



# CATALER Sustainability Report 2022



LET'S SAVE  
THE WORLD  
TOGETHER

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## Editorial policy

(Target period)

FY2021 (April 2021 to March 2022)

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

(Target range)

This report covers CATALER Co., Ltd.

※However, some information includes that related to overseas subsidiaries.

(Issuance date)

December 2022 (Last issued in December 2021)/ Next issue will be in September 2023

▶The reporting cycle will be once a year.

(Reference guidelines)

GRI Standard

(Editorial policy)

This report is issued to report to our stakeholders on our efforts to "contribute to a sustainable society" and "future direction" as well as our E (Environment), S (Society), and G (Governance) initiatives through our business activities of development, manufacturing, and sales of emission gas purification catalysts for automobiles and motorcycles, which we have been engaged in since our establishment.

(Inquiries)

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## Top message

### 【Responses that anticipate changes】

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

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

During this period, we have proceeded according to plan such as achieving our management targets early, winning the Deming Grand Prize, and receiving the Deming Prize at our overseas bases, etc. In addition, the nature of business itself is changing due to the growth of carbon neutrality and the DX field, so we have added them as new themes in FY2022.

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

### 【Realization of a sustainable society through business activities】

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

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

### 【To realize a society that leaves no one behind】

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

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

President Member of Board  
Chief Executive Officer





# Introduction of CATALER products

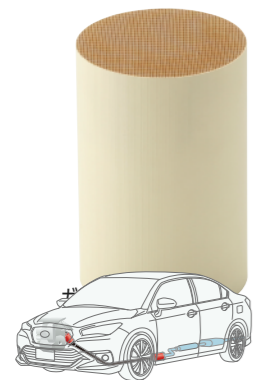
## Live together on this earth

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

CATALER manufactures and sells "catalysts" that detoxify harmful substances from automobiles and motorcycles before they are emitted. It boasts the top market share in Japan, is highly rated by overseas automobile manufacturers, and is widely used around the world.

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

## Catalysts for exhaust gas purification

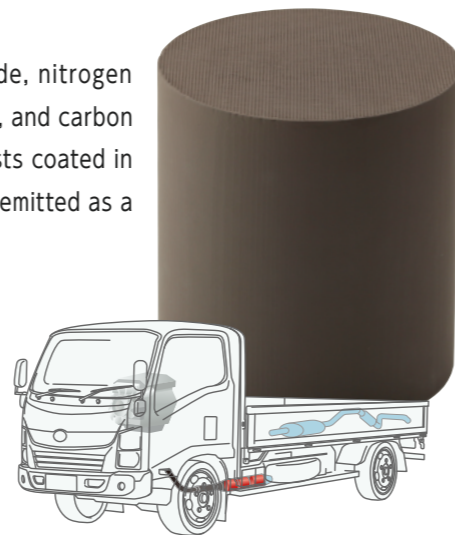


### 1 Catalysts for gasoline vehicles

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

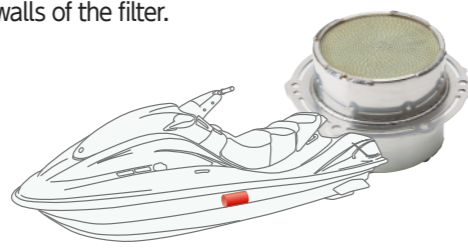
### 2 Diesel catalyst

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



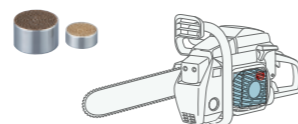
### 3 Catalysts for motorcycles

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 Marine engine catalyst

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

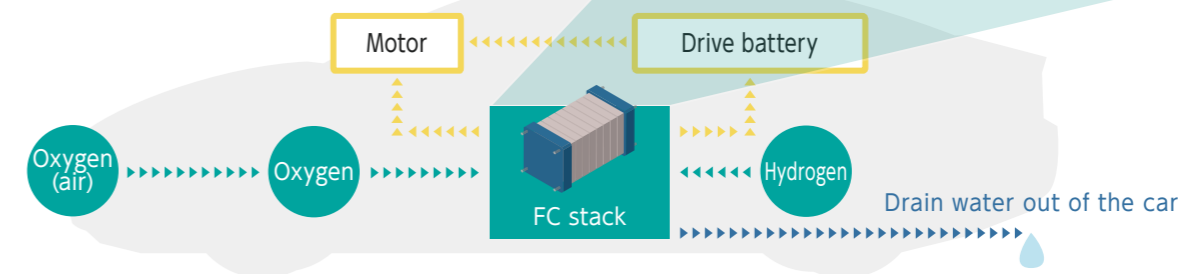
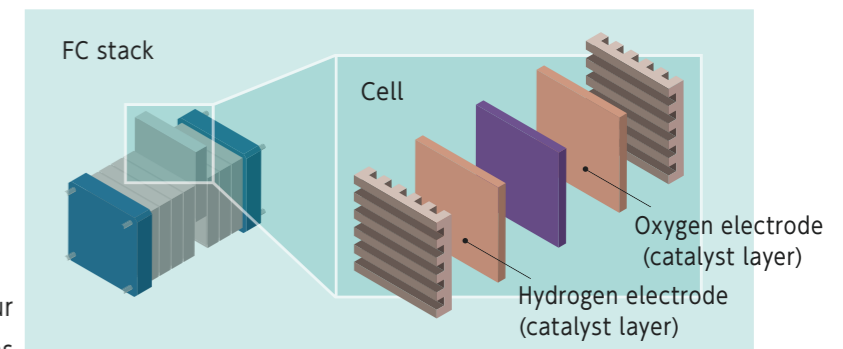
It is also used to purify the exhaust gas of products with internal combustion engines for gardening equipment, such as mowers, chain saws and trimmers that uses small engines, and golf carts.

## 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

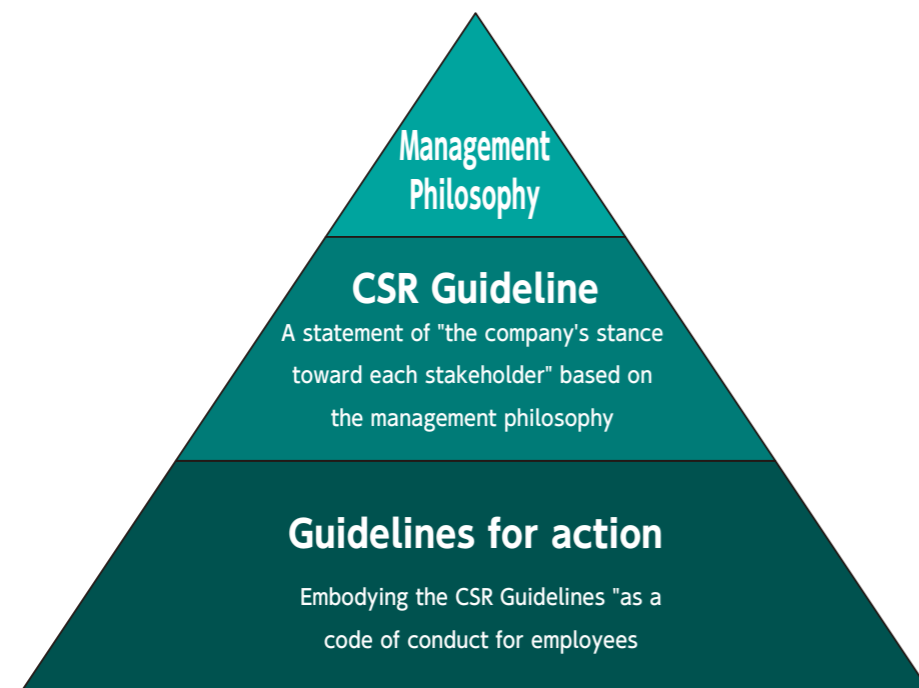
The Management Philosophy is the core of the Group's management, as it expresses the Group's significance of existence and mission.

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 contribute to the development of the community and is loved and trusted by local people



# CATALER's CSR

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

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

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

## CSR Guideline

### CATALER GROUP CSR Guideline

CATALER believes that the putting into practice of our management philosophy will lead to significant corporate social responsibility (CSR) results, and will contribute toward the realization of a sustainable society. We have compiled a code of conduct for our employees - the CATALER Group CSR Policy - based on the management philosophy.

The CATALER Group CSR Policy specifies the company's stance in relation to each stakeholder, based on our management philosophy, with the aim of helping to address various social issues and promote sustainable development. [▶ CATALER Group CSR guideline \(full text\)](#)

## Promotion structure

Discussions and deliberations regarding the identification of priority issues and the setting of targets are conducted at the CSR Committee, an internal meeting attended by management.

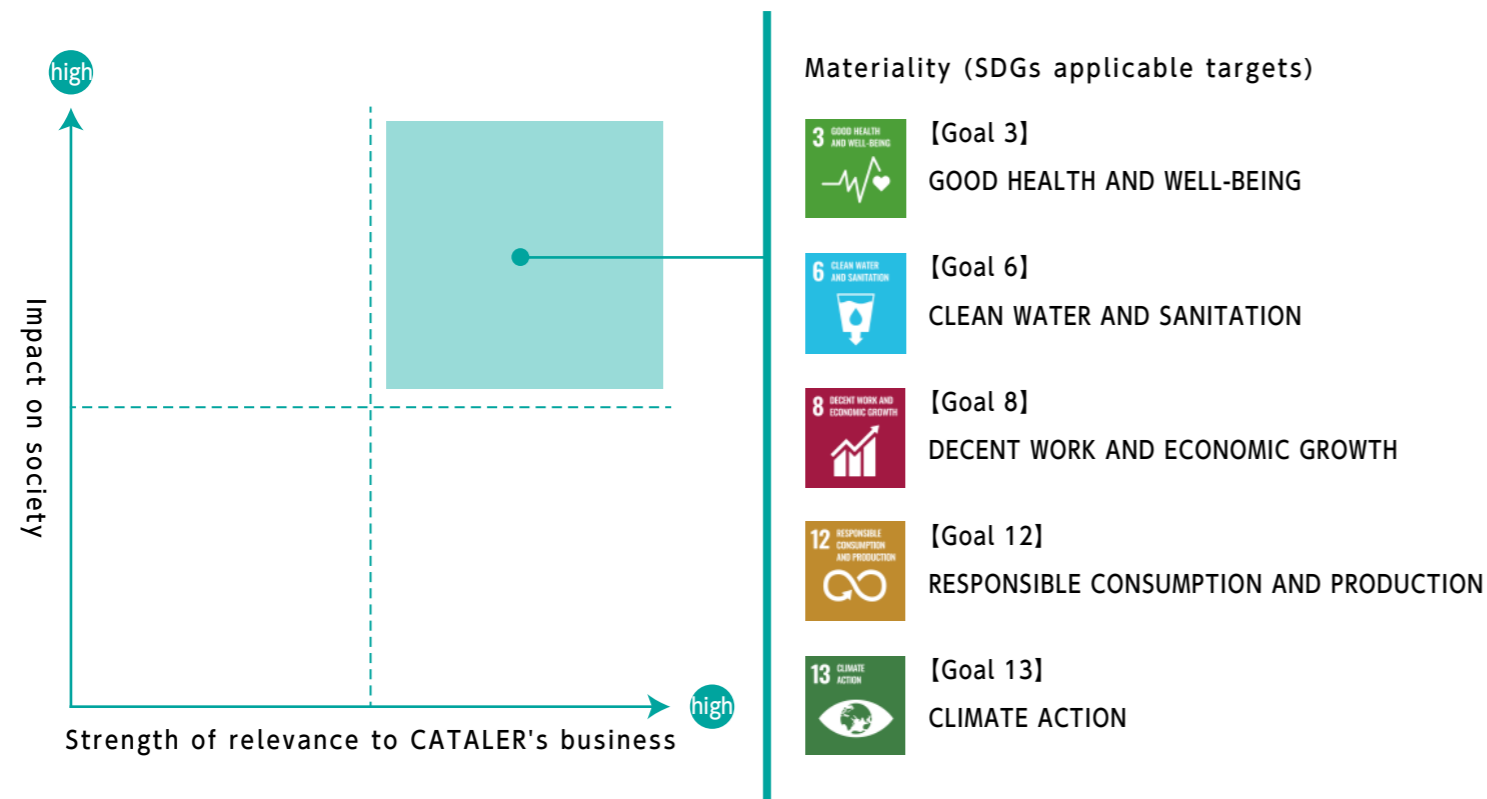
Progress on the priority issues and targets approved by the CSR Committee is regularly checked and reported to management as appropriate.

## CATALER Group priorities (Materiality)

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

## Priority issue identification process

<b>Step 1 Information gathering</b>
Understand the process of setting priorities and goals by attending seminars on SDGs, benchmarking other companies, and using the SDG Compass as a reference.
<b>Step 2 Extracting the issue</b>
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).
<b>Step 3 Validation by management</b>
Management and the SDG secretariat confirmed the appropriateness of the priority issues and targets. Discussions were held to identify the company's priorities.
<b>Step 4 Management approval</b>
Approval of items set as priorities for our company at internal meetings attended by management.



## Priorities (Materiality) and Goals to 2030

Priorities (Materiality)	what we aim for	Related SDGs	Control item	Target value by 2030	Scope of coverage
1 <b>Decrease in the number of illnesses due to air pollution</b>	Contribute to reducing the number of illnesses caused by air pollution by expanding sales of automotive emission catalysts, our main product line.	3 GOOD HEALTH AND WELL-BEING	CO HC NOX total amount of purification	Approx. 650 million tons	Whole Group
			13 CLIMATE ACTION	CO2 emissions	
2 <b>Reducing environmental impact in the value chain</b>	Minimize the impact on the global environment caused by manufacturing selling products.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Amount of waste generated	2018 emissions intensity (kg /thousand pieces) <b>less than actual</b> <small>As a stand-alone Cataler, Less than maintain values below 44.2 kg/1,000 pieces those shown on the right.</small>	Whole Group
			Precious metal usage (Pt, Pd, Rh)	Per car (compared to 2015) Reduction of 60% or more	
			6 CLEAN WATER AND SANITATION	Water quality	
3 <b>Promoting Diversity</b>	To be an attractive company where diverse human resources can work vigorously in accordance with their own work-life balance.	8 DECENT WORK AND ECONOMIC GROWTH	Employment rate of persons with disabilities	2.3% or more (changes in accordance with changes in the law)	Head office
			Employment rate of women hired as new graduates	More than 20% annually	
			Number of female managers (target changed in May 2022)	5 times that of 2020	

## Stakeholder Engagement

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

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

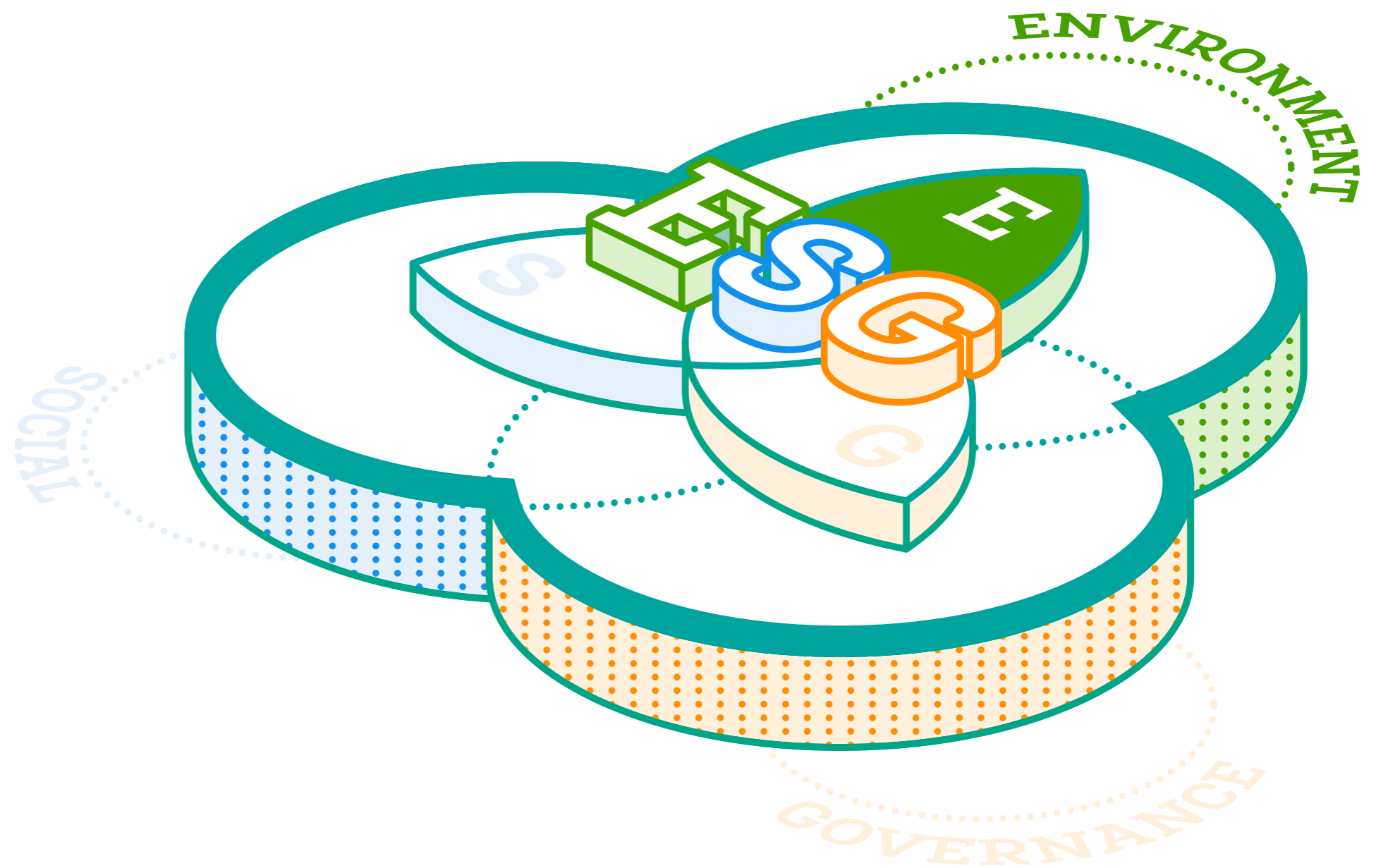
Specifically, the relevant departments within the company serve as points of contact for major stakeholders to engage in dialogue, and we promote initiatives that will lead to solutions to social issues through our core business by sincerely addressing the expectations and challenges of society. Under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





# Environment

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# Environmental management

## Environmental guidelines

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

CATALER's environmental guidelines are as follows.

## Environmental guidelines

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

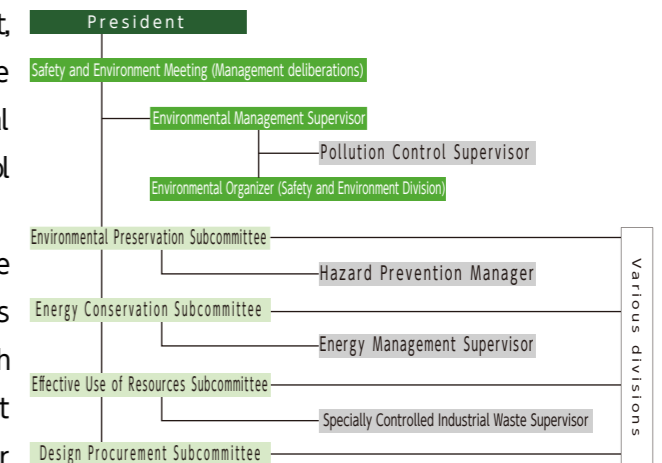
### Implementation of environmental education

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

## Management system

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

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



## From the Environmental Management

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

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

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

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



Director, Senior Managing Officer  
Environmental management Supervisor  
**Ryuichi Sueyoshi**

## Environmental targets and results

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

From 2021, the management indicator for CO<sub>2</sub> emissions has been changed from original unit to emissions in order to achieve carbon neutrality. In addition, we will expand the scope of management to the entire group, and the entire CATALER Group will work together to reduce CO<sub>2</sub> emissions.

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

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

Control item	Scope of coverage	Indicator	Year 2021			Landing target for 2030 (target figures)
			Target value	Actual results	Self-evaluation <sup>(*)</sup>	
CO <sub>2</sub> emissions (t)	CATALER Group as a whole	—	—	49,816	—	<b>61% decrease vs. 2013</b> (2013 actual 45,058 tons)
Waste generated (kg)	Head Office	Basic unit <small>[kg/thousand pieces]</small>	44.2 or less	29.3	○	<b>Maintain below 2018 actuals</b> (less than 44.2 kg/1,000 pieces)
Effluent water quality	Head Office	Voluntary standard value	Below voluntary standard	Below voluntary standard	○	<b>Maintain below voluntary standard</b>

\*Self-evaluation criteria for achievement of goals: "O": goal achieved, "X": goal not achieved, "—": cannot be evaluated

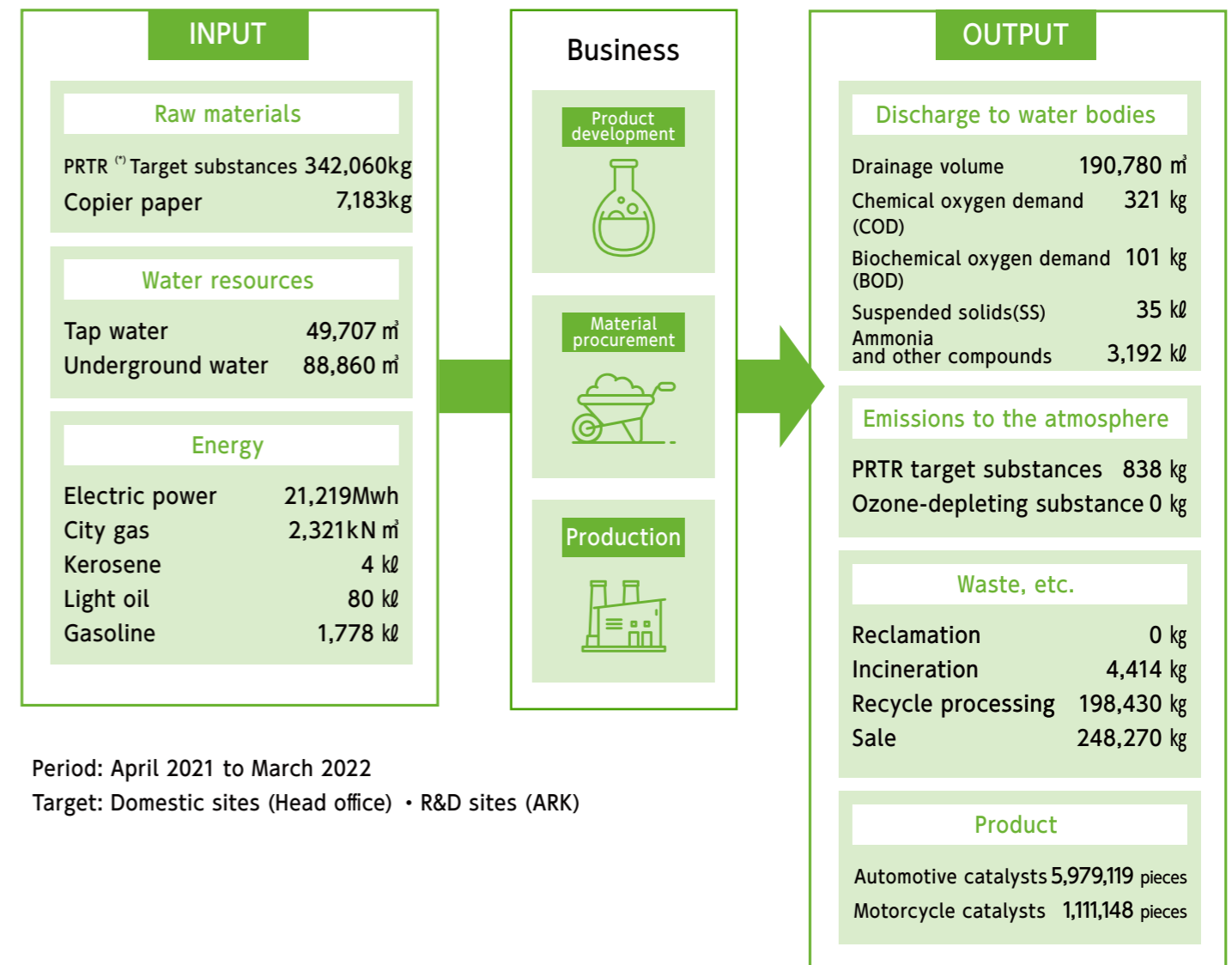
- ① pH : 6.6~8.2   ② SS : 15mg / L or less   ③ COD 10mg / L or less   ④ BOD : 10mg/L or less  
⑤ Ammonia, ammonium compounds, nitrite compounds and nitrate compounds: 70 mg/L or less

## Environmental compliance

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

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

## Overall picture in environmental impact (annual volume)



Period: April 2021 to March 2022

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



## Trainings and awareness activities

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

	Time period (2021 actual results)	Purpose and contents
Environmental basic training	Once/year	New hires are provided with basic knowledge about the environment, understanding of ISO 14001, and CATALER's approach to the environment.
Environmental Refresher Training	Once/year	Have all employees to deepen their understanding of ISO 14001 and CATALER's approach
Environmental internal auditor training	Once/year	To conduct ISO 14001 internal audits, internal auditor candidates learn about the requirements of the standard and the company's internal audit mechanism.
Training on related laws and regulations	Once/year	Practitioners of product development and process design learn about environmental laws and regulations
Energy conservation declaration Environmental declaration	Feb. and Jun.	Raise awareness of activities by having each employee declare and implement environmental and energy-saving initiatives

## Strengthen global environmental management

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

### ISO14001 Certification Status

CATALER GROUP	CAC (Head office)	CCC (China)	CTC (Thailand)	CSA (South Africa)	CNA (North America)	CIC (Indonesia)	CIN (India)	CEC (Czech Republic)
ISO14001	Oct.-2019	Nov-2006	Jul-2011	Jun-2007	Nov-2006	Nov-2016	Mar-2020	—

# Environmental impact and resource conservation

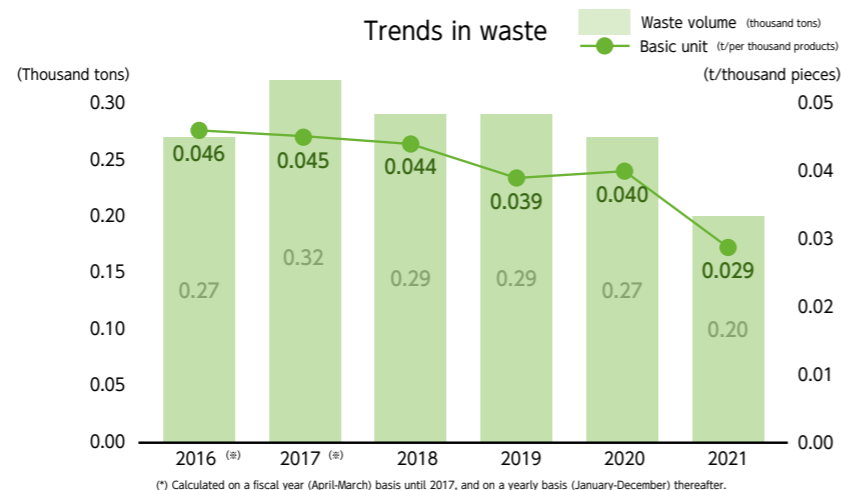
## Basic concept

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

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

## Waste reduction

Waste reduction activities are led by the Effective Resource Utilization Subcommittee, which is working to develop construction methods that do not discharge excess sludge in catalyst production, reuse waste materials, and reduce waste. 2007 achieved zero emissions of landfill waste, and this continues to be achieved.

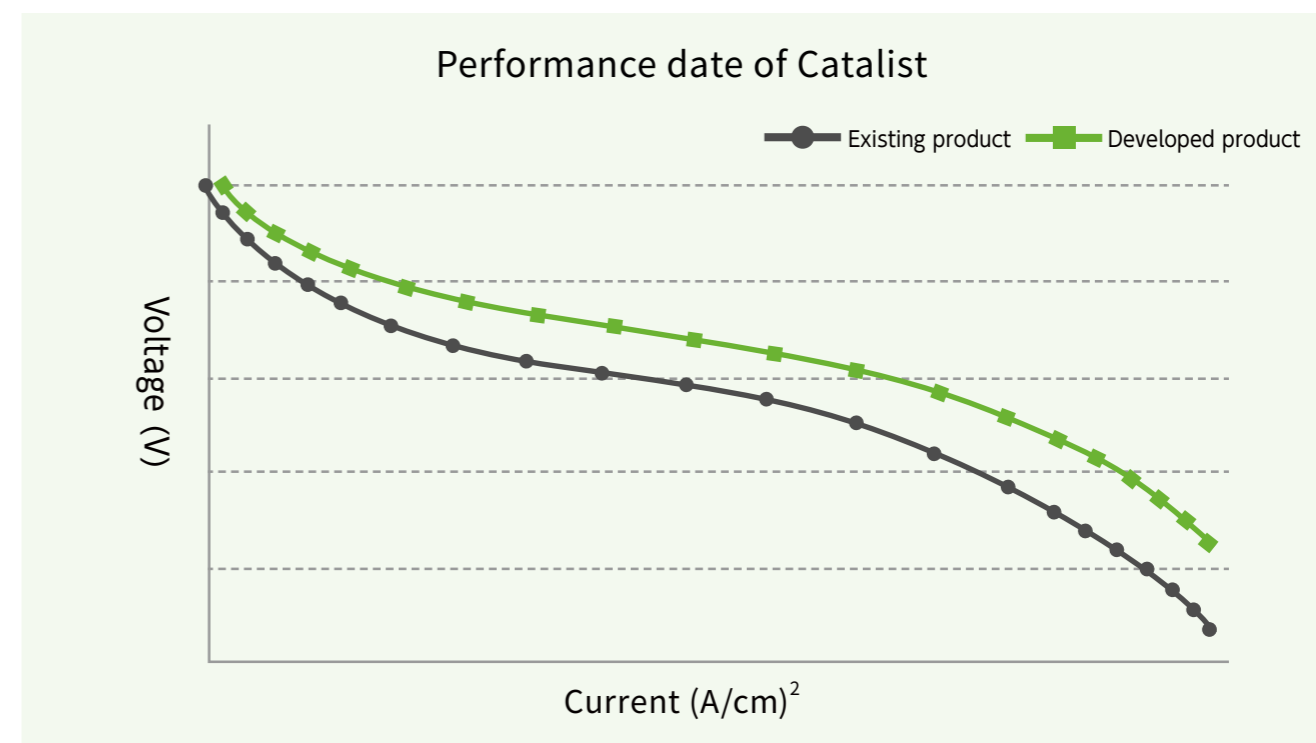
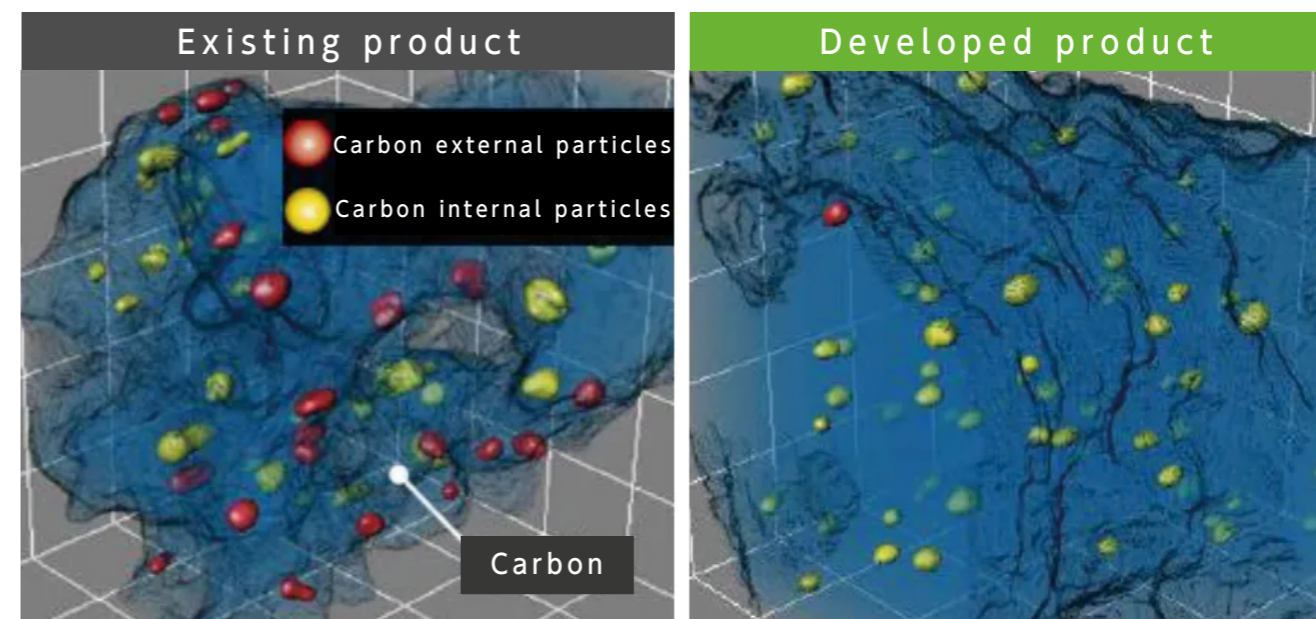


## Reduction of precious metal usage through improved catalyst performance

The electrode catalyst is a key material that significantly affects the output of the fuel cell stack (FC stack) in fuel cell electric vehicles (FCEVs), the "ultimate eco-car," as well as the ratio of hydrogen (H<sub>2</sub>) consumption to vehicle range. CATALER's catalysts are used in the world's first mass-produced fuel cell electric vehicle (FCEV), the MIRAI, launched in 2014, and in the new MIRAI, which was fully remodeled in 2020.

The electrode catalyst used in the new MIRAI has significantly improved catalytic performance compared to conventional catalysts by preferentially placing platinum-cobalt alloy particles (PtCo) in the pores of the carbon support\*1 and preventing contact between PtCo and ionomers\*2. This has reduced the amount of platinum used by approximately 60%, contributing to a reduction in the burden on the earth's limited resources.

Loading position of PtCo particles on the electrode catalyst (million times)



\*1 support

Platinum-cobalt (PtCo) works as a support for small, highly dispersed particles and a electronic conductor

\*2 ionomers

A polymer electrolyte contained in a catalyst. It serves as an adhesive between the membrane and the diffusion layer and as a conductor of protons (H<sup>+</sup>) generated by chemical reactions.

# Climate change

## Basic concept

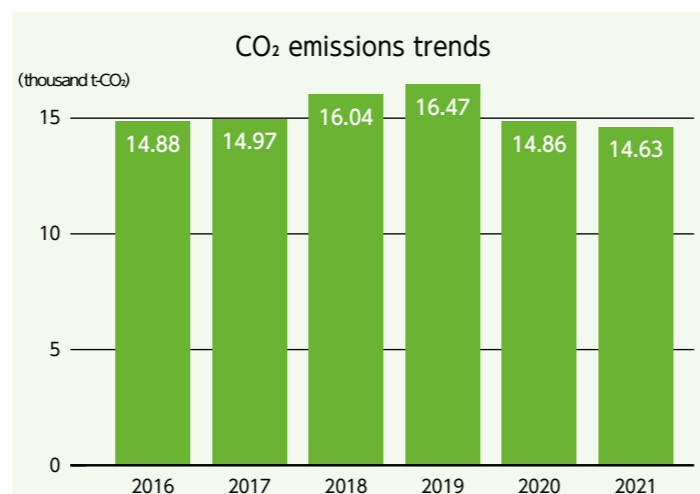
CO<sub>2</sub> zero emissions and declarations of carbon neutrality are accelerating the transition to a "decarbonized" society, and efforts by companies to reduce greenhouse gas emissions are becoming increasingly important.

CATALER has set emission reduction targets for CO<sub>2</sub>, a major cause of global warming, and is working to achieve them.

## CO<sub>2</sub> reduction Initiatives

In order to achieve the CO<sub>2</sub> reduction target, the Energy Conservation Subcommittee has been playing a central role in formulating and implementing improvement plans, and has steadily accumulated results. In recent years, due to the establishment of domestic bases and production fluctuations caused by changes in domestic and international circumstances, the situation in terms of CO<sub>2</sub> reduction has remained difficult, but in 2021 we were able to reduce the total amount of CO<sub>2</sub> emissions compared to the previous year.

We will continue to actively develop various initiatives to achieve even greater reductions.



	Major initiatives	Effect
Improved efficiency of production process	Reduced number of changeover due to batch-up	Approx. 215.4t/year
	Reduction of electricity consumption by vacuum furnaces	
	Reduction of calcination time by reduction furnace	
Study sessions at various environmental subcommittees	Frequent shutdown of dryers and electric furnaces	Approx. 70.9t/year
	Reduction of electricity consumption by shutting down outside air conditioner on holidays	

## Toward carbon neutrality

The world's demand for carbon neutrality is growing rapidly. CATALER has declared its goal of achieving carbon neutrality by 2035, in line with its management philosophy of "Better Harmony between People and the Environment."

In addition, as a milestone, we have set a numerical target that we aim to achieve by 2030.

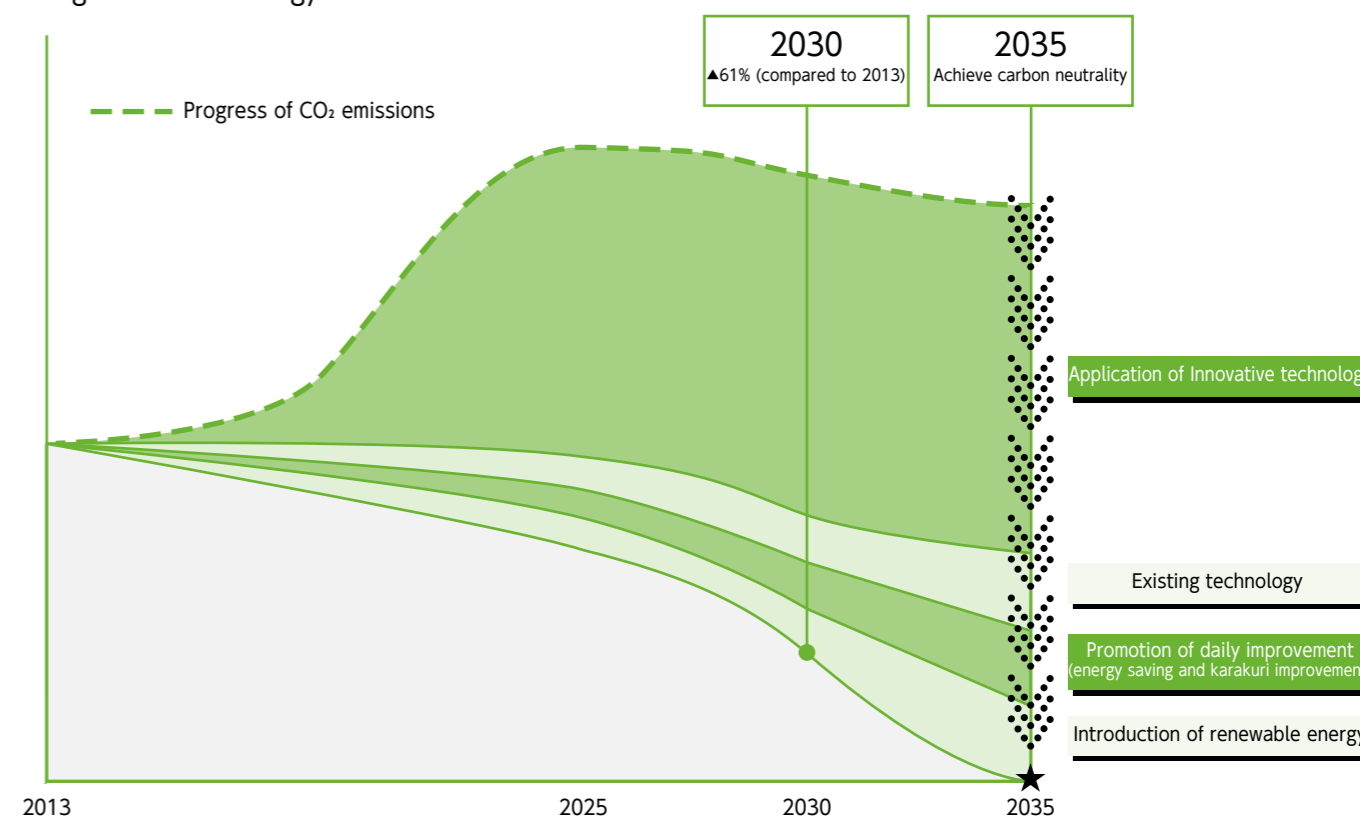
### CATALER GROUP CO<sub>2</sub> emissions target

2035: Global factories achieve carbon neutrality

2030: Reduce CO<sub>2</sub> emissions by 61% or more (compared to 2013)

To achieve this goal, we established the Carbon Neutral Business Development Function in January 2022 under the direct control of the President.

This business unit will promote efforts to achieve carbon neutrality, including "formulating a carbon neutral strategy for the entire CATALER Group," "building up and implementing themes for reducing production CO<sub>2</sub>," "developing and commercializing technologies through collaboration with external parties," and "introducing and procuring renewable energy."





# Conservation of water resources

## Basic concept

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

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

## Water pollution prevention

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

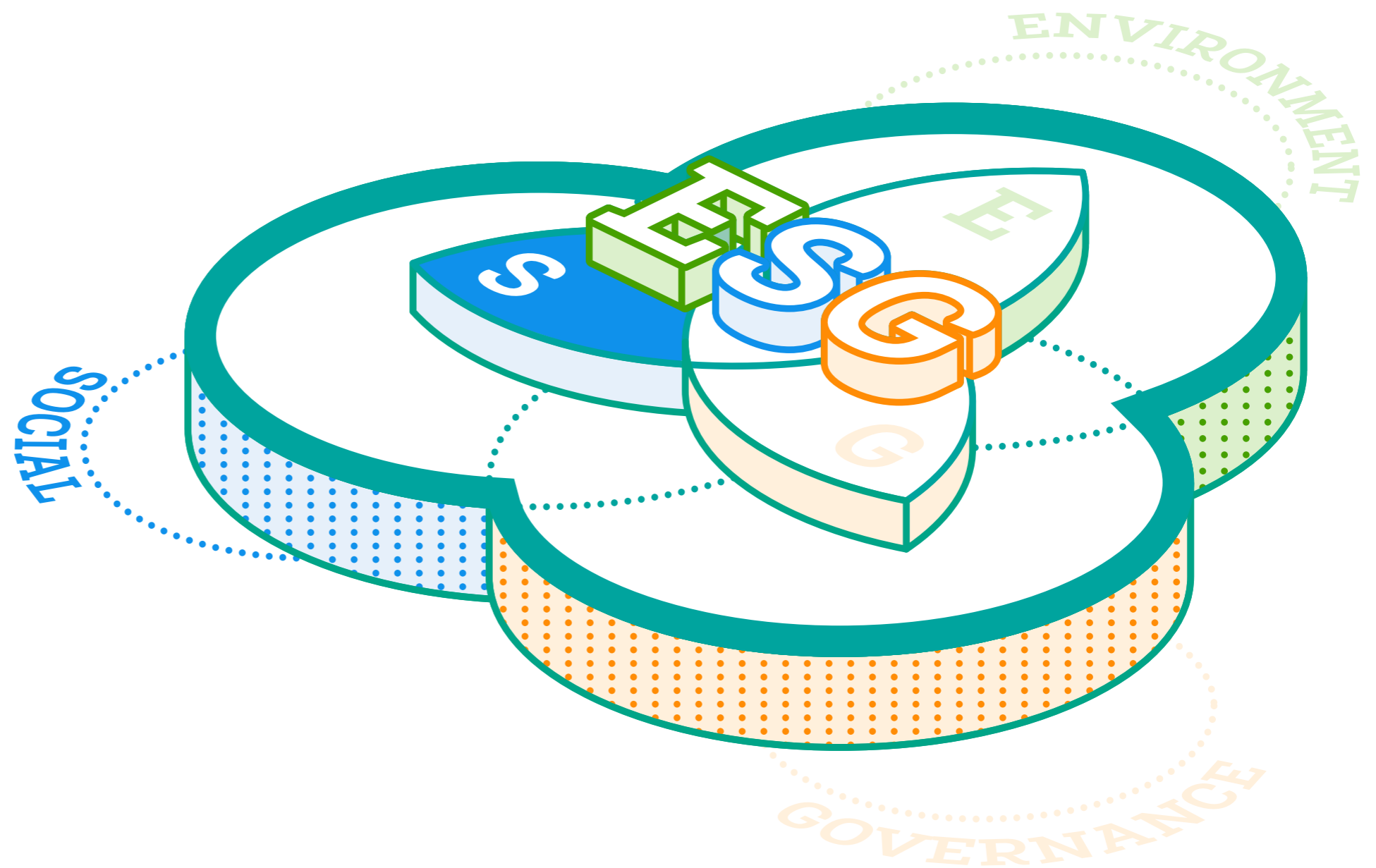
To date, no legal violations or other problems have ever occurred.

## Water use reduction

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

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# Quality assurance

## Quality guidelines

The "Quality Guideline" expresses our approach to implementing one of our 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 our company on a global scale.

## Quality guidelines

### 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 build-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 "front-end process" and "back-end 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.

#### \*1Build-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.

## From the Quality Assurance Officer

Since obtaining QS9000 and ISO9001 certifications in 1997, CATALER has been continuously implementing TQM activities. In 2012, the concept of Build-in quality with ownership(own-process completion) was introduced to the entire company, including administrative and indirect departments, and all employees have participated in efforts to improve not only the quality of products but also the quality of work. In addition, we are strengthening our internal control system by incorporating the concept of Build-in quality with ownership in response to the growing demands for corporate social responsibility, including data and accounting irregularities and recall responses.

From 2022, the Toyota Production System (TPS) will be introduced throughout the company, and in addition to "quality," we are practicing smart manufacturing by thoroughly eliminating waste.

In this way, we will not view quality as the quality of goods, but will aim to become the ultimate 'quality catalyst' by conducting management with 'classy' such as dignity, elegance, and refinement, and by enhancing the 'quality' of our management."



Executive Vice President  
In charge of Quality Assurance and TPS  
**Masashi Ishida**

## Quality Management System

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

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

### ISO9001/IATF16949 certification status

CATALER GROUP	CAC (Head office)	CCC (China)	CTC (Thailand)	CSA (South Africa)	CNA (North America)	CIC (Indonesia)	CIN (India)	CEC (Czech Republic)
ISO 9001 (QS 9000)	1997 September	—	2002 July	—	—	—	—	2022 November
IATF 16949 (ISO/TS 16949)	2005 December	2006 March	2003 October	2004 November	2004 August	2015 October	2017 October	2023 October <small>Scheduled acquisition</small>

## CATALER Quality Conference Body List

Conference Bodies Liaison Letters	Frequency	Attendance	Agenda
Audit improvement reporting committee	Once/month	Top management General Managers C-QIC Promoters	C-QIC promotion status Effectiveness review of prevention and recurrence prevention
Quality meeting	Once/month	Top management Product realization related divisions	Quality status of headquarters and each global site Customer satisfaction survey Continuous improvement
Quality Liaison Committee	Once/month	Practitioners in product realization related departments	Quality status at headquarters and each global site and continuous improvement
MONOZUKURI MTG.	Every day	Production Manufacturing Engineering Plant engineering Quality Control	Quality problems that occurred on the previous day and corrective actions Quality Information, EDER <sup>*1</sup>
Quality Defects Bulletin	As needed	Quality contact of all bases	Disseminating information on quality problems (within 24 hours) Inspection of the same manufacturing method line
S Dantotsu patrol	Once/month	Top management Product realization related divisions	Special quality improvement activities by CF <sup>*2</sup> teams
Global Production Meeting	Once/year	Quality status of headquarters and each global site	Sharing of quality activities and problem solving between the head office and each global site

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

\*2 CF : (Abbreviation for Cross Function)  
A strategy in which related functional departments team up to solve issues in a cross-functional manner.

## Promotion of TQM Activity

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

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



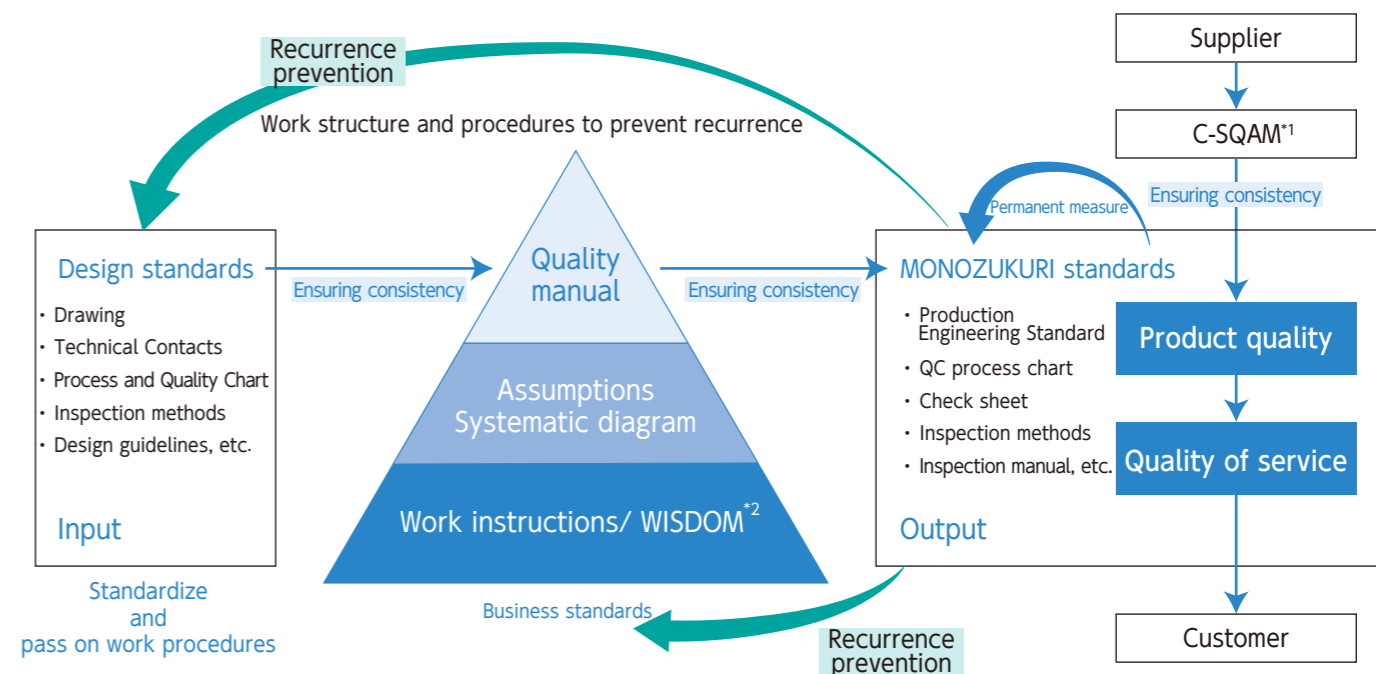
Deming Prize Medal

## Continuous Quality Improvement (C-QIC)

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

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

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



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

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

\*2 WISDOM : Work Instruction Sheet for Divisional Operation Management

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



## A system to ensure product quality (C-TOP)

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

\*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

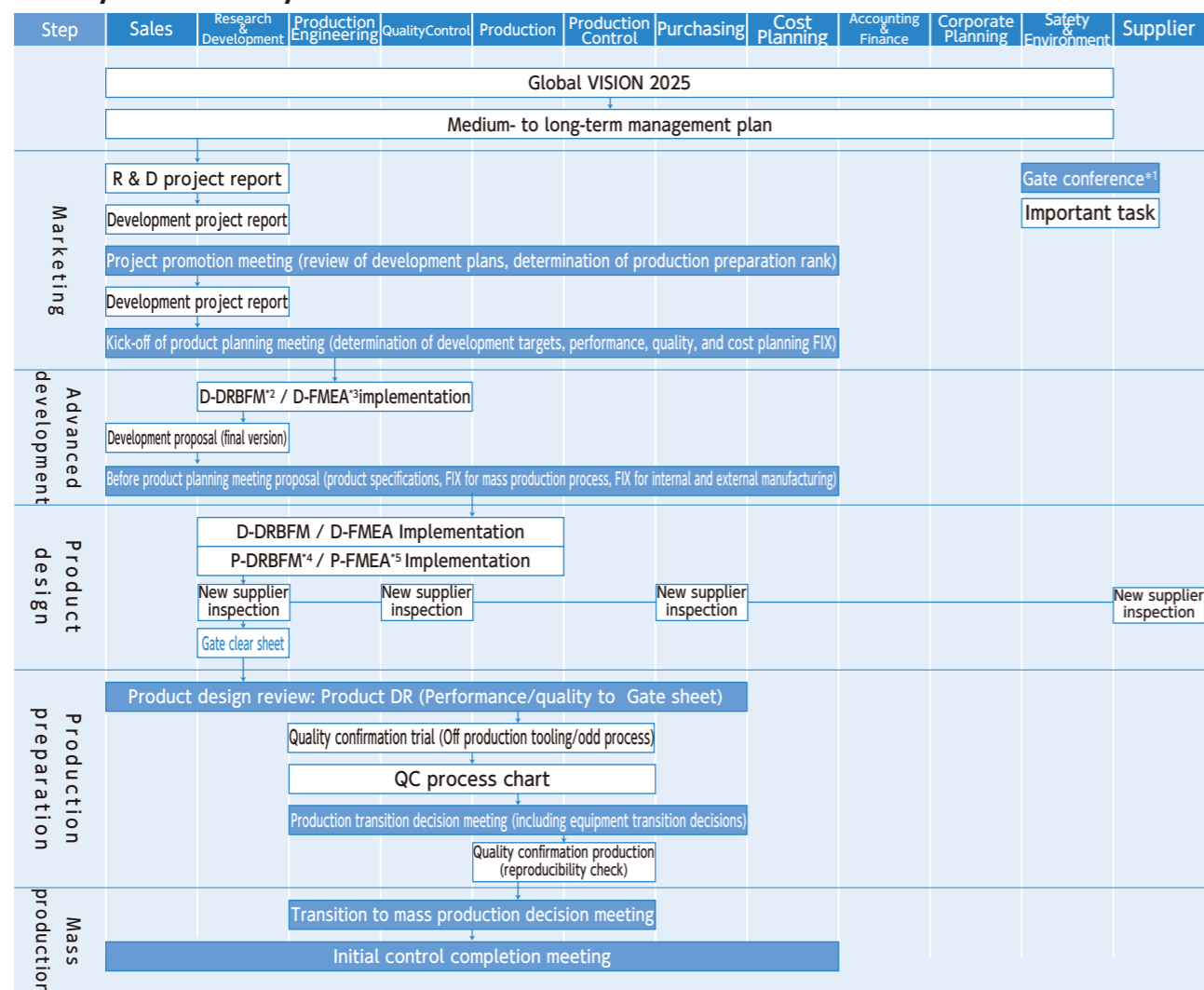
CATALER actively educates and develops quality human resources based on the Human Resource Development System (C-HAM), which includes an in-house training curriculum for all levels of employees, from new hires to executives, according to their job qualifications, ranging from training in the Seven QC 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 (Build-in quality with ownership) training
	Problem solving / Issue achievement training
	QC circle hierarchy training
	SQC (Statistical Quality Management) training
	QC 7 tools/New QC 7 tools study session
	ISO/IATF knowledge education

[Click here for C-HAM ▶](#)

### Quality assurance system chart



# CSR Procurement

## Procurement guidelines

CATALER aims to "create a sustainable, recycling-oriented society" and "continue to protect a clean earth for future generations" and contribute to customer satisfaction and the creation of an affluent society by providing advanced technologies and products that aim for better harmony between people and the environment.

To this end, we aim to procure materials, parts, and equipment that excel in quality, technology, cost, and delivery time, and are developing procurement activities based on six basic concepts.

## 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 structure

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

## Supplier CSR evaluation items

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

### 1. Evaluation of suppliers at the time of selection

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

### 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 CSR Guidelines

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



▶[Click here for guidelines.](#)

## Communication with suppliers

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

### Main communication opportunities

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

## Compliance training

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

## Conflict minerals

There is a worldwide movement to eliminate the use of conflict minerals because some of the mineral resources originating from the Democratic Republic of Congo and neighboring countries are believed to be a source of funding for armed groups and are believed to encourage forced labor, child labor, slavery, war crimes, and other activities.

We are committed to responsible mineral procurement by working with our suppliers to confirm the origin of materials so that we do not contribute to conflict and inhumane activities.

# Respect for human rights

## Policy

In order for the CATALER Group to contribute to the development of a sustainable society, we believe that "respect for human rights" is one of the most important matters. Therefore, in our CSR Guidelines and Code of Conduct, we set forth the following code of conduct for CATALER and its employees regarding human rights.

(CSR Guidelines)

We respect the human rights of all people involved in our business activities and do not use forced labor or child labor in any form.

(Action Guidelines)

II, Aiming for a lively workplace

(5) Respect for the personalities and human rights of employees

We do not tolerate any form of harassment in the workplace based on race, ethnicity, national origin, religion, age, gender, or any other characteristic protected by applicable law.

## Major initiatives

### Recruitment

We do not discriminate in any aspect of employment (application, hiring, promotion, compensation, right to education, assignment, punishment, termination, resignation, etc.) on the basis of race, ethnic or national origin, religion, age, gender, or any other characteristic protected by applicable laws and regulations.

### Education and training

Education and training are regularly provided to all employees to prevent discrimination and harassment.

Specific efforts are made to raise employee awareness through group viewing of videos of discrimination and harassment cases, publication of articles in the company newsletter to raise awareness of human rights and diversity, and other measures.

We also offer e-learning programs for managers on the theme of "Business and Human Rights" to deepen their understanding of not only human rights issues in the workplace, but also human rights issues for which companies must be socially responsible.

## Reporting system

We have established the "CATALER Consultation and Reporting Desk" and the "Toyota Consolidated Helpline" as a contact point for reporting and consultation in case of situations involving violation of human rights.

## Human rights considerations in procurement

We will conduct procurement activities considering the impact on local communities of the use of raw materials that may cause human rights issues (e.g., conflict minerals from the Congo), and if there is a concern, we will take measures to avoid purchasing such materials.



# Human resources

## Approach to human resources

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

At CATALER, we believe that the irreplaceable asset for achieving sustainable success is our human resources. By promoting the creation of systems that enable employees to work in a diverse and flexible manner and investing in human resource development, we will realize "everyone at CATALER shines toward the future," as symbolized by the "Shine" in our Global Vision 2025.

## Promotion system

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

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

## Employee attitude survey

Since 2004, CATALER has conducted an attitude survey of employees and senior staff to identify various issues related to corporate activities and to create a workplace environment and improve workplace satisfaction.

The response rate has exceeded 90% every year, and in FY2021, both satisfaction and average scores were trending upward with a 97.5% response rate.

The results are promptly disseminated to directors, general managers, and department managers, and each department's policies reflect workplace environmental improvement targets, promoting improvement activities throughout the company.

## Communication with labor and management

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

## Diversity

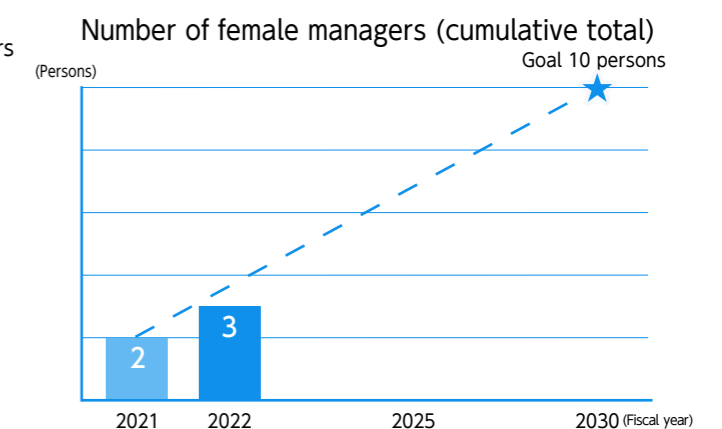
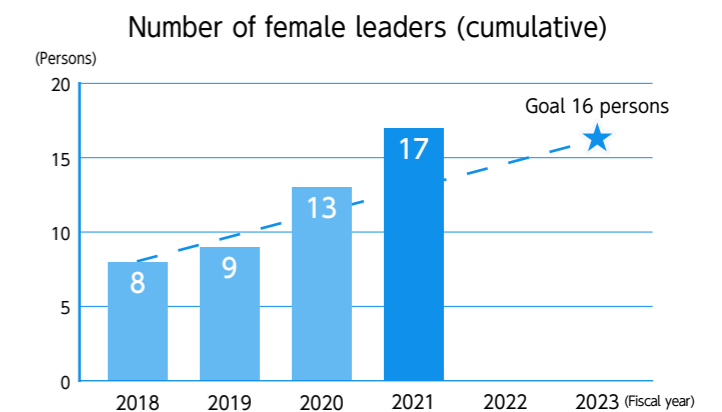
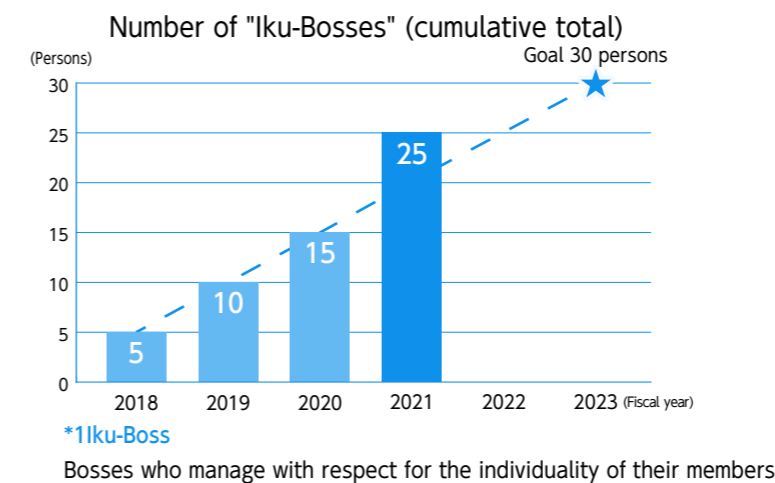
### Promotion of women's activities

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

In April 2019, we formulated the second phase action plan (plan period: April 1, 2019 - March 31, 2024), and are focusing on development to achieve the goals, including "Iku-Boss\*1 training" for managers, "Women Leader Training" for women at the previous level of leader class, and "Women's Exchange Meetings outside the company.

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

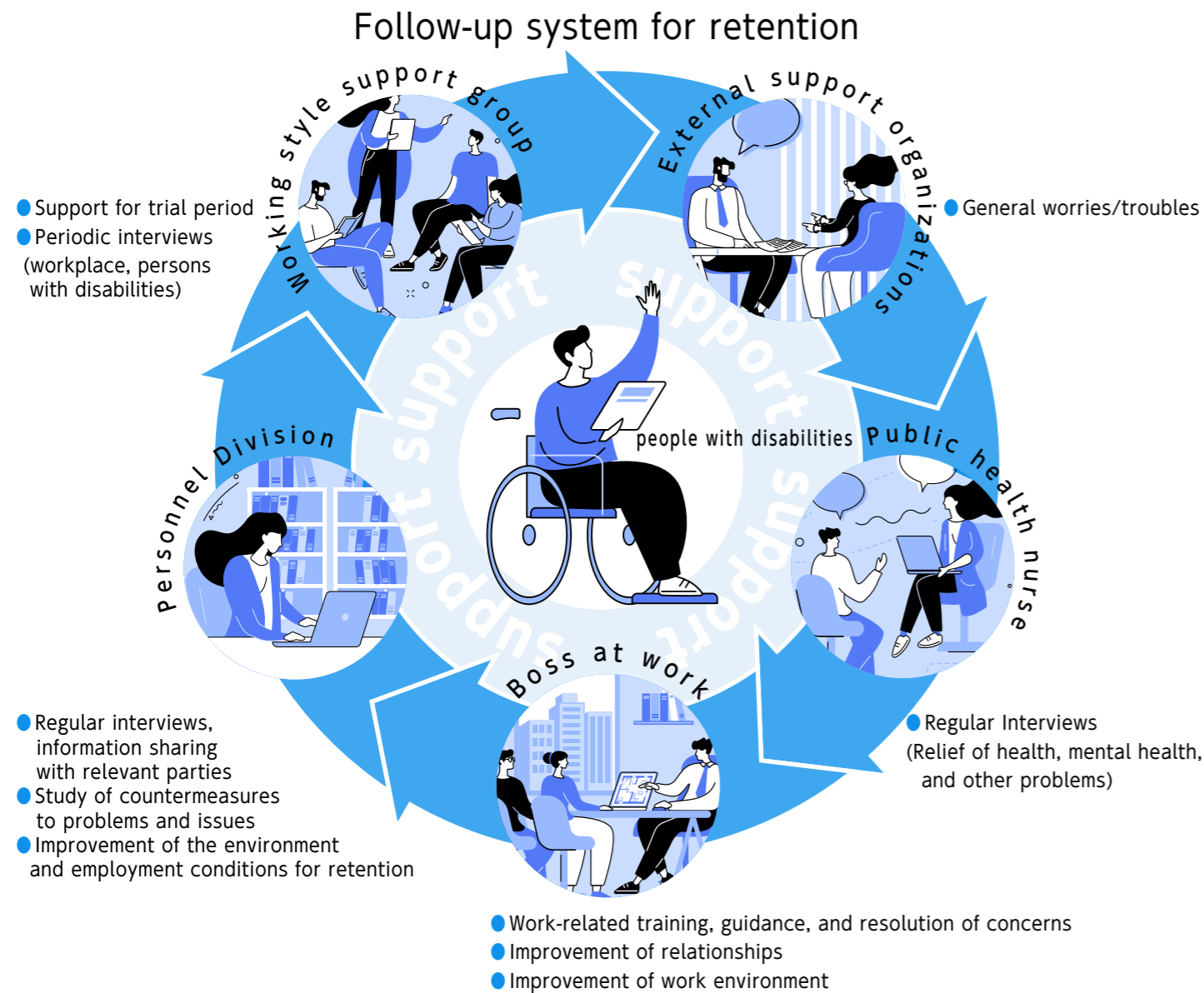
As targets for 2030, we aim to increase the percentage of female new graduates hired each year to 20% or more, and to increase the number of female managers by five times (compared to 2020), in order to create an organization where employees, regardless of gender, can thrive and play an active role.



## Promoting employment for people with disabilities

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

### Work support system diagram



### Examples of Initiatives

CATALER Corporation (Japan) initiatives

#### Job creation and expansion

- Acceptance of trainees from local special needs schools
- Establishment of mid- to long-term employment plans

#### Percentage of employees with disabilities

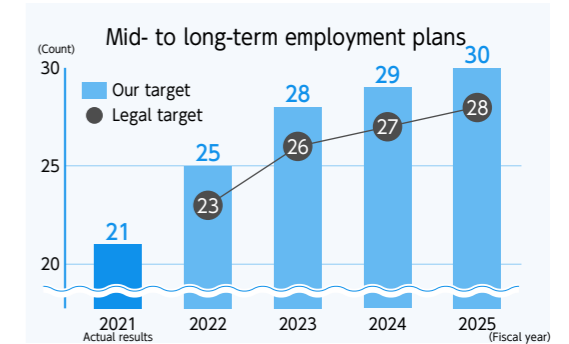
- 2.3% (as of September 2022)

#### Fostering a culture throughout 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



Workshop

## Creating a workplace where people can work forever

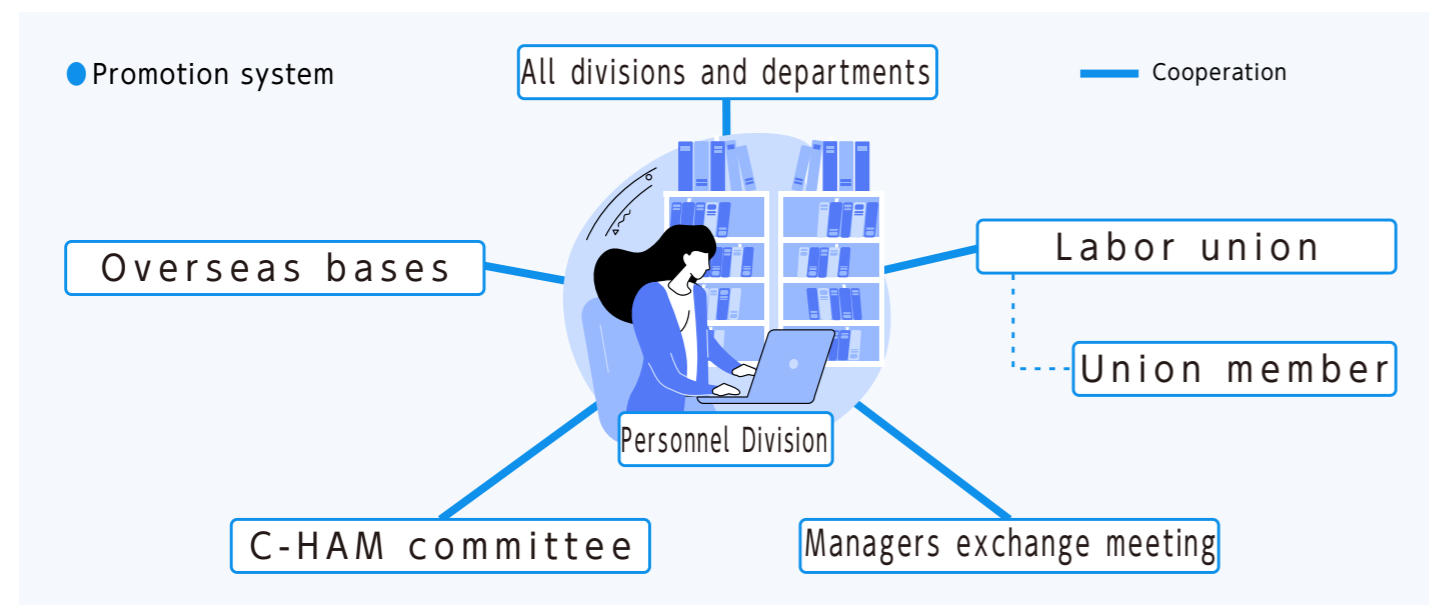
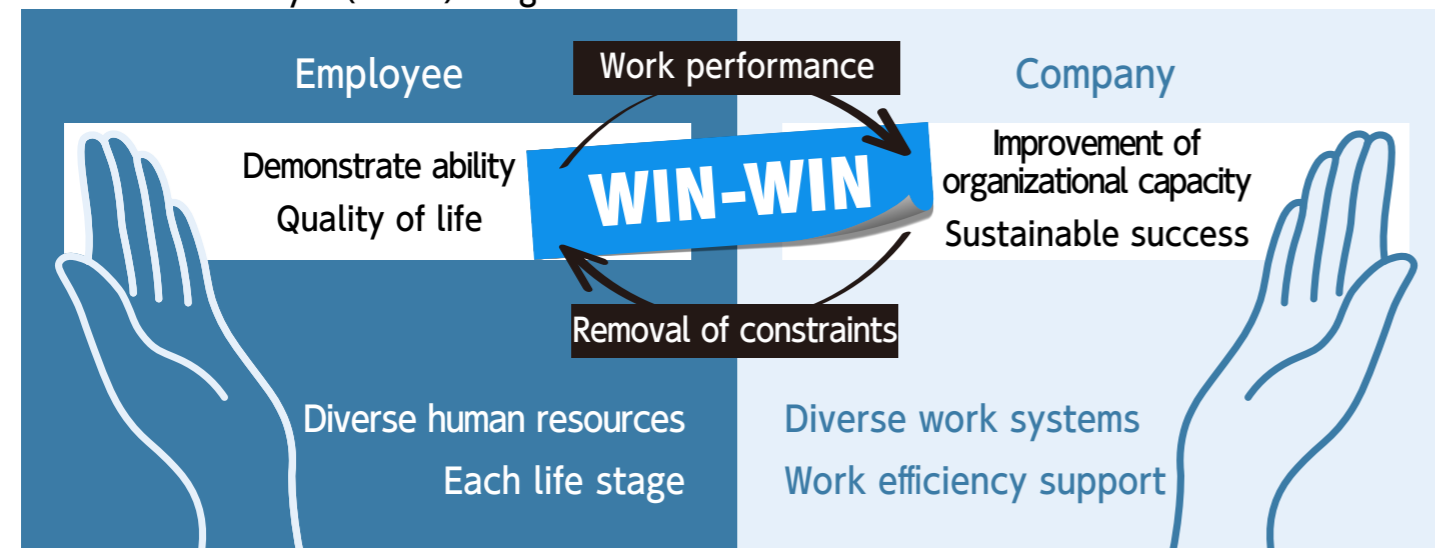
Since the revision of the Law Concerning Stabilization of Employment of Older Persons in April 2013, CATALER has been extending employment to all employees who have reached the mandatory retirement age of 60, in accordance with the intent of the law. We will continue to respect the diverse lifestyles and work intentions of each and every employee and encourage them to stay active with a sense of fulfillment and purpose in life.

## Work life balance

### CATALER way work style innovation (C-WIN)

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

#### Reform of work style (C-WIN) Image



Category	Measures implemented
Work efficiency support	Revision and streamlining of work
	Introduction of automation tools (RPA) *1
Diverse work systems	Securing interval time between shifts (10 hours)*2
	Introduction of telecommuting system
	Expansion of flextime system(for employees with shortened core hours or shorter working hours)
	Introduction of short-time flex system
Each life stage	Introduction of off-hours system*3
	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)

\* 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 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)

\*3 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.

## Work life balance

### Enhancement of systems to support work-life balance

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

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

System	Contents
Reduced working hours for childcare	A system that allows employees with children in elementary school 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

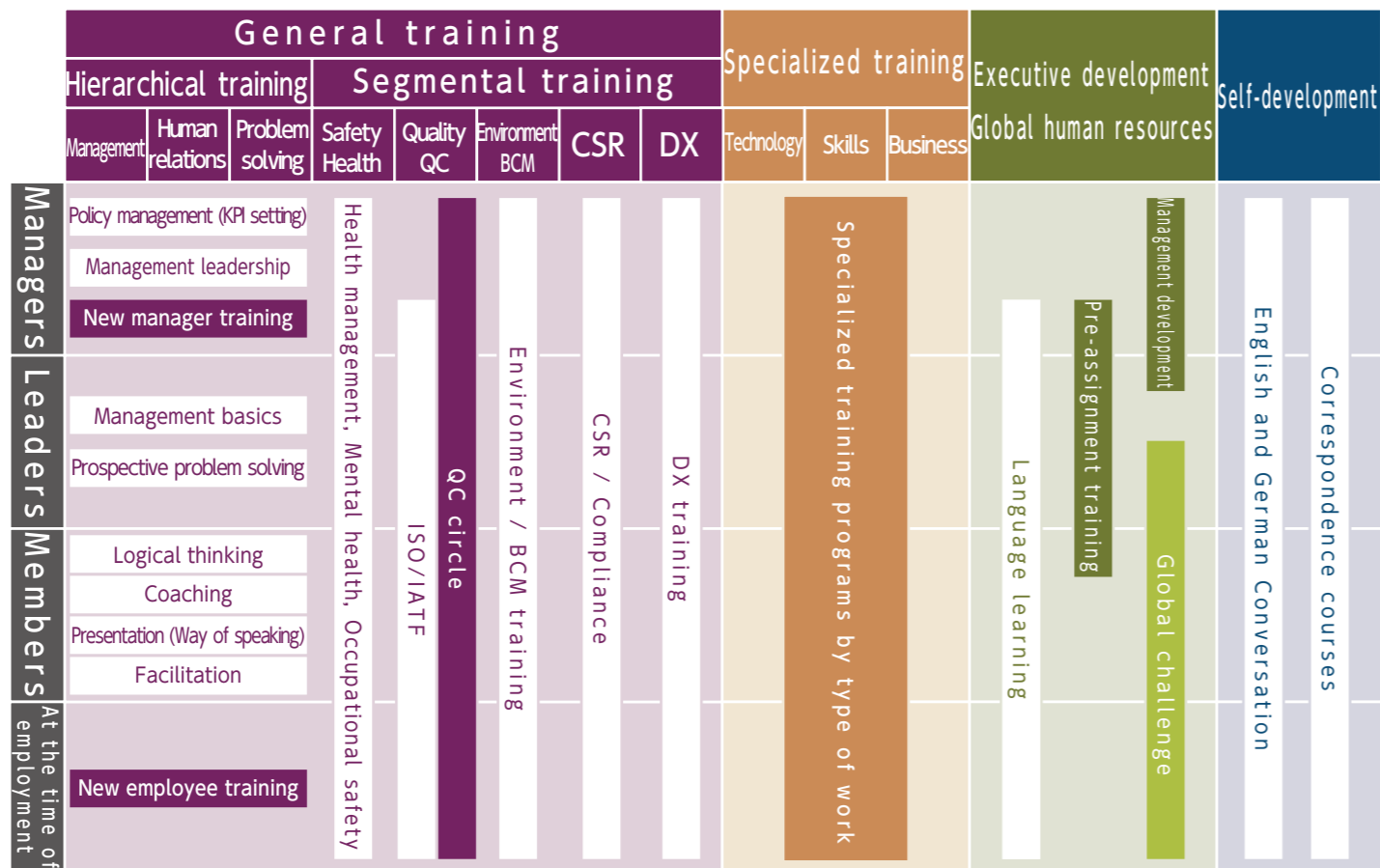


## Human resource development

### Human resource development system (C-HAM)

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

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



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

### Initiatives for DX Human Resource Development

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

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

In addition, with regard to digital human resources, which are indispensable for promoting DX, we have defined three levels of DX human resources and are strengthening education for each level, aiming to develop all employees by the end of FY2028.

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



# Occupational safety and health

## Safety guidelines

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

### Safety guidelines

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

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

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

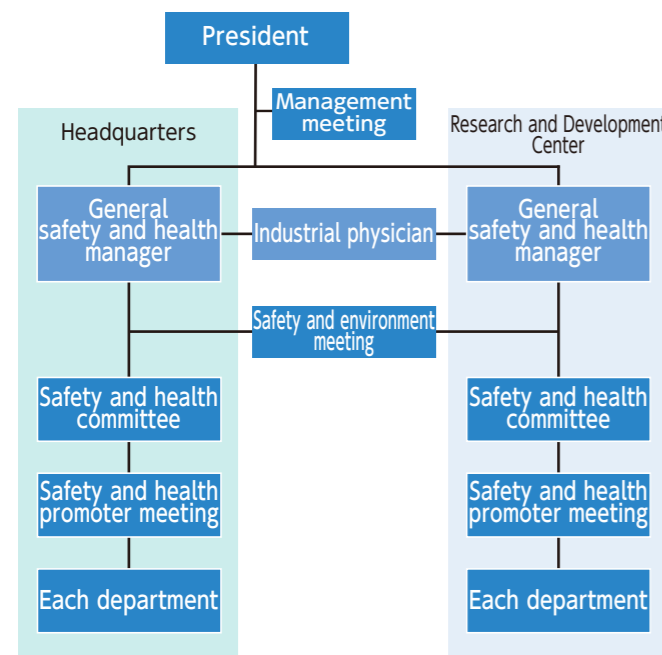
## Creating a safe work environment

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

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

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

## Safety and health organization chart



### Safety and environment meeting

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

### Safety and health committee

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

### Safety and health promoter meeting

This is a meeting to develop activities to all employees for safety, 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.

# Occupational safety and health

## Workplace accident prevention activities

As a measure to prevent occupational accidents, RA (Risk Assessment) is conducted for each work procedure, facility, and chemical substance, and countermeasures are taken. In addition, before construction or non-routine work, we conduct hazard prediction activities to "prevent accidents. Regular patrols are conducted to ensure that construction contractors comply with on-site construction rules, and activities are also developed to prevent accidents not only among employees but also throughout the entire premises.

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

### Specific initiatives

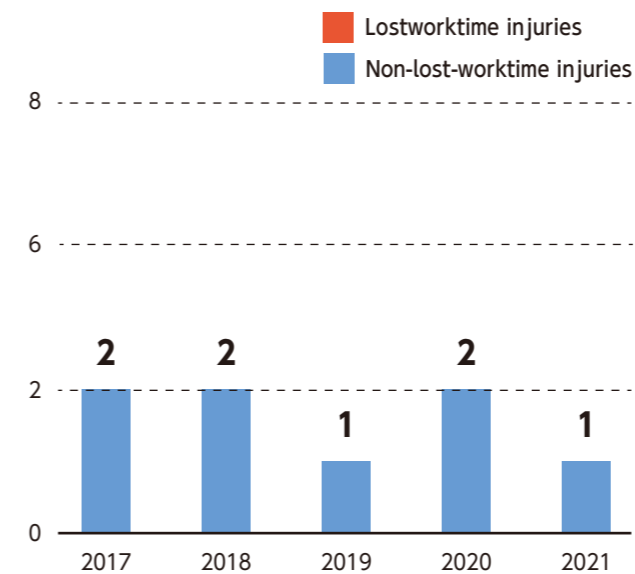
Activities	Frequency	Purpose and Contents
Top management-led on-site inspections	4times/year	President and union executive committee conduct inspections and guidance for improvement based on safety, health, and 4S.
Voluntary workplace inspections	Once/month	Workplace managers and supervisors conduct workplace safety inspections to raise awareness associated with hazard countermeasures in their own workplaces.
Equipment safety inspections	Before equipment use	Inspection of standard items and past failures using check sheets to prevent occupational accidents due to equipment installation or modification.
On-site construction patrols	Once/ 2months	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 "Premises 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.
Safe driving training using a driving simulator	As needed	Regularly experience driving simulators to improve driving skills, prevent traffic accidents, and improve the ability to predict danger.
Commuting risk map	Once/year	Raised awareness of traffic and disaster risks along commuting routes.

## Occupational accidents

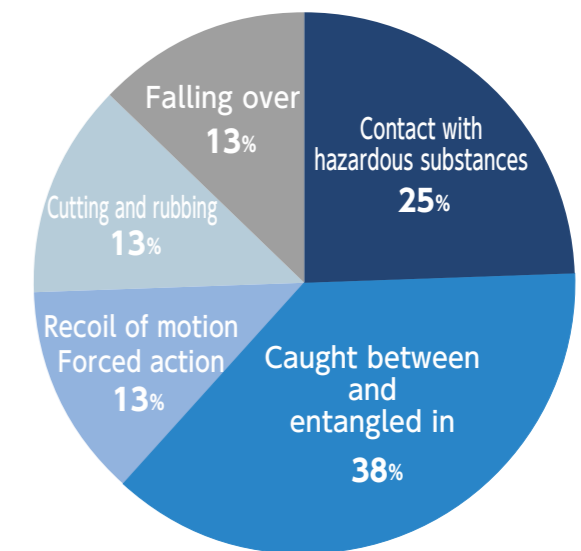
In FY2021, one "cut and rub" occupational accident occurred.

In addition to inspecting all of the equipment that caused the problem, we reviewed standard operations, improved and standardized work procedures.

### Number and trends of occupational accidents



### Types of occupational accidents (FY 2017-2021)



## Sharing and utilization of occupational accident information

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

# Health

Mental and physical health is the driving force for employees to thrive.

CATALER has formulated a "Health Declaration" and is committed to promoting the health of its employees. In addition, the declaration was changed in 2020 to include response to infectious diseases.

## Health Declaration

### Health Declaration

At CATALER, the happiness of our employees and their families is our top priority. To this end, we declare our commitment to "health management" so that each and every one of our employees and their families can thrive and play an active role in the company.

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 promote the creation of a workplace environment where employees can work vigorously and in good mental and physical health.
3. Supporting health management and health promotion for employees and their families in cooperation with the health insurance association

Infectious diseases are prevalent and spreading worldwide, and the company and its employees will continue to work together to prevent infection and the spread of infectious diseases, and will continue our efforts to maintain and promote good health.

CATALER has worked to improve the quality of its products and work through C-QIC activities, and has grown to win the Deming Prize.

Looking at it from a broader perspective, health is a quality of mind and body.

The company, employees, and their families should all work together to improve the quality of their minds and bodies as well as their products and work.

November 2020  
CATALER Corporation  
President and Representative Director



## Employee health promotion initiatives

### Health checkups

At CATALER, in order to protect the health of our employees, our public health nurses conduct individual interviews with each employee after regular and special health checkups, explain the results of the checkups, and recommend secondary checkups.

This leads to the early detection of physical and mental health problems in person and to the awareness of health management by each employee.

The completion rate of secondary checkups in FY2021 was 77.7%. In order to further improve the checkup rate, the following new system will be introduced in FY2022.

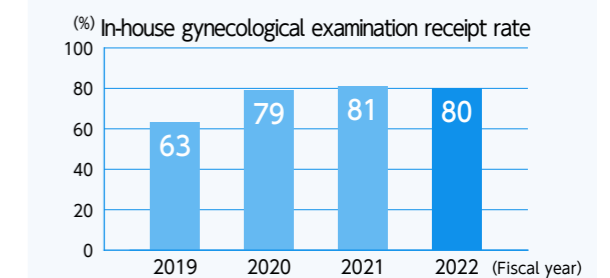
- Securing "time for medical examinations" by introducing a legal holiday system
- Subsidies for medical examinations" under the benefit system

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

### Gynecological examination

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

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



### Prevention of infectious diseases

In-house influenza vaccination is conducted from October to December every year. We make it easy for employees to get vaccinated by allowing them to take time during working hours for vaccinations.



## Mental health

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

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

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

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

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

### (Self-Care training)

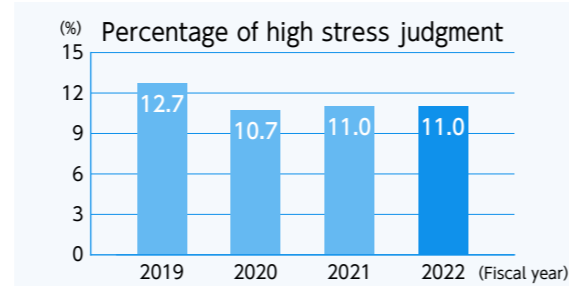
Once a year, we host a lecture and stretching training on the link between sleep and mental health problems.

### (Line care training)

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

## Health counseling

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



Self-care training



Line care training



Health counseling

## Specific health guidance

### [Individual guidance]

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

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

### [Group instruction]

As a population approach, we explain how to look at the results of health checkups and provide lifestyle improvement guidance on diet, exercise, etc. to all employees other than those who are eligible for specific health guidance.



Food Models



Group Instruction

## General lifesaving training and AED use training

In order to save as many lives as possible in an emergency, we hold an annual general lifesaving course including practical skills and AED training for in-house safety and health promoters and BCM rescue and first-aid team members. In addition, we prepare training materials with video clips and distribute them via e-learning as classroom lectures. In addition, we have prepared our own manual for dealing with employees who are not in good health, and have placed it in first-aid kits and AED boxes in the company to ensure that employees can respond without panic in an emergency.



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 person promoted)

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



In-house walking trails

## Measures against rubella

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

### Initiatives

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

## Corporation with Excellent Health Management

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



Excellent Health Management Corporation 2022

## COVID-19 infection control

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

### Main initiatives

- **In-house Infection Prevention Guide published and revised**

We have developed our own in-house infection prevention measures guide based on the Shizuoka Prefecture Infection Control Guide. Since its initial publication on February 1, 2020, the guide has been revised and updated more than 70 times as of August 2022, with additional editions published as needed.

- **Daily health observation**

- **Masks and hand sanitizers**

- **Partitions in all areas, adequate ventilation**

- **Limit the number of people using each room, spread out meal times, and ensure silent eating.**

- **Proactive use of web conferencing and travel restrictions according to circumstances**

- **Promote telecommuting**

- **Clean and disinfect conference rooms and cafeterias after use.**

- **Conduct disinfection drills in preparation for infected persons and those in close contact with infected persons**

- **Conduct vaccination in workplaces**

In June 2021, we began offering inoculations at workplaces. The vaccination program was expanded to include not only employees, but also their families and local boards of education (teachers at nearby nursery schools, elementary schools and junior high schools). Approximately 80% of employees have been vaccinated at their workplaces.



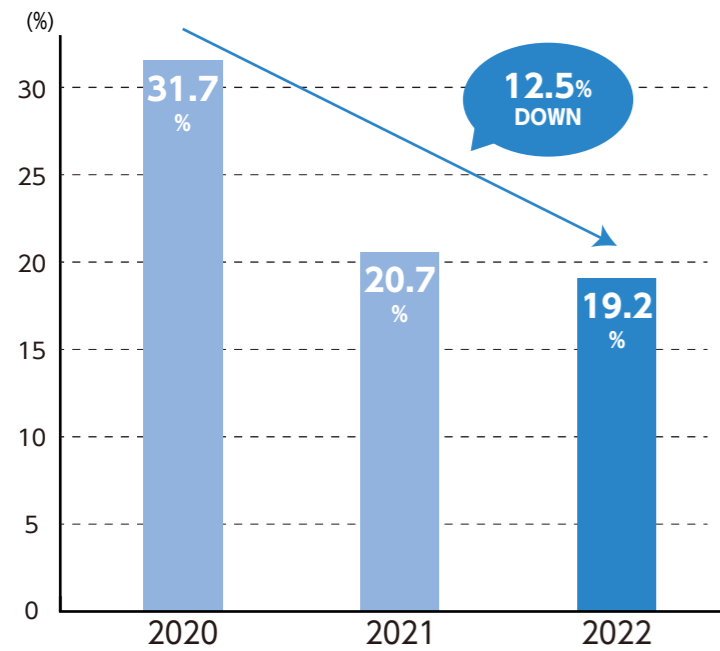
Workplace vaccination

## Passive smoking prevention efforts

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

We are also reviewing the smoking areas on the premises, relocating them to areas where there is no possibility of passive smoking, and partially closing them to reduce the risk of potential future illnesses to employees. Other efforts include distribution of health information to all employees, individual smoking cessation guidance by public health nurses, referrals to smoking cessation clinics, and use of smoking cessation support by health insurance societies, etc., with employees who are willing to quit smoking. As a result, smoking rates are much lower than in 2020.

**In-house smoking rate trends**





# Social contribution activities

## Philosophy of social contribution

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

## Management structure

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

Although events in the region did not fully resume in FY2021 due to the Corona disaster, CATALER continues to interact with the community through social contribution activities in the form of "Excursion-oriented support" by providing supplies and participating in community activities.

## Activities

### Town Planning

With the aim of realizing a society in which local people can live prosperous lives, Kakegawa City and CATALER have signed a comprehensive partnership agreement since 2015 to strengthen mutual cooperation. We will enhance our activities across a wide range of fields, including educational support, volunteer activities, and disaster prevention measures.



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

##### (Purpose)

Since 2015, Kakegawa City and CATALER have been working together on a comprehensive collaboration agreement to promote city promotion and to collaborate on appropriate responses to "community revitalization, improvement of citizen services and local issues".

##### (Coordination matters)

- (1) Matters related to the promotion of city promotion to create and disseminate the attractiveness of Kakegawa City
- (2) Disaster countermeasures and disaster prevention
- (3) Support for the upbringing of children and youth, and childcare support
- (4) Matters related to health promotion
- (5) Environmental preservation
- (6) Support for the elderly and persons with disabilities
- (7) Promotion of women's activities
- (8) Promotion of culture, arts, and sports
- (9) Other matters related to matters necessary to achieve the above purposes.

### Educational support for local high school students

As an educational support for third-year students of Shizuoka Prefectural Kakegawa Technical High School, our employees participated as outside lecturers in a research class to discover local attractions and communicate them to the public. The students visited our company and filmed our promotional video.



Educational support for local high school students

### WAKUWAKU Science Classroom(postponed from FY2021 due to the Corona disaster)

With the motto of "Raising Friends to Protect the Future Earth," we hold hands-on science classes for infants to elementary school students at various locations in order to increase the number of children who love science.



WAKUWAKU Science Classroom

### Support for Kakegawa-Shincha Marathon

We sponsor the "Kakegawa Shincha Marathon" organized by Kakegawa City. As a volunteer activity, we support the runners together with Kakegawa City, and CATALER's running club also contributes to local revitalization by participating in this event every year.



Support for Kakegawa-Shincha Marathon

## Environmental conservation activities

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

### The Adapt Road Program (continued from 2012)

The Adapt Road Program is a beautification activity in which local governments work together to create clean streets and a clean city. We regularly volunteer to weed and pick up trash along Route 150 north of our head office.



The Adapt Road Program

### Kakegawa City Shiosai no Mori Tree Planting Festival (postponed in FY2021 due to the Corona disaster)

We are promoting the creation of a Forest of Hope in collaboration with the local community.



Shiosai no Mori Tree Planting Festival



## Supporting athletes

In recent years, as the nature of sports and athletes' activities have diversified along with changes in social conditions, CATALER, as part of its social contribution activities, has been supporting athletes from the prefecture who are active in the world from various angles.

In addition to providing financial support for athletes' training activities and overseas tours, we also plan events to interact with supporters and coordinate with the media as needed. We support not only athletic activities but also social activities to help them grow into athletes loved by local residents.

Based on the idea that "supporting CATALER athletes contributes to the development of the community," CATALER, with the cooperation of its supporters, will not only promote the Games, but will also actively engage in communication activities with local residents to nurture the next generation and expand its circle of social contribution.

### ○Athletes



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#### Tsubaki Miki (Alpine snowboarding)

In March 2022, she won the World Cup (women's parallel slalom) at the youngest age of 18 in Japan's history. 4th overall in the FIS 2020-2021 World Cup rankings. Alpine snowboarders from Kakegawa, where it never snows, aim to be the best in the world.

▶Special site for Tsubaki Miki (Tsubaki Cheering Squad)



#### Takumi Moriya (Windsurfing Freestyle)

1st place in JWA 2020-2021 freestyle ranking. Winner of the World Cup (U-15) in July/August 2019. He started activities as a JWA certified professional in 2020. His goal is to become a Freestyle World Champion and to let many people know about windsurfing.

▶Takumi Moriya Special Site (Takumi Cheering Squad) Coming Soon

## Global Initiatives

Under the Global CSR Policy, our production sites and offices in the United States, China, Thailand, Indonesia, India, South Africa, Czech Republic, and other countries are promoting social contribution activities while taking into consideration their local circumstances. Our main activities are beautification, cleanup, welfare, educational support, and donations to local organizations and schools.

Typical activities in FY2021 include the donation of computers and printers to the vaccination centers in Thailand to enable them to operate smoothly, and participation in tree planting activities (planting 5,800 trees) to provide a sustainable future.

In South Africa, we provide learning material support to schools every year to help disadvantaged children in local rural areas.

In India, we also give school kits to local public school children and present and install computer labs in schools.



CTC (Thailand)  
Donation of computers and printers to vaccination centers



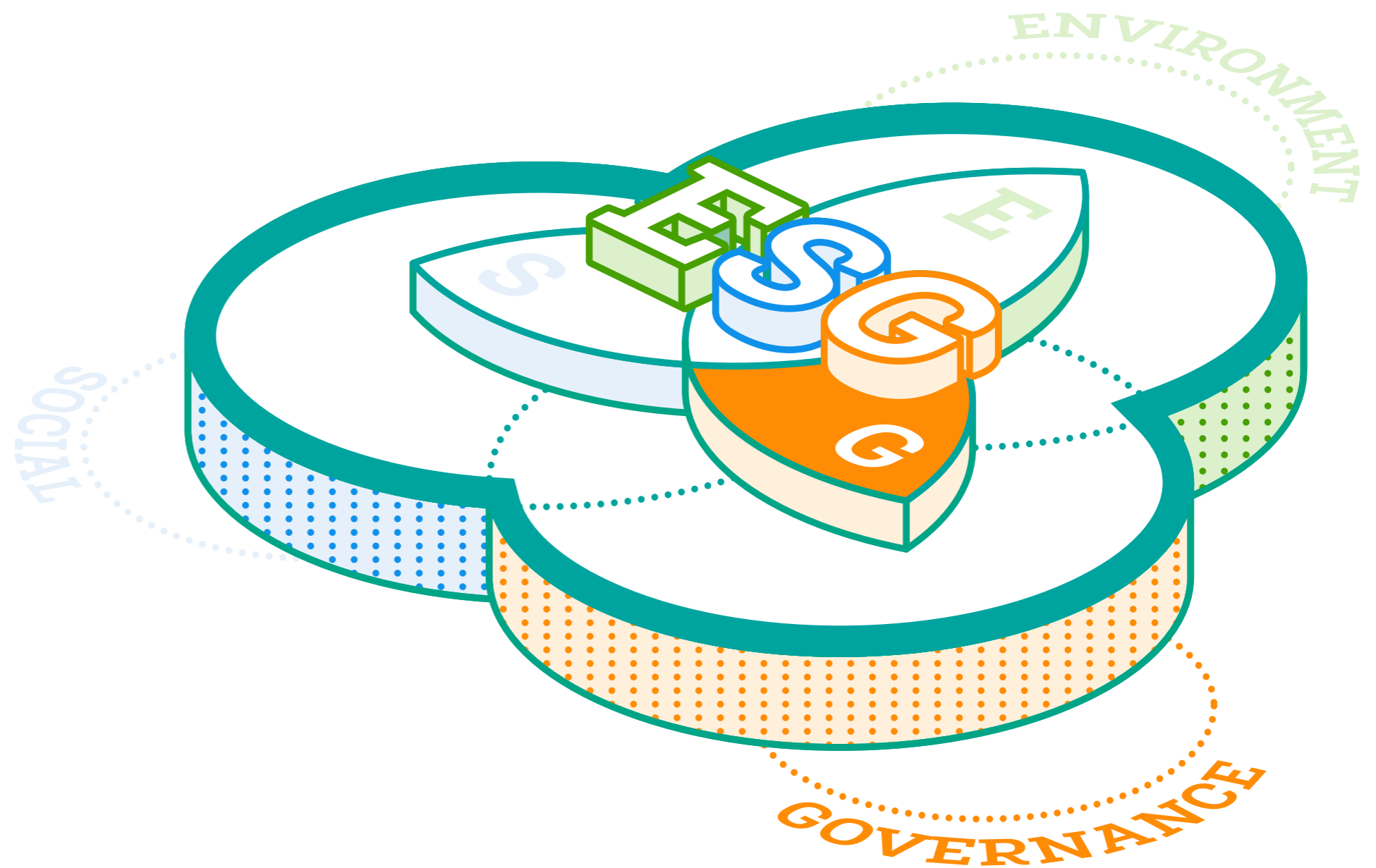
CSA (South Africa)  
Donation of learning materials to a local rural school



CIN (India)  
Donation of school kits to local public schools

# Governance

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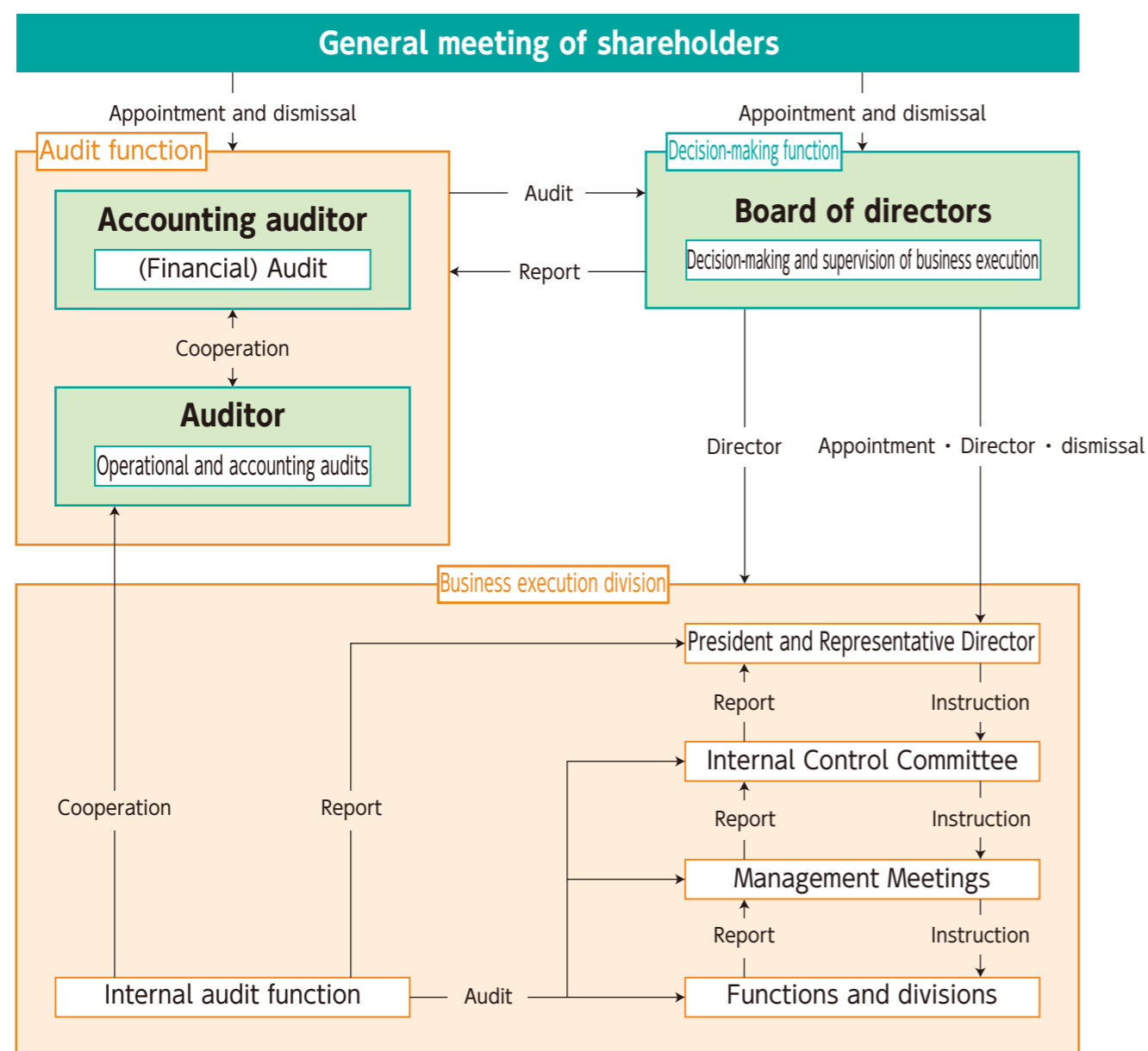


# Corporate governance

## Basic concept

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

## Organization chart



## Status of activities

The Board of Directors' meetings are held in accordance with the Companies Act and the Company's Board of Directors Regulations to supervise the directors' performance of their duties. In fiscal year 2021, a total of seven meetings of the Board of Directors were held.

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

## Internal controls

### C-ICS(CATALER-Internal Control System)

As C-ICS (CATALER-Internal Control System), CATALER strives to develop and properly operate a system to ensure the appropriateness of business operations as a corporate group, based on "CATALER's Basic Approach to Internal Control".

In addition, every fiscal year, the Internal Control Committee inspects the status of the development and operation of internal control, and confirms that the activities of the departments that implement internal control are being carried out autonomously and strengthened as necessary.

### CATALER's basic approach to internal controls

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

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



# Compliance

## Basic concept

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

## From the Compliance Officer

**We want to be a company that continues to be trusted by our stakeholders.**

Since its establishment in 1967, CATALER believes that it has built good relationships with many people, including local residents and customers, by conducting its business activities in compliance with "the laws of Japan and abroad and their spirit," as stated in its management philosophy.

On the other hand, society's demands on companies are increasing day by day, and responses to safety, the environment, and human rights are having an impact on corporate reputation. We take the expectations of our stakeholders seriously and are committed to meeting them on a daily basis.

We believe that a company is a living organism. When activities are stagnant, their strength wanes. The survival of a company may be at risk if it does not constantly read the trends of the times, grasp what is required by society, and deal with risks that affect its management.

CATALER has a domestic production headquarters and R&D center, as well as seven overseas production sites, and we recognize the need for governance as a global CATALER in order to make further progress in the future. The promotion of the C-ICS (CATALER-Internal Control System) by the Internal Control Committee is one such example, and we will continue to evolve our corporate governance structure by enhancing our compliance system and promoting risk management.

In the past, we have overcome difficult situations such as the Lehman Shock and the Corona disaster by drawing on the wisdom and support of our stakeholders.

We will leverage these experiences to improve our corporate governance system and achieve sustainable success.



Executive Managing officer  
Member of the Board  
Corporate Management Function  
Division chief  
**Yukiyasu Saeki**

## Management system

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

## Guidelines for action

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

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

## Guidelines for action

### I. As a member of the CATALER

#### 1. Dedication to duties

Employees shall correctly understand and comply with company policies, work rules and other regulations, as well as work instructions and orders, and shall devote themselves to their duties and perform them faithfully.

#### 2. Act in accordance with social decency

Employees shall act with awareness and responsibility in accordance with sound social common sense, laws, discipline, and good manners.

#### 3. Improvement of profitability

Employees will strive to improve profitability through bold ideas, bold actions, and reliable checks to ensure the company's continued success. We will also strive to reduce costs through thorough cost consciousness and creative ideas.

#### 4. Respect for the interests of the company

Employees must refrain from any conduct that is detrimental to the interests of the company, even in their private activities.

#### 5. Compliance with traffic rules

Employees shall be aware that they are working for an automobile-related company, comply with traffic rules, and strive to avoid causing accidents and being involved in accidents.



## II. Aiming for a lively workplace

### 1. Capacity building

Employees shall cooperate with each other, work hard and compete with each other to perform their duties efficiently, develop and grow in their own abilities, and boldly take on challenges without fear of failure.

### 2. Improvement of work efficiency

Employees shall strive to improve their own techniques and skills, standardize their work, and improve overall work efficiency. They will not be bound by conventional methods or ways of thinking, but will always strive for creative work with flexible ideas.

### 3. Living abroad

While overseas, employees, including their families, should pay attention to security and traffic conditions and ensure their own safety, taking into account the actual conditions of each region, and should make efforts to interact with people in the local community and colleagues.

### 4. Safe and healthy work

All employees shall endeavor to eradicate hazardous areas and operations, to prevent industrial accidents, and to create a safe and healthy workplace through the participation of all employees.

### 5. Respect for the personalities and human rights of employees

Employees shall respect each other's character and human rights and shall not tolerate harassment in the workplace on the basis of race, ethnicity, nationality, gender, social status, etc.

### 6. Understanding and complying with labor-related laws and regulations

Employees shall endeavor to understand and comply with the labor-related laws and regulations of each country and region.

### 7. Protection of company confidentiality

Employees shall endeavor to properly manage the Company's confidential information by maintaining it, preventing its leakage, and eliminating its unauthorized use or disclosure. They shall not divulge any confidential business information obtained during their employment with the company even after retirement.

### 8. Use of company assets

Employees shall make efficient use of company assets and shall not use company property or goods for any purpose other than their business needs.

### 9. Ensure accuracy of accounting and financial data

Employees shall ensure the accuracy of accounting and financial data in accordance with proper accounting standards and shall maintain the confidentiality of such data.

## III. To meet the trust and expectations of all customers

### 1. Development of advanced technologies

Employees shall strive to meet the demands and trust of customers by exercising creativity, developing advanced technologies, and making proactive proposals.

### 2. Respect for international and regional rules

In all their activities, employees shall not only respect human rights, but also recognize that international and local rules exist and comply with them, and shall strive to respect local customs and culture as well as the feelings of the international community and local residents.

### 3. Social usefulness and safety of products and services

Employees must correctly understand the needs of society, pursue beneficial products and services that are acceptable to consumers in terms of quality and cost, and give due consideration to the safety of products and services in their development and production.

### 4. Fair and legally compliant business activities

Employees shall comply with the competition laws, social norms, and business practices of each country and region, and strive to engage in fair, transparent, and free competition.

### 5. Dealing with customers and suppliers

Employees shall conduct business with customers and other stakeholders in a humble manner and with integrity, based on appropriate business policies.

### 6. Protection of other companies' Information

Employees shall use lawful means to obtain confidential information from customers and other companies, comply with restrictions and conditions on the use of such information, and ensure that confidentiality is maintained.

### 7. Purchasing transactions through fair procedures

When employees engage in purchasing transactions, we aim for coexistence and co-prosperity as a good business partner through procedures that are open and easily understood both domestically and internationally.

### 8. Compliance with safety regulations

In order to develop and provide useful products and services with due consideration for safety, employees shall comply with the laws and regulations of each country in the world and endeavor to understand the society and culture of each country that forms the background of the products and services.

## IV. To live in harmony with society

### 1. Active social participation

Employees shall strive to enrich society through volunteer activities and other social contribution activities and participation in local events.

### 2. Personal information protection

Employees must ensure that personal information is protected as stipulated by the company.

### 3. Prohibition of involvement with Antisocial Forces

Employees shall not be involved in antisocial groups or organizations.

### 4. Communication with stakeholders

Employees must strive to maintain and develop healthy relationships with stakeholders through adequate communication.

### 5. Prevention of bribery

Employees must strive to eliminate behavior that could be taken as collusion with politics and government, and to build healthy public-private relationships.

### 6. Prohibition on giving favors in the course of duties, and restrictions on giving gifts to related parties

Employees will not use their job duties to gain personal favors for themselves or others. In addition, employees will not give or receive entertainment, gifts, or money to or from internal or external parties at a level that is beyond the socially acceptable level.

### 7. Protection of intellectual property rights

Employees must protect their own intellectual property and respect the intellectual property of others.

### 8. Environmental protection initiatives

Employees shall be deeply aware of the need to protect the environment and shall perform their duties with the belief that their mission is to contribute to the development of society through the provision of products that contribute to environmental protection.

## Dissemination of action guidelines

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

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

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

## Internal reporting system

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

Taking the opportunity of the revision of the Whistleblower Protection Act in June 2022, we have strengthened the secretariat function and established a system to respond to problems more promptly. 16 cases of reporting and consultation were received in FY2021 (including overseas), but none of them had a serious impact on our business operations.

### 【Reporting system】

#### ① In-house consultation service

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

#### ② External consultation service

- Partner law firms
- Toyota consolidated helpline

#### 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 for entertainment and gifts to public officials, 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 and post-approval reporting procedures when contacting other companies in the same industry.

## Compliance with export-related laws and regulations

CATALER has established export control regulations and is working to ensure strict compliance with the Foreign Exchange and Foreign Trade Law and other control laws and regulations. We have established a system to obtain permission from the Ministry of Economy, Trade and Industry (METI) for all products to be exported that require such permission. In addition, we have established an "Export Trade Control Committee" composed of our executives, which regularly checks the status of compliance with laws and regulations. We ensures that all employees are well informed through annual in-house training, and there were no violations of laws and regulations in FY2021.

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

# Risk management

## Basic concept

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

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

Specifically, each division within the company implements various measures to reduce and avoid risks, and implements daily management, as well as providing education to employees.

In the unlikely event that a risk does materialize, we will respond promptly and appropriately under the direction of top management.

In recent years, we have been implementing "BCM (Business Continuity Management) for Infectious Diseases," "Risk of Cyber Attack," and "Risk of Private Security" to ensure business continuity against the spread of a new coronavirus infection.

In recent years, we have been promoting company-wide initiatives to address the "risk of cyber-attacks" and "privacy protection" as important risks.

## Basic guidelines for business continuity

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

## Basic guidelines for business continuity

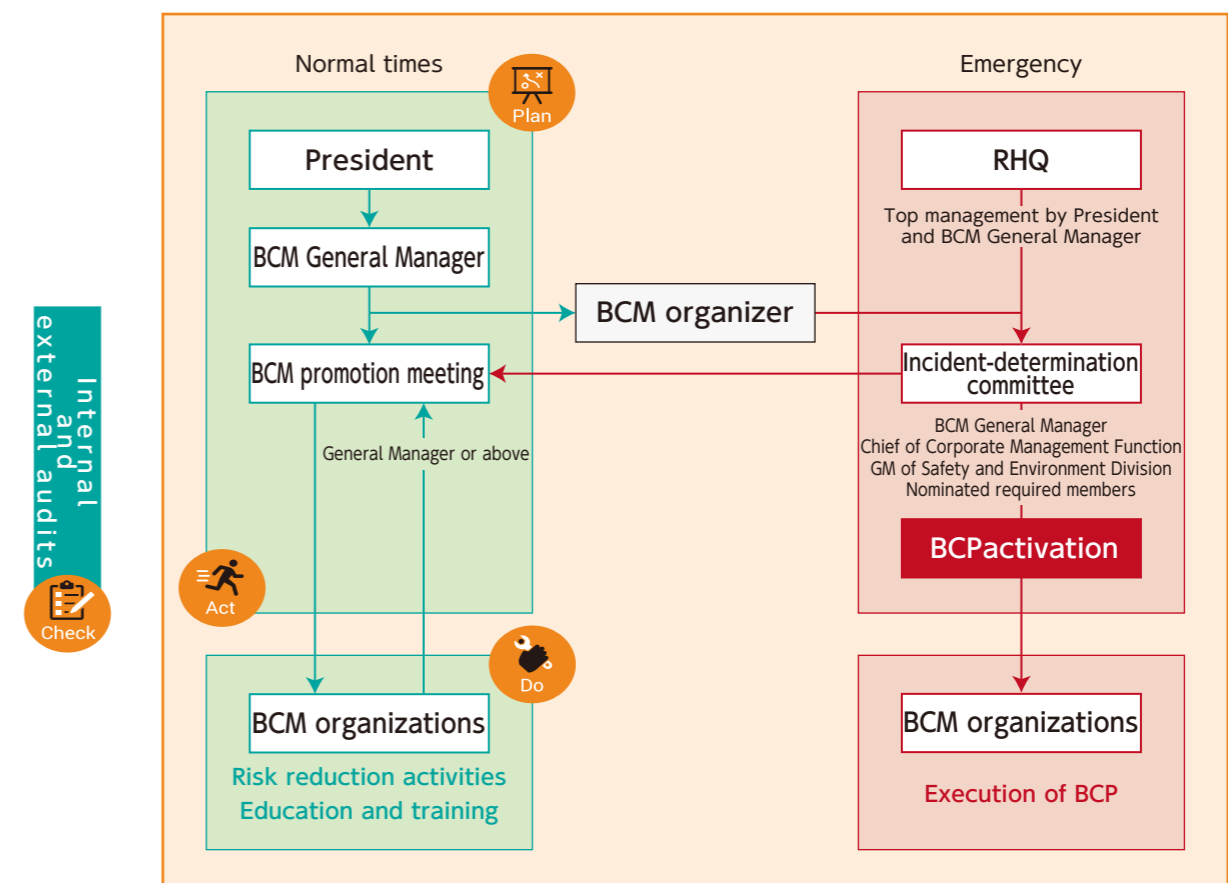
1. Prioritize human life and safety  
Prioritize the lives and safety of employees, their families, and related parties.
2. Contribution to local communities  
Strengthen cooperation with local communities, and actively contribute to local communities.
3. Provide a reliable, continuous supply to customers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

\*1Business Continuity Management System (BCMS)

A management system standard for protecting businesses from various threats and realizing 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 reduction activities for damage assumed in the event of an incident (major earthquake, fire, explosion, typhoon, torrential rain, infectious disease, etc.) and disaster response training, and undergoes internal and external audits (Check), overall activities are reviewed by top management at BCM promotion meeting. The PDCA cycle is used to reflect the findings and recommendations in each organization's activity plan for the next fiscal year (Action). Once an incident is detected, a Restoration Headquarters (RHQ) is established as an emergency response headquarters, and after confirming the damage, an incident assessment meeting is held. This is where we determine if BCP implementation is necessary. If the BCP is activated, each BCM organization starts recovery activities based on the business continuity plan.





## BCM organizations

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

As of 2021, it is organized as follows

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

## Business continuity management (C-BCM)

CATALER has established and operates its own business continuity management system, C-BCM (CATALER - Business Continuity Management), to prepare for various threats such as earthquakes and tsunamis. We continue our business continuity efforts by establishing a system that allows us to continue contributing to local communities and supplying products to our customers, while placing the highest priority on human life and safety. In 2014, we obtained ISO 22301\*1 certification. Currently, we are working toward certification at all CATALER Group locations.

### ISO22301 certification status

CATALER GROUP	CAC (Headquarters)	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.



Inspect and maintain seawalls and sluice gates based on C-BCM

## Disaster countermeasure initiatives

As part of our BCM efforts, we conduct various types of education and training for all employees and accumulate disaster simulations.

Through these education and training programs, we identify operations that should be continued even in the event of a head office malfunction and confirm emergency response procedures.

### Education

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

### Training

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



Comprehensive disaster prevention drill



## Safety confirmation system

In the event of a large-scale disaster or incident in Japan, CATALER has 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.

In addition to earthquake countermeasures, in the event of a major typhoon, we send out safety confirmation e-mails after the typhoon passes to survey the status of households affected. In addition, as a response to the new coronavirus infection, we are effectively using the system to send out e-mails to employees before the end of a long holiday weekend to confirm their physical condition and encourage 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," CATALER contributes 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 headquarters (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

Recognizing that all information related to CATALER's business activities is an important asset, we have established information security management rules to systematically and continuously improve information security.

### Basic stance on information security management rules

#### 1. Compliance with laws and regulations

Comply with laws, national guidelines, contractual obligations, and other social norms related to information security

#### 2. Maintenance of a stable management base

Strive to maintain a stable management base by ensuring competitiveness and business continuity through appropriate management and protection of information assets.

#### 3. Provide safe products and services

Provide safe products and services to customers and society by implementing information security measures in our business activities, including the development, design, and manufacture of products and services.

#### 4. Contribution to the creation of a safe cyberspace

Contribute to the creation of a safe cyberspace so that users can enjoy its benefits with peace of mind

#### 5. Information security management

Continuously promote and improve information security through risk management, including incident response, as well as the establishment of a governance structure.

### Principles of information security initiatives

#### 1. Clarification of responsibility

Establish a promotion system for information security to appropriately manage and protect information assets, and clarify its duties and responsibilities.

#### 2. Maintenance and compliance with information security regulations

Establish and adhere to rules and regulations regarding information security

#### 3. Risk management

Identify information assets to be protected and information security threats to them

Based on the identified threat preparedness and severity of threat impact, take measures to prevent the occurrence of incidents that compromise the confidentiality, integrity, or availability of information assets (information security incidents).

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

#### 4. Training and awareness

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

## Privacy policy

CATALER has established internal rules for the protection of personal information and has built an internal management system to ensure the protection, management, and handling of personal information. The internal regulations stipulate measures to be taken when personal information is acquired directly or indirectly, how it is handled and managed within the company, and how to respond to inquiries from the individual concerned. These regulations also comply with the Personal Information Protection Law, the My Number Law, and the EU General Data Protection Regulation (GDPR).

As for the management system, the Chief of the Corporate Management Function is appointed as the Chief Privacy Officer, the General Manager of the General Affairs Division as the administrator, and the General Manager of the Personnel Division, etc., as the person in charge of office handling.

## Intellectual property

In recent years, the automotive industry has seen accelerating changes in vehicle powertrains for the purpose of mitigating climate change, requiring quick and flexible technological responses. In order to respond to new fields in preparation for carbon neutrality and to continue to provide high-value technology to the market in the midst of a drastically changing market environment, it is necessary to gather a wide range of information and changes in customer needs and market trends to anticipate future technologies and reflect them in our business strategies for further product development. In order to realize such a business strategy, CATALER has established a basic policy, which considers intellectual property to be the cornerstone of its business strategies. This policy is positioned as a common management strategy that remains unchanged across the various businesses that CATALER operates.

### Basic policy

- The technical division that creates intellectual property, the intellectual property division that secures rights to intellectual property, and the sales division that utilizes intellectual property work in unison to make decisions for product development and continue the business.
- We will develop products to customers and markets with a business strategy that includes an intellectual property strategy with a view to creating intellectual property faster, asserting it more strongly, and utilizing it more widely.

### Respect for third-party intellectual property

We view issues related to third-party intellectual property rights as equally important issues related to product performance. We conduct detailed research on other companies' intellectual property from the product development stage and promote intellectual property activities to ensure that our technology does not infringe on the intellectual property rights of third parties.

### Strategies in intellectual property

We build a patent portfolio by analyzing the status of intellectual property in each R&D field, reflecting it in our R&D strategy, and protecting the resulting R&D results as intellectual property. It is also important to secure a large number of strong patents in order to maintain a competitive advantage. We evaluate the value of the patents we hold and reflect this in our development and intellectual property strategies.

### Human resource development in handling intellectual property

In order to implement the above policy, we provide intellectual property training for each level of the development department and promote the development of human resources who can respect and utilize intellectual property on their own.



## ESG data

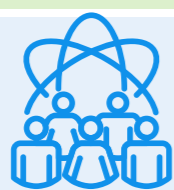
### Environment



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

(Data) Item	Indicator	Unit	2016	2017	2018	2019	2020	2021
CO <sub>2</sub>	Amount of discharge	Thousand t-CO <sub>2</sub> /year	14.88	14.97	16.04	16.47	14.86	14.63
Waste	Amount of waste generated	Thousand tons	0.27	0.32	0.29	0.29	0.27	0.20
	Emissions intensity	t/thousand pieces of product	0.046	0.045	0.044	0.039	0.040	0.029
Environmental accident	Number of occurrences	cases	0	0	0	0	0	0

### Society



Period: Fiscal year "Apr-Mar".

(Data) Item	Indicator	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Number of group employees	Number of male and female	No. of people	1,948	2,123	2,254	2,473	2,447	2,470
Number of non-consolidated employees	Number of male	No. of people	754	780	805	858	876	872
	Number of female	No. of people	188	191	198	198	207	211
	Total number of people	No. of people	942	971	1,003	1,056	1,083	1,083
	Percentage of male employees	%	20.0	19.6	19.7	18.8	19.1	19.5
By employment status	Number of full-time employees	No. of people	781	791	827	871	893	900
	Number of part-time employees	No. of people	122	119	121	121	106	102
	Number of temporary employees	No. of people	39	61	55	64	84	81
	Total number of employees	No. of people	942	971	1,003	1,056	1,083	1,083
Employment of people with disabilities	Number of employment (headcount/count)	No. of people	9 <sub>/14</sub>	11 <sub>/16</sub>	11 <sub>/16</sub>	15 <sub>/22</sub>	16 <sub>/23</sub>	15 <sub>/21</sub>
	Employment rate	%	1.52	1.76	1.73	2.27	2.27	2.13
	Required employment rate	%	2.0	2.0	2.2	2.2	2.2	2.3
Adoption	Number of new graduates hired	No. of people	28	22	27	31	26	23
	Percentage of new graduates who are female	%	21.4	22.7	25.9	19.4	30.8	21.7

(Data) Item	Indicator	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Adoption	Number of career recruits	No. of people	12	19	31	37	16	24
Leaving or losing a job	One's own convenience	No. of people	19	22	22	24	15	28
	Retirement age	No. of people	3	6	4	10	2	4
Education and training	Number of general raining programs	Cases	72	83	84	83	85	108
	Number of general etraining competencies acquired	Cases	5,859	2,181	1,541	1,911	1,945	2,010
Average age	age	years old	36.0	36.0	36.7	36.8	37.2	38.9
Average years of service	All employees	years	12.8	12.8	12.8	12.8	13.8	13.9
	Female employee	years	11.8	12.2	11.7	11.6	11.7	12.7
Acquisition of childcare leave	Male acquisition rate	%	3.6	2.2	5.1	11.8	4.5	16.7
	Percentage of female acquiring	%	100	100	100	100	100	100
	Number of acquirers	No. of people	17	10	12	15	7	15
Return to work after childcare leave	All employees (male and female total)	%	100	100	100	93	100	93
Number of employees aking nursing care leave	All employees (male and female total)	No. of people	1	2	1	0	1	0
Number of short-time workers	All employees (male and female total)	No. of people	21	25	29	22	26	37
Industrial accident	Fatal accident	Cases	0	0	0	0	0	0
	Lost time accident	Cases	0	0	0	0	0	0
In-house influenza vaccination coverage		%	—	24.3	29.1	42.2	47.3	46.0
Percentage of respondents who possess antibodies against measles		%	—	—	99.2	99.2	99.2	99.2
In-house gynecological checkup uptake rate		%	—	—	57.0	63.0	79.0	81.0

### Governance



As of July 2021

(Data) Item	Indicator	Unit	Male	Female	Number of times held	Number of times held
Member of the board	Number of employees (part-time)	No. of people	8 <sup>(2)</sup>	0 <sup>(0)</sup>	Member of the board	7
Auditor	Number of employees (part-time)	No. of people	3 <sup>(2)</sup>	0 <sup>(0)</sup>	Auditor	6

## Policy type

### Policy List

Category	Guidelines	Publication page
CATALER's CSR	CSR Guideline	P4
Environment	Environmental guidelines	P8
Society	Quality guidelines	P15
	Procurement guidelines	P18
	Supplier CSR guidelines	P18
	Safety guidelines	P24
Governance	Guidelines for action	P33
	Basic guidelines for business continuity	P36