various measures to reduce and avoid risks, ensures thorough daily management, and educates employees. Moreover, if a risk does materialize, we prioritize a swift and appropriate response under the leadership of top management.

In recent years, we have developed an "Infectious Disease Business Continuity Management (BCM)" plan to maintain business operations amid the spread of COVID-19. Additionally, we recognize "cyberattack risks" and "privacy breaches" as critical risks and are addressing these issues across the entire company.

Business continuity management (C-BCM)

CATALER has established and operates its own business continuit y 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 bases.

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.

Basic Policy for Business Continuity

At CATALER, based on our business continuity policy, we conduct activities under four themes: "Human Life First," "Contribution to Local Communities," "Responsibility for Supply," and "Prevention of Fading Away."

1. Prioritizing Human Life and Safety

We prioritize the lives and safety of our employees, their families, and all stakeholders.

2. Contribution to Local Communities

We strengthen collaboration with local communities and actively contribute to them.

3. Ensuring Reliable Supply to Customers

We strive to maintain and improve our business continuity system to ensure stable supply to our customers.

4. Continuous Improvement of the Business Continuity Management System (BCMS)

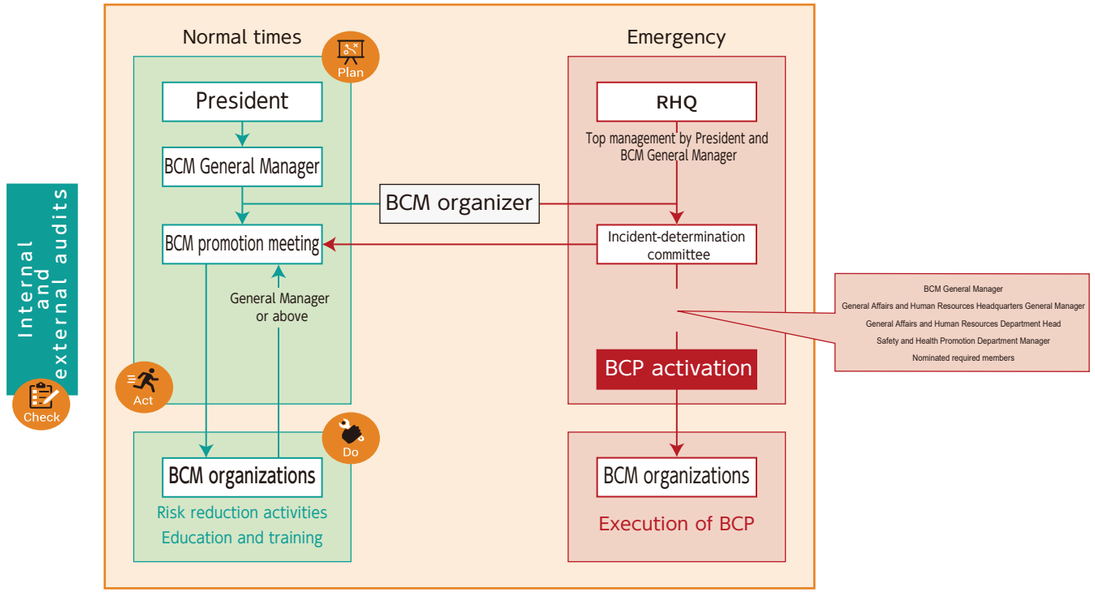
We regularly assess changes in the business environment and training outcomes to improve our business continuity plans.

*1 Business Continuity Management System (BCMS)
A management system designed to protect the business from various threats and ensure early recovery and resumption.

Promotion structure

During normal times, each BCM organization systematically conducts activities such as organization-specific training and education (Plan/Do), including risk reduct ion 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. In addition 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 (RFQ) is established as an emergency response hea dquarters, 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.



We have established a system to quickly confirm safety and resume product supply. Immediately after a disaster, the initial response team will be activated to perform life-saving and employee support activities. From the day after safety is confirmed, the factory recovery team, product supply team, and recovery supply team will work together to resume production and advance production at overseas bases.

As of 2023, the organization is structured as follows.

[Headquarters] Initial Response Team, Factory Recovery Team, Product Supply Team

[Research and Development Bases] Initial Response Team, Recovery Supply Team

Specific initiatives

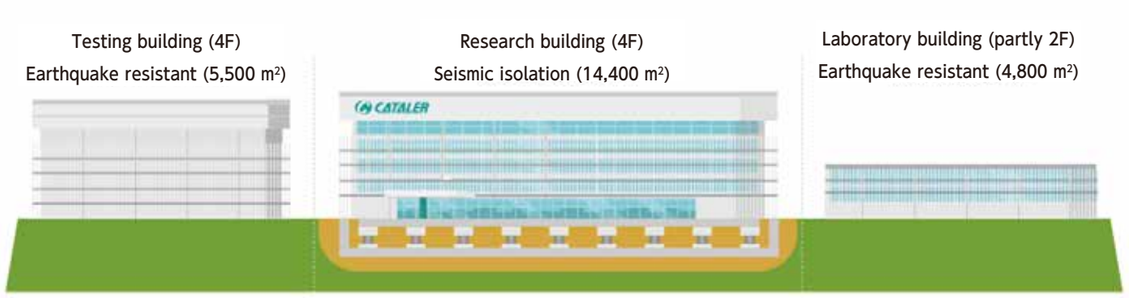
We are taking both hardware and software measures to prepare for natural disasters that may occur at anytime. On the hardware side, in addition to conventional measures to reinforce buildings and facilities again stearthquakes, prevent falling objects, and prevent leakage of hazardous materials from 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 countermeasure

Sluice gates for tsunami countermeasures

Buildings and Facilities, 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.



Implementation of disaster prevention training and education

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 headoffice malfunction and confirm emergency response procedures.

Education

Implementation item	Contents	implementation
BCM basic education (Target: New recruits)	Training on BCM-related peacetime initiatives and contingency action procedures	April
BCM Basic Education Refresher Training (for all employees)	Reaffirming BCM activities through e-learning and education to acquire new information	February

Training

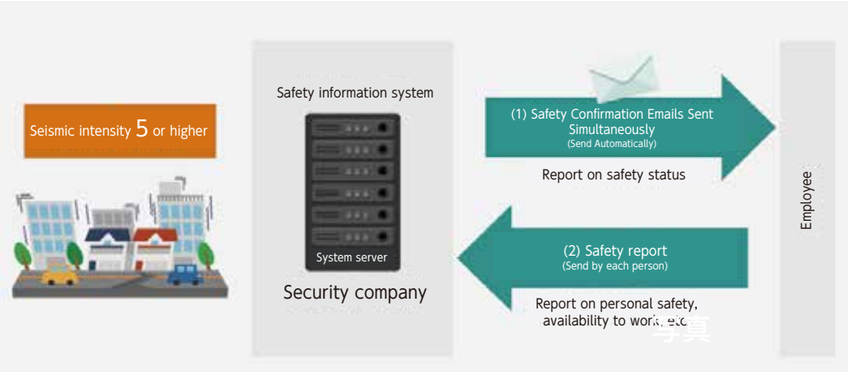
Implementation item	Contents	implementation
Safety confirmation	Safety confirmation/response training for all employees using the response system	March
Comprehensive disaster prevention drill	Evacuation drills to tsunami evacuation sites assuming the occurrence of a massive Nankai Trough earthquake,and practical training by initial response teams in rescue, firefighting, and employee support to ensure human safety and prevent secondary disasters.	June
Simulation training	Training aimed at resuming production after a disaster, to respond to sudden situations. Strengthening the capabilities of construction recovery teams in damage assessment, repair, restoration of facilities and factories, quality checks, and inventory and raw material verification by product supply teams, as well as enhancing the responsiveness of backup production instructions at overseas bases	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	November

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.

Information Security Policy

1.Compliance with Laws and Regulations
Adhere to laws, national guidelines, contractual obligations, and other social norms related to information security.

2.Maintenance of a Stable Management Base
Ensure a stable management base by appropriately managing and protecting information assets to secure competitiveness and business continuity.

3.Provision of Safe Products and Services
Provide safe products and services to customers and society by implementing information security measures in the development, design, and manufacturing of products and services.

4.Contribution to a Safe Cyber Space
Contribute to the creation of a safe cyber space where users can enjoy its benefits with peace of mind.

5.Information Security Management
Establish governance systems and perform risk management, including incident response, to continuously promote and improve information security.

6.Strengthening of Responsibility Systems
Establish a promotion system for information security, clarify its duties and responsibilities, and ensure appropriate management and protection of information assets.

7.Formulation and Compliance with Information Security Rules
Formulate and adhere to information security rules based on this policy.

8.Risk Assessment
(1) Identify information assets to be protected and the threats to information security.
(2) Based on the preparedness for identified threats and their impact, implement necessary measures to prevent incidents that compromise the confidentiality, integrity, or availability of information assets.
(3) In the event of an information security incident, promptly respond to contain the event, restore the current state, prevent damage from spreading, and prevent recurrence.

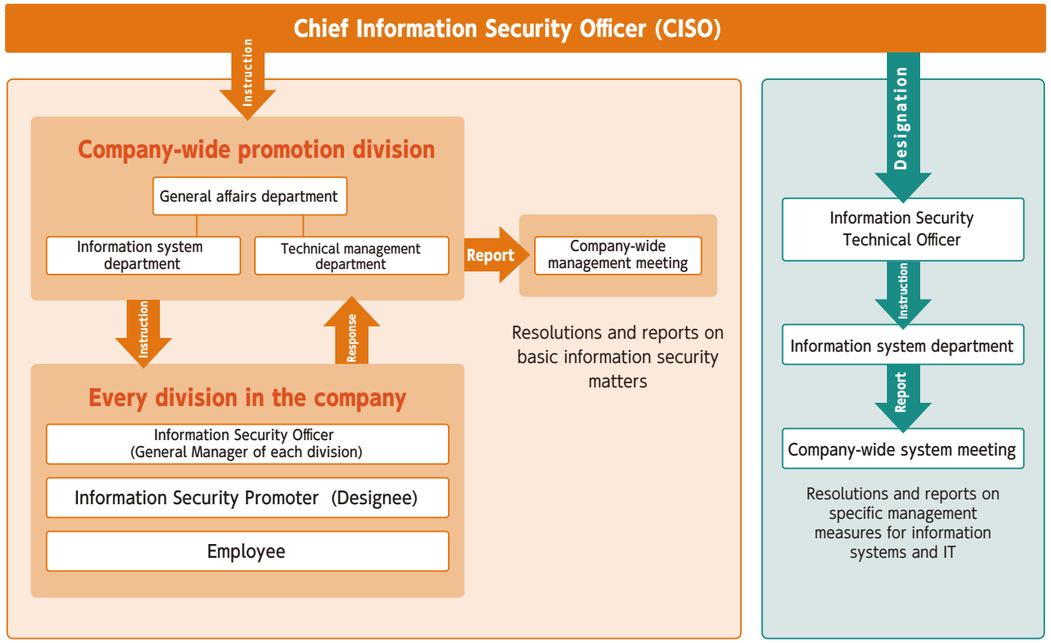
9.Education and Awareness
Conduct necessary education and awareness activities to enhance the information security awareness of officers and employees.

10.Continuous Improvement
Implement the PDCA (Plan-Do-Check-Act) cycle in information security to continuously review and improve the information security framework.

11.Inspection and Audit of Implementation Status
Regularly inspect and audit (including internal audits) the implementation status based on this policy and report the results to the management.

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 securitymanagement.
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.



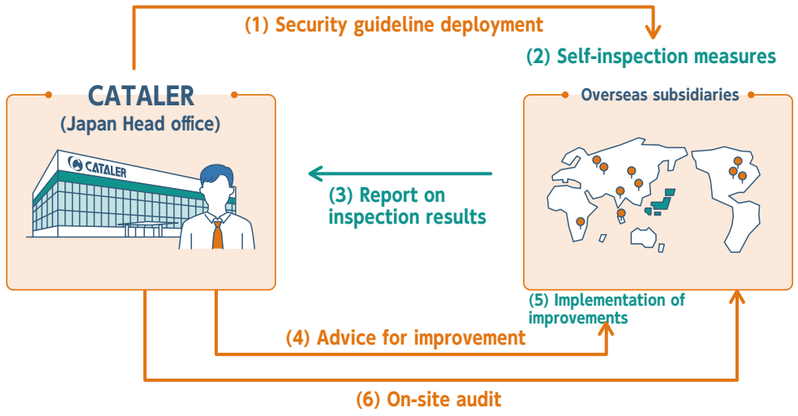
Initiatives

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 g lobal 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 oursuppliers, 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.

Protection of intellectual property

Basic concept

At CATALER, we consider "intellectual property" resulting from our research and development activities as a crucial management resource that supports growth and profitability towards maximizing corporate value. We strive to secure strategic intellectual property that supports our business operations and to maintain and manage the intellectual property we acquire. Furthermore, we conduct appropriate investigations to ensure that we do not infringe on others' intellectual property and take appropriate measures such as avoidance and prevention strategies against infringement of others' intellectual property.

Main initiatives

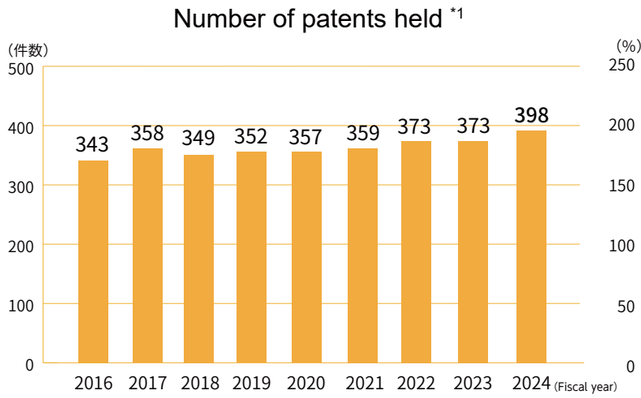
• Strategies in intellectual property

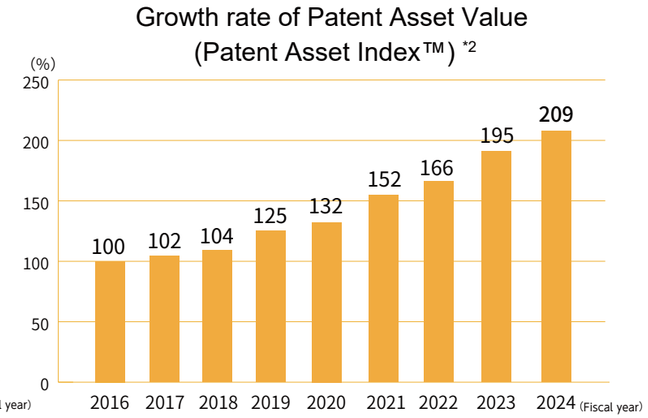
We analyze the status of intellectual property in each research and development field and reflect it in our R&D strategies, building a patent portfolio by protecting the outcomes of our research and development as intellectual property.
Additionally, we believe that securing a large number of strong patents is crucial to maintaining competitive advantage. Therefore, we evaluate the value of our patents and incorporate this assessment into our development and intellectual property strategies.

• Employee development in handling intellectual property

To ensure that each developer effectively manages our intellectual property and avoids or prevents infringement of others' intellectual property, we provide intellectual property education tailored to the professional qualifications of employees in the development department.

Performance data





*1 The number of patent families is listed.
A patent family refers to a group of inventions that have been granted rights in various countries based on the same patent application.

*2 Patent Asset Index™
The growth rate is defined based on the Patent Asset Index™ value as of 2016, calculated using the patent analysis tool PatentSight® provided by LexisNexis.
The Patent Asset Index™ is an indicator of the total asset value of patents owned by a company.
It is calculated by summing the comprehensive evaluation indicators of each patent, which are derived by multiplying the 'technical value'—based on the number of citations of legally valid patents—by the 'market value,' calculated from factors such as the countries of application.

Privacy policy

At CATALER, we have established internal regulations regarding the protection of personal information, developed a management system, and ensure thorough protection, management, and proper handling of personal information. These regulations include measures for obtaining personal information directly or indirectly, methods for handling and managing it within the company, and procedures for responding to inquiries from employees. These regulations comply with the Personal Information Protection Law, the My Number Act, and the EU General Data Protection Regulation (GDPR). As part of our management system, the Function Chief of General Affairs and Human Resources serves as the Chief Personal Information Officer, the General Manager of General Affairs as the Manager, and the General Manager of Human Resources as the Administrator for handling matters.
▶Click here for our basic policy regarding personal information

ESG date

Environment

Calculation period: Fiscal year "April-March"

Item		Scope of data collection	Unit	FY2021	FY2022	FY2023
Environmental management						
ISO 14001 certification ratio		Consolidated	%	100	100	100
Number of Environmental Accidents • Agreed Values Exceeded		Consolidated	件	0	0	1
Environmental audits		Non-consolidated	—	No non-conformance	No non-conformance	No non-conformance
Greenhouse gases						
CO_2 emissions	Scope1(fueled)	Consolidated	t-CO_2	26,224	26,526	27,494
	Scope2(electricity)	Consolidated	t-CO_2	32,095	29,412	24,600
	Scope3(Others) *1	Non-consolidated	t-CO_2	—	1,044,861	1,027,548
Unit volume (Scope1•2)		Consolidated	Thousands of t-CO_2	1.9	1.9	1.7
Energy						
Total fuel consumption		Consolidated	GJ	453,086	458,778	479,235
Breakdown	Natural gas	Consolidated	GJ	277,613	292,840	328,162
	Petroleum products	Consolidated	GJ	175,473	165,938	151,073
Electricity consumption (total)		Consolidated	GJ	240,119	240,277	253,236
Breakdown	Purchased electricity	Consolidated	GJ	235,328	234,655	241,969
	Production of solar energy	Consolidated	GJ	4,791	5,622	11,267
Private power generation rate*2		Consolidated	%	1.9	2.3	4.4
Renewable energy ratio*3		Consolidated	%	1.9	5.4	23.7
Waste materials						
Total Emission		Consolidated	t	735	736	501
Breakdown	Recycling for a fee	Consolidated	t	356	346	305
	Incinerated waste	Consolidated	t	119	86	27
	Direct landfill waste	Consolidated	t	260	304	169
Basic unit		Consolidated	Thousands of t	0.024	0.024	0.016
Water						
Water resources	Water intake (total)	Consolidated	Thousand m^3	283	288	272
	Tap water	Non-consolidated	Thousand m^3	56	68	76
	Groundwater	Non-consolidated	Thousand m^3	97	90	70

*1 Calculated from January to December
*2 Calculated based on the amount of power generated by photovoltaic power generation installed on the premises
*3 In addition to photovoltaic power generation, it includes the use of "CO2 free electricity" that does not generate CO2 and carbon offsets due to "non-fossil certificates."

Governance

Calculation period: Fiscal year "April-March"

Item		Scope of data collection	Unit	FY2021	FY2022	FY2023
Number of Directors		Non-Consolidated	Persons	8	8	8
	Outside directors only	Non-Consolidated	Persons	2	2	2
	Of which, female	Non-Consolidated	Persons	0	0	0
Number of Auditors		Non-Consolidated	Persons	3	3	3
	Including Outside Auditors	Non-Consolidated	Persons	2	2	2
	Of which, female	Non-Consolidated	Persons	0	0	0
Number of meetings of the Board of Directors		Non-Consolidated	Round	7	9	8
Number of meetings of the Board of Auditors		Non-Consolidated	Round	6	7	7

Society

Period: Figures as of March 31 of each fiscal year

項目		集計範囲	単位	2021年度	2022年度	2023年度
Employees						
Number of employees		Consolidated	Persons	2,470	2,513	2,718
Number of employees	Male	Non-consolidated	Persons	872	910	913
	Female	Non-consolidated	Persons	211	214	226
	Total	Non-consolidated	Persons	1,083	1,124	1,139
	Percentage of women	Non-consolidated	%	19.5	19.0	19.8
Employment type	Number of full-time employees	Non-consolidated	Persons	900	938	944
	Number of contract employees	Non-consolidated	Persons	102	90	103
	Temporary workers	Non-consolidated	Persons	81	96	92
	Total	Non-consolidated	Persons	1,083	1,124	1,139
Employment of People with Disabilities	Number of employees	Non-consolidated	Persons	15	21	21
	Employment rate	Non-consolidated	%	2.13	2.54	2.39
	Legal employment rate	Non-consolidated	%	2.3	2.3	2.3
Average age		Non-consolidated	Years old	38.9	37.7	38.2
Average years of service		Non-consolidated	Year	13.9	13.0	13.0
	Female	Non-consolidated	Year	12.7	11.7	11.7
Number of employees hired (units)	New graduates	Non-consolidated	Persons	23	28	23
	Career hiring	Non-consolidated	Persons	24	40	18
Number of employees who left	Personal reasons	Non-consolidated	Persons	28	25	29
	Retirement age	Non-consolidated	Persons	4	11	12
Percentage of new graduates hired by women		Non-consolidated	%	21.7	28.6	17.4
Employees taking childcare leave		Non-consolidated	Persons	15	22	27
Child care leave-taking rate	Male	Non-consolidated	%	16.7	30.8	55
	Female	Non-consolidated	%	100	100	100
Return to work on childcare leave		Non-consolidated	%	93	95.5	100
Number of Employees Taking Family Care Leave		Non-consolidated	Persons	0	1	1
Number using shorter working hours		Non-consolidated	Persons	37	40	41
Training and education						
Number of educational programs		Non-consolidated	Case	108	119	117
Quantity of Education Acquired		Non-consolidated	Persons	2,010	4,363	5,032
Occupational accidents						
Fatal accidents		Non-consolidated	Case	0	0	0
Lost-time injuries		Non-consolidated	Case	0	0	0
Health						
In-house gynecology screening rate		Non-consolidated	%	81.0	80.0	81.8
Prevalence of rubella antibodies		Non-consolidated	%	99.2	99.2	99.2
In-house influenza vaccination implementation rate		Non-consolidated	%	46.0	41.3	28.5

Consolidated: Group-wide data
Non-consolidated: CAC only data

Third-party verification in the environmental field

Verification Opinion

SGS

20 June 2024
Opinion No : SGS24/086

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, 2, and 3.
The period subject to report is from 1 January 2023 to 31 December 2023.
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 ARK Creation Centre, voucher review for 科特拉(無錫)汽車環保科技有限公司 and CATALER NORTH AMERICA CORPORATION, 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.4.9), 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IEA Emission Factor 2021, Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver.2.5), Emission Factor Database on the same Accounting (Ver.3.3), LCI Database IDEA (Ver.3.3) 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 I
134, Good-cho, Hodogaya-ku,Yokohama
Business Assurance
Head of Certification/Accreditation

Yuji Takeuchi

1 / 2

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SGS

Attached file

20 June 2024
Opinion No : SGS24/086

The details of the scope of verification

The Scope		The Boundary	The Statement
1	Scope 1 and 2 from energy-related carbon dioxide emissions	The Organization and the consolidated companies (8 production sites, 3 non-production sites)	Scope 1: The Organization: 8,345 t- CO_2 The consolidated companies: 16,148 t- CO_2 Total: 24,493 t- CO_2 Scope 2: The Organization: 8,812 t- CO_2 The consolidated companies: 16,197 t- CO_2 Total: 25,009 t- CO_2
2	Scope 3 (category 1)	The Organization	1,006,771 t- CO_2
3	Scope 3 (category 2)	The Organization	8,357 t- CO_2
4	Scope 3 (category 3)	The Organization	3,611 t- CO_2
5	Scope 3 (category 4)	The Organization	662 t- CO_2
6	Scope 3 (category 5)	The Organization	17 t- CO_2
7	Scope 3 (category 6)	The Organization	892 t- CO_2
8	Scope 3 (category 7)	The Organization	1,881 t- CO_2
9	Scope 3 (category 8)	The Organization	438 t- CO_2
10	Scope 3 (category 9)	The Organization	3,697 t- CO_2
11	Scope 3 (category 12)	The Organization	1,292 t- CO_2

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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	P20
	Action Guidelines for Women's Empowerment	P21
	Safety guidelines	P26
Governance	Code of Conduct	P35
	Business Continuity Basic Guidelines	P41
	Information Security Guidelines	P44
	Basic Guidelines on Personal Information	P46