



Sustainability Report 2021



Contents

Introduction

Message from the President	3	Overview of Our Products, and Our Contribution Toward Addressing Environmental Issues	4
		Cataler's CSR	5

The Environment

Environmental Management	7	Initiatives to Combat Global Warming	11
Reducing the Environmental Burden and Saving Energy	10	Water Risk Management	11

Society

Quality Assurance	12	Occupational Safety and Health	20
CSR Procurement	15	Health	22
Human Resources	17	Business Continuity	24
		Social Contribution Activities	26

Governance

Corporate Governance	27	Compliance	28
		Risk Management	31

Data / Policies

ESG Data	33	Policies	34
----------	----	----------	----

Editorial policy

▶ Reporting Period

FY2020 (April 2020-March 2021)
Information includes some activities before and after this period.

▶ Reporting Boundaries

This report refers to the activities of Cataler Corporation during the reporting period.
(However, some information includes overseas subsidiaries.)

▶ Publication Date

Next scheduled publication date: September 2022
Reporting cycle is scheduled to be once a year.

▶ Reference Guidelines

- GRI Standards

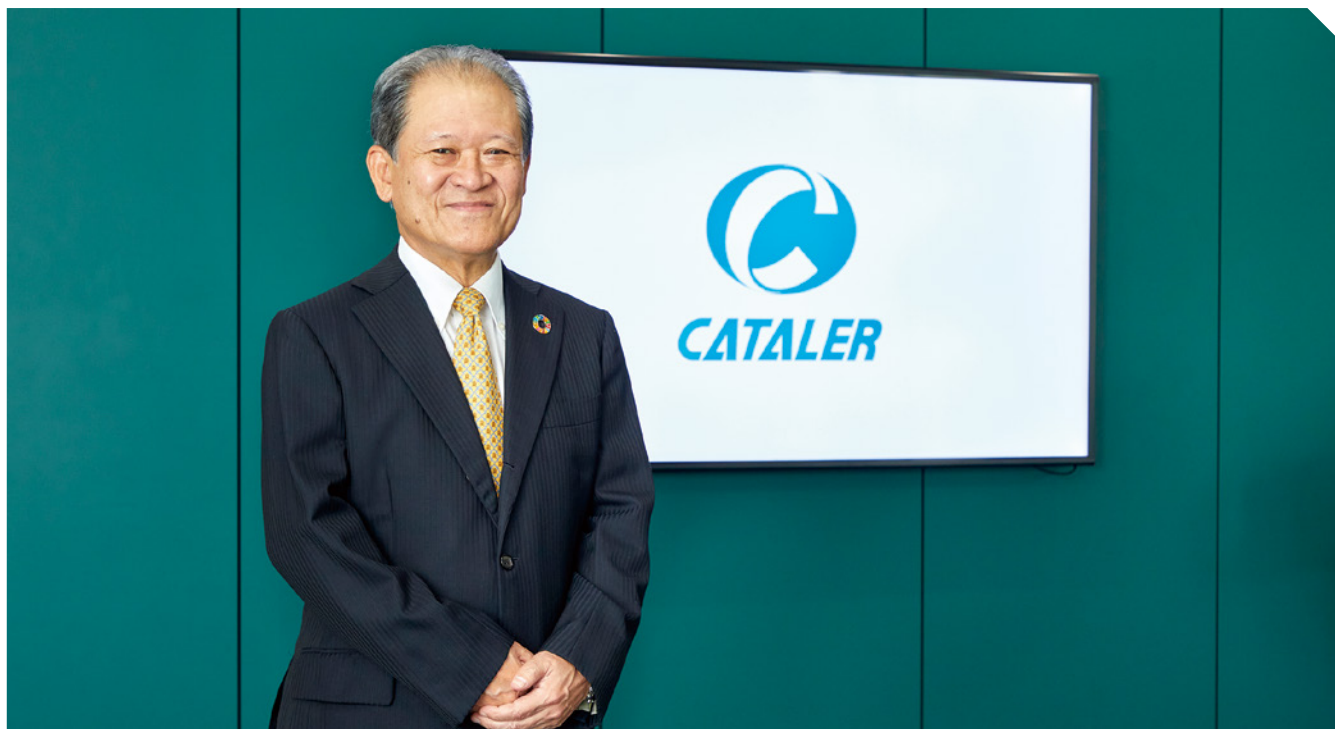
▶ Editorial Policy

We prepared this report to inform our stakeholders of our "contribution to a sustainable society," "future direction," and also environment (E), society (S), and governance (G) initiatives through our business activities of developing, manufacturing, and selling catalysts for purifying automobile and motorcycle exhaust gas, which we have been working on since our establishment.

This time, we have changed the name of our previous "CSR Report" to the "Sustainability Report" in order to convey activities toward the realization of a sustainable society and to provide various information about our company.

▶ Contact for Inquiries

Cataler Corporation
Responsible publication division: General Affairs Division
7800 Chihama, Kakegawa, Shizuoka 437-1492, Japan
E-mail: report-suport@cataler.co.jp



I would like to start by expressing my heartfelt sorrow for all the victims of the COVID-19 pandemic, offering my condolences to their families, and expressing my hope that all those currently affected by COVID-19 will make a full and swift recovery.

Being prepared for a changing business environment

With the rapid pace of technology evolution in the “Connected, Autonomous, Shared, Electric” (CASE) vehicle segment, the automotive sector is in the middle of a once-in-a-century period of dramatic change. At the same time, the COVID-19 pandemic has transformed lifestyles all over the world, and thrown economies into chaos. At Cataler Corporation, we aim to keep our finger on the pulse of these kinds of changes in industry and in society as a whole, and to contribute to society by undertaking business development that factor in these changes in the business environment in advance.

In 2016, the Cataler Group announced its GLOBAL VISION 2025, a management vision outlining where we hoped to be in 10 years’ time. This year was the mid-point in the realization of GLOBAL VISION 2025, marking the sixth year of implementation. The slogan chosen for GLOBAL VISION 2025 was “Yakudo (Dynamic Progress), Yakushin (Breakthroughs), Hiyaku (Great Strides),” and we have been working to expand our business foundations and roll out various proactive initiatives. I feel that, during this period, things have proceeded broadly according to plan, with the achievement of our management targets ahead of schedule, and the awarding of the Deming Grand Prize to Cataler. However, the business environment in which our company operates has been changing at an incredibly fast rate. In response to developments such as the European Commission’s proposal to have CO₂ emissions from new cars sold in Europe reduced to zero by 2035, and the promotion of digital transformation (DX), there has been a need for careful managerial decision-making. Looking ahead to the GLOBAL VISION’s target year of 2025, besides staying ahead of the changes taking place in society, realizing sustainable growth, and working steadily to build up our business foundations, we will also be working to put into practice our approach to sustainability, which involves achieving a harmonious relationship with all our stakeholders.

Working towards the realization of a sustainable society through our business activities

Since its founding in 1967, the Cataler Group has espoused a management philosophy of “Contribute to customer satisfaction and the creation of a prosperous society by offering cutting edge products and technology for greater harmony between humans and the earth.” In line with this philosophy, we have developed environmental technologies for air and water purification, with a particular focus on automotive exhaust catalysts, and we have been working to address environmental problems on a global scale.

Recognizing that this management philosophy is in accordance with the United Nations Sustainable Development Goals (SDGs), the aim of which is to achieve a sustainable society at the global level, and appreciating the need to help purify the atmosphere and reduce the burden on the environment through our business activities, we have launched activities aimed at realizing related targets by 2030. In addition, by accelerating efforts to help achieve a carbon-neutral society through the effective utilization of the catalyst technology and carbon materials know-how that we have cultivated over the years, we are contributing towards a resolution of the climate change related problems affecting society. Events such as the COVID-19 pandemic can have a dramatic impact on the social environment. When faced with such situations, Cataler will continue to implement measures directed towards the realization of our management philosophy, aiming both to help solve society’s problems and achieve earnings growth for our company, and engaging in dialog with our customers, the local community, our employees, and all of our other stakeholders. Our goal is to be an enterprise that is trusted and appreciated by as many stakeholders as possible.

President Member
of the Board Chief
Executive Officer

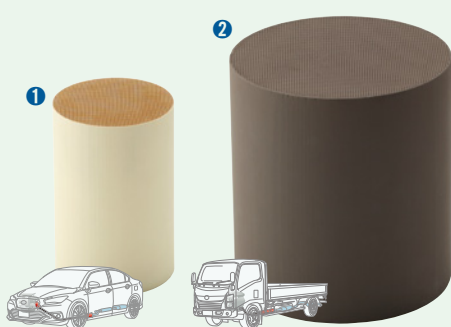
Living in harmony with the earth

Using chemical reactions to transform harmful substances into harmless components – that is the power of catalysts.

Cataler manufactures and sells catalysts that convert the harmful substances contained in the exhaust gases emitted by cars, motorcycles, etc. into harmless substances, before they are emitted. We hold the highest market share in the Japan market, and our products have also received very positive evaluations from automotive manufacturers outside Japan, and are in widespread use all over the world.

As a company that exists in the world along with our stakeholders, we aim to help realize a sustainable society, and we contribute, through our business operations, toward reducing the number of cases of illness caused by atmospheric pollution.

Catalysts for purifying exhaust gases



① Catalysts for gasoline engine cars

The toxic substances in exhaust gases (hydrocarbon, carbon monoxide, and nitrogen oxide) are transformed into harmless nitrogen, water, and carbon dioxide by the oxidation and reduction action of the catalyst, which is coated onto holes in a ceramic and metal honeycomb structure, so that the exhaust gases which are emitted by the vehicle do not contain any harmful substances.



③ Motorcycle catalysts

This type of catalyst utilizes a metal honeycomb unit that is made by assembling inside a metal pipe a honeycomb structure in which corrugated metallic foil and flat foil are wound up together. It transforms the harmful substances contained in the exhaust gases of motorcycles, etc. into harmless substances.

④ Marine catalysts

The marine engines used in motorboats and in personal watercraft (PWC) such as jet skis are also fitted with metal honeycomb catalysts. Our marine catalysts comply with U.S. exhaust regulations.

② Diesel catalysts

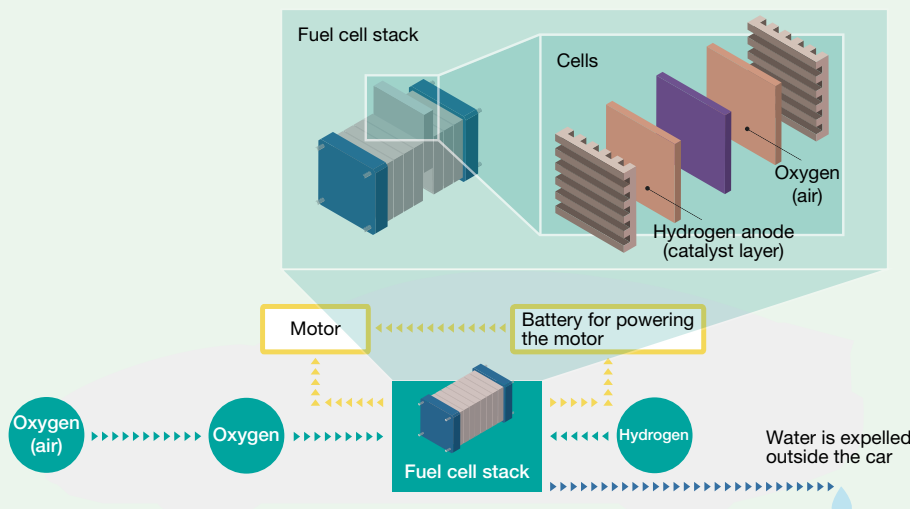
Catalyst is coated on a filter-shaped substrate, so that when exhaust gases pass through the filter, the soot and other particulate matter that is an issue with diesel vehicles is removed along with the hydrocarbon and carbon monoxide.

⑤ General purpose engine catalysts

This type of catalyst is used for purifying the exhaust gases of various types of equipment fitted with internal combustion engines, including gardening equipment fitted with small engines, such as lawnmowers, chainsaws and trimmers, as well as golf carts, etc.

Fuel cell electrode catalysts

Hydrogen-powered fuel cell vehicles (FCVs) use a motor for which electrical energy is generated through the reaction between oxygen obtained from the atmosphere and hydrogen carried in the vehicle. We produce the fuel cell electrode catalysts that underpin this electricity generation.



The catalyst layer is made from platinum-supported carbon. Using our Cataler-developed technology, we are able to ensure even size and distribution of the platinum, which makes for an efficient chemical reaction and enhances generating performance.

Cataler's CSR

In line with our corporate ethos, Cataler responds 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 a social conscience, and we provide products and services that help to address a wide range of social and global issues.

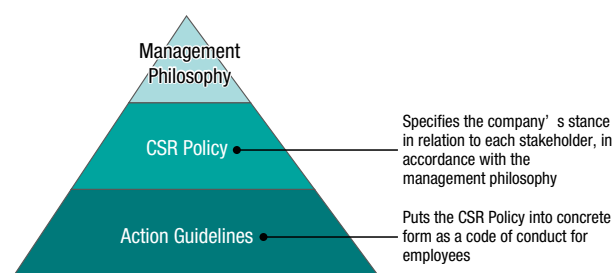
By contributing toward the achievement of the United Nations Sustainable Development Goals (SDGs) while also striving for sustainable development ourselves, we aim to enhance our corporate value as a truly global company.

Management philosophy

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, which outlines the precepts that employees are expected to follow in relation to each category of stakeholders.

Management philosophy

1. Keep strict observance of, and respect for, the language and spirit of all foreign and domestic laws and regulations, and engage in fair and open business practices.
2. Contribute to customer satisfaction and the creation of a prosperous society by offering cutting edge products and technology for greater harmony between humans and the earth.
3. Create a corporate culture based on mutual trust between labor and management, where employees are able to use their abilities and challenge new possibilities.
4. Be a company that contributes to the development of the local community and is loved and trusted by local residents.



CSR Policy

Cataler Group CSR Policy

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 Guidelines \(Full text\)](#)

Implementation framework

The SDGs Organizer within the General Affairs Division plays a central role in implementation, promoting related activities in coordination with individual units.

The results of discussions regarding the identification of priority issues and setting of goals are approved by the CSR Committee, an internal committee whose meetings are attended by senior management. Going forward, reports will be submitted as necessary regarding the progress made in plan implementation.







Relationship with stakeholders

Our company's business is built on the foundations provided by the relationship of trust that we enjoy with stakeholders.

To respond to stakeholders' expectations and requests, we have created various opportunities for communication, and we aim to build a relationship of trust with stakeholders.

Stakeholder	Main opportunities for communication
Customers	•Sales activities •Customer satisfaction surveys
Local communities	•Community contribution activities •Support for athletes
Suppliers	•Meetings for considering safety and the environment •Meetings for the exchange of information •CSR study meetings •Supplier awards
Employees	•Employee satisfaction surveys •Trinity meetings •Internal newsletter

List of priority issues relating to the SDGs

Priority issue (Materiality)	Vision	Goals	Management items	Target value (by 2030)
1. Reduce the number of cases of illness caused by atmospheric pollution	We will contribute toward a reduction in the number of cases of illness caused by atmospheric pollution through manufacturing and selling catalysts.		Total amount of CO, HC and NOX purified	648,006,875 tons
2. Reduce the environmental burden in the value chain	We will work to minimize the burden on the environment associated with the manufacturing and sale of our products.		CO ₂ emissions	Emissions per unit of net output (t-CO ₂ / thousand units) Reduce emissions by at least 32% compared to actual performance in 2015
			Amount of waste generated	Waste generated per unit of net output (kg / thousand units) Keep the amount of waste generated below the actual amount generated in 2018
			Water quality	Keep water quality within the following values: pH: Between 6.6 and 8.2, SS: No more than 15 mg/L COD: No more than 10 mg/L, BOD: No more than 10 mg/L •Ammonium, ammonium compounds, nitrites and nitrates: No more than 70 mg/L
			Precious metal (Pt, Pd, Rh) usage	Reduce usage by at least 60% per unit (compared to 2015) *In the main types of catalyst
3. Promote diversity	We will make work motivating for all employees.		<ul style="list-style-type: none"> •Employment rate of people with disabilities •Employment rate of female new graduates •No. of female employees in leadership positions 	At least 2.3% (in accordance with the revision of the law) At least 20% (each year) Twice the 2018 figure (by 2023)

Methodology used to identify priority issues

Basic approach

Cataler has been refining our existing CSR activities, launching a variety of activities that embody the philosophy of the SDGs, and implementing activities that make a positive contribution for the benefit of our stakeholders and of society. Starting from 2020, we have used the setting of priority issues and targets as the basis for implementing CSR activities.

In the future, we will continue to drive these activities forward, adjusting our plans as necessary and utilized the PDCA (Plan – Do – Check – Act) cycle.

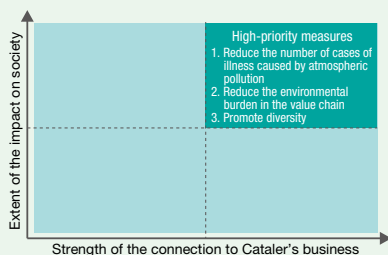
Process for identifying priority issues

Step1 Collection of information

Attend seminars on the SDGs, perform benchmarking against other companies, refer to the SDG Compass, and develop an in-depth understanding of the process for setting priority issues and targets.

Step2 Selection of issues

Using the SDGs' 17 Goals and 169 Targets as a framework, identify priority measures by taking (1) the strength of the connection to Cataler's business, and (2) the extent of the impact on society, as the two axes.



Step3 Verification of the appropriateness of the selection by senior management

The appropriateness of the selected priority issues and targets is verified by senior management and by the SDGs Organizer. Determine Cataler's priority issues through a process of discussion.

Step4 Approval by senior management

Approve the items set as priority issues at an internal meeting attended by senior management.



Environmental Management

Environmental Guidelines

At Cataler, our vision is to pursue “optimum harmony between humans and the environment,” with the aim of safeguarding our irreplaceable planet and ensuring a prosperous society far into the future. We consider concern for the global environment to be one of the most important issues that we need to take into account in our business activities.

Our Environmental Guidelines are outlined below.

Environmental Guidelines

Contributing to a Prosperous 21st Century

Cataler will develop and provide advanced environmental products to contribute towards the realization of a prosperous 21st century.

Through our corporate activities, we will work actively to help reduce the environmental burden via the continued maintenance of zero emissions, more efficient use of electric power and natural gas, and the effective utilization of raw materials.

Pursuit of Environmental Technology

Aiming to give due consideration to both the environment and the economy, in our product development and production activities we explore all possibilities for developing and establishing new technologies.

Independent Initiatives

In order to protect the environment by preventing environmental pollution, we set our own environmental goals and targets for the areas of environmental conservation, energy saving, the effective utilization of resources, and design and procurement, based on our Environmental Guidelines. We organize activities that all employees can participate in, and we implement thorough preventative measures and ongoing improvement.

These activities are evaluated by an executive council chaired by the company president and revised as needed so that they can be implemented successfully.

Coordination and Cooperation with Society

Besides adhering strictly to all relevant environmental laws, regulations, statutes, protocols, and agreements made with customers that relate to our corporate activities, Cataler also promotes coordination and cooperation with a wide range of segments within society that are related to the environment, including collaboration with affiliated companies and related industries.

Environmental Education

To ensure that the above-mentioned activities are effectively conducted and meaningful results achieved, we clearly stipulate the required education and training for each employee, and we implement this education and training in a systematic manner.

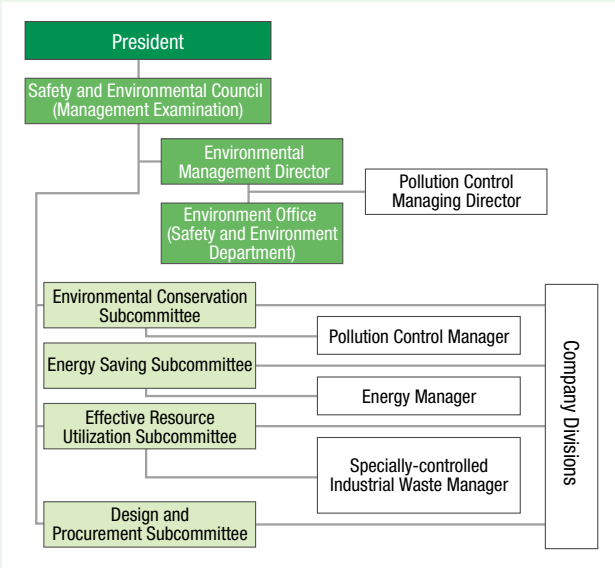
Management System

We have put in place a management system headed by the company President, and with the Environmental Management Director and Environment Organizer playing central roles, we implement environmental activities in which all employees participate.

The position of Pollution Control Manager and other statutory managerial positions are held by qualified individuals.

The Safety and Environment Council receives reports from the Environment Organizer regarding compliance status, revisions of relevant laws, environmental concerns, as well as reports on coordination with other companies, and receives activity reports from the individual subcommittees, all of which links into future actions.

The environment-related subcommittees — the Environmental Conservation Subcommittee, Energy Saving Subcommittee, Effective Resource Utilization Subcommittee, and Design and Procurement Subcommittee — undertake activities in their four respective areas.





Voice

A Message from the Environmental Management Director

With the aim of helping humanity to live in better harmony with the environment, Cataler has used its catalyst technology for purifying the exhaust gases from internal combustion engines to make a positive contribution to the global environment. At the same time, we are also playing an important role in combating global warming by developing and supplying electrode catalysts for fuel cell vehicles (FCVs), which are the ultimate eco-friendly car. In relation to environmental issues, we will continue striving for the conservation of water resources and effective utilization of scarce resources, while continuing to implement our own technology-focused approach to responding to society's expectations in terms of realizing a carbon-neutral society.

With regard to the SDGs, we have identified our company's materiality from the two perspectives of product development and production activities, and we have set ourselves concrete goals in terms of contributing toward environmental conservation through catalyst development, and making a serious effort to reduce the environmental burden of our production activities. The employees of Cataler Corporation and of our global network of affiliates understand the significance of contributing to the environment, and are working to help achieve our environmental targets in their own respective roles.









Director, Member of the Board and
Senior Managing Officer
Environmental Management Director
Ryuichi Sueyoshi

Environmental Targets and Results

Based on our Environmental Guidelines, we have established the following management items and target values, and we are implementing related activities.

By comparison with the initial targets set for FY2020, we failed to achieve the annual target for CO₂ emissions per unit of output, due to the fall in production volume that resulted from the COVID-19 pandemic.

Although we continue to face the threat posed by COVID-19, we are seeing signs of a recovery in production volume in FY2021. We are proceeding with efforts to make factory operation more efficient, and the whole company will be working as one to implement environmental activities aimed at realizing our numerical targets for 2030.

Priority Issues (Materiality)	Vision	Management Items	FY2020			Target Value (by 2030)	Related SDGs
			Target	Performance	Self-assessment*		
Reduce the environmental burden in the value chain	We will work to minimize the burden on the environment associated with the manufacturing and sale of our products	CO ₂ emissions 	No more than 1.27	1.33	×	Emissions per unit of net output (t-CO ₂ / thousand units) Reduce emissions by at least 32% compared to actual performance in 2015	
		Amount of waste generated 	No more than 44.1	40.3	○	Waste generated per unit of net output (kg / thousand units) Keep the amount of waste generated below the actual amount generated in 2018	
		Water quality 	Voluntary target level not met	Voluntary target level not met	○	Maintain voluntary target level pH: Between 6.6 and 8.2, SS: No more than 15 mg/L COD: No more than 10 mg/L, BOD: No more than 10 mg/L Ammonium, ammonium compounds, nitrites and nitrates: No more than 70 mg/L	

* Self-evaluation standards in relation to the degree of achievement of annual targets:○Target achieved ×Target not achieved



Strengthening Global Environmental Management

With the growth in the world’s population and continuing economic development, there are growing environmental risks, including climate change and resource depletion, which could have a serious impact on the future of society and of our beautiful planet. In order to be able to coordinate initiatives to reduce the environmental burden with our bases outside Japan, starting from FY2021 we are investigating the current water quality situation and the amount of waste generated at each overseas base, and striving to enhance our overall global environmental management.

Compliance with Environmental Legislation

In line with our Environmental Guidelines, besides adopting an environmental management system and adhering strictly to all relevant environmental laws, regulations, statutes, protocols, and agreements made with customers, we also promote coordination and cooperation with a wide range of segments within society that are related to the environment, including collaboration with affiliated companies and related industries.

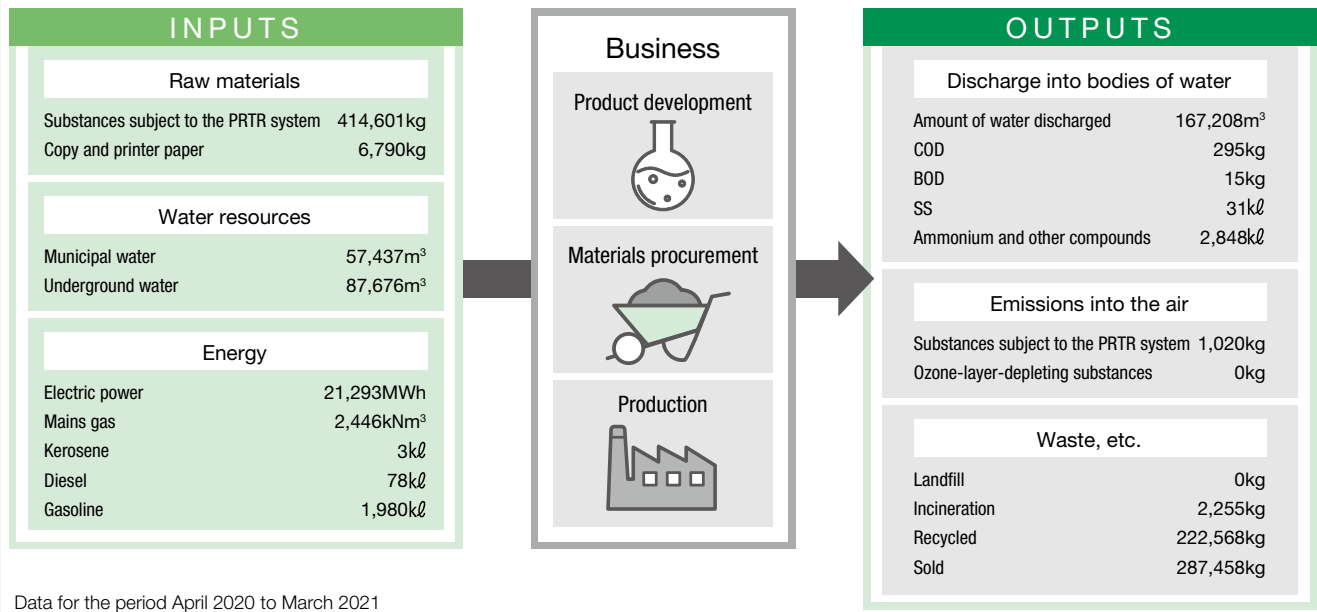
Over the past five years, we have had no violations of environmental legislation or serious environmental pollution incidents, and have received no complaints relating to environmental matters.

Employee Training

Our company contributes toward safeguarding the environment by helping to prevent atmospheric pollution through our products. To prevent environmental problems from arising in our production processes, our entire company attaches particular importance to preventing environmental incidents. To ensure that all employees working at Cataler understand the ISO14001 environmental management system and learn about the company’s environmental initiatives, environmental education — focusing on our environmental manual and procedures — is compulsory, and the following types of education and lectures are provided.

- Basic environmental education for new employees and mid-career hires
- General environmental education for all employees
- Education on safety and environmental legislation, organized by the Design and Procurement Subcommittee
- ISO14001 education for internal auditors
- Education relating to specific laws and regulations, such as education for managers responsible for poisonous substances and deleterious substances

Overview of the Environmental Burden (Annual Totals)





Reducing the Environmental Burden and Saving Energy

■ Basic Approach

In order to realize a sustainable society, it is vitally important to move away from systems characterized by large-scale production and large-scale waste generation towards a circular economy. To safeguard global ecosystems, we need to reduce the burden on the environment, from a perspective that emphasizes both compliance with relevant laws and regulations and the product lifecycle as a whole.

At Cataler, we are working to reduce emissions through both thorough separation of emission substances and various types of recycling.

■ Reducing Waste

The Effective Resource Utilization Subcommittee plays a central role in activities to reduce waste, including the development of production equipment that generates waste water with less sludge in it, reuse of water materials, and other efforts to reduce waste. By 2007, we had already reduced emissions from waste sent to landfill to zero, and we have continued to maintain this performance right up until today.

We are also working to reduce the amount of waste that needs to be recycled, and we are continuing to achieve reductions in this area.

■ Reducing the Environmental Burden Associated with Raw Materials

In recent years, there has been a worldwide increase in the number of motor vehicles on the roads, and in the number of internal combustion engines, which are used to power them. Extensive R&D work has been undertaken in response to the calls for more efficient engines and for the electrification of motor vehicles, and there has been a need to modify 3-way catalysts, which are used to purify the exhaust gases of internal combustion engines, to meet the needs of these new systems. It has also become necessary to develop more resource-efficient, high-performance catalysts to comply with the increasingly strict regulations governing exhaust gases, and to respond to the growing demand for precious metals.

To increase the scope of application of 3-way catalyst purification during this period when the wider environment is changing, Cataler has explored the adoption of CZ*1 materials, which use a Pyrochlore structure*2, as a new OSC*3 material. With the Pyrochlore structure, cerium (Ce) and zirconium (Zr) are arranged regularly in an alternating fashion, with oxygen able to move freely (taking account of the special characteristics of Ce and Zr), making for a higher oxygen utilization rate, and realizing an OSC that is closer to the theoretical upper limit. By making effective use of our expertise in chemical engineering, materials science and structural analysis technology, we have succeeded in developing a new OSC material that maximizes the characteristics noted above.

By combining various different development items – including precious metals and powder materials— our 3-way catalysts realize an improvement in purification performance, and we have now succeeded in developing a new type of catalyst which further enhances the purification performance and reduces the amount of precious metal needed (by around 50%, compared to previous models) through the use of the newly-developed OCS material (CZ material with a Pyrochlore structure). We will continue to undertake enthusiastic R&D work with the aim of further enhancing the purification performance and reducing the quantities of precious metals used still further.

*1 CZ (CZ/CeO2-ZrO2 solid solution): This material is widely used in 3-way catalysts because of its high oxygen absorption and release capability.

*2 Pyrochlore structure: A super-structure derived from a simple fluorite structure (AO2=A4O8).

*3 OSC: Oxygen Storage Capacity



Initiatives to Combat Global Warming

Basic Approach

With countries all over the world announcing plans to reduce net CO₂ emissions to zero and become carbon neutral, the shift towards a decarbonized society is picking up speed, and business enterprises' efforts to reduce greenhouse gas emissions are becoming ever more important.

In line with this trend, Cataler has set targets for reducing emissions of CO₂, which is the main cause of global warming, and we are implementing measures to achieve these goals.

Initiatives to Reduce CO₂ Emissions

With the aim of ensuring that we meet our CO₂ emissions reduction targets, we have formulated and are managing plans for improvement, with the Energy Saving Subcommittee playing a central role, and we have been steadily accumulating meaningful results.

In recent years, the establishment of new production bases in Japan, and changes in our production operations that accompanied the changing business environment both in and outside Japan, had put us in a difficult situation with regard to CO₂ emissions, a situation which had continued for some time, but in FY2021 overall emissions fell compared to the previous year.

Going forward, we will be working to achieve even bigger reductions by actively implementing various measures.

The main initiatives implemented in FY2020, and the results achieved, are outlined below.

	Main initiatives	Results
Making production processes more efficient	<ul style="list-style-type: none">Improving production volume by enhancing the yield rate in the PGM loading processReducing the amount of time that driers and furnaces are operating in the coating process	Around 110 tons / year
Energy-saving with existing equipment	<ul style="list-style-type: none">Switching over to LEDs for lightingOptimizing the operating conditions of air-conditioning equipment (reducing operating time)	Around 110 tons / year

Water Risk Management

Basic Approach

Throughout the world, there has been an increase in water procurement risk in terms of drought, etc., and damage from flooding has become more serious, and so measures need to be taken in response to water risk in locations all over the world. At the same time, as a manufacturer that operates factories, Cataler has to take steps to prevent problems such as water pollution.

We are therefore implementing measures to prevent water pollution, from a perspective that emphasizes nature conservation.

Water Pollution Prevention

Cataler has the most up-to-date waste water processing equipment, equipped with biological treatment and activated carbon processing capabilities. We have installed safety equipment so that water quality items are automatically monitored on an ongoing basis, and if an abnormality occurs, the wastewater is automatically

redirected into an emergency tank, thereby ensuring that suspect wastewater is not discharged outside the plant. We have also established rigorous voluntary standards (with permitted maximum values that are in some cases as low as one-twentieth of the statutory values), and we perform regular measurements. To date, there have been no abnormalities.

Reducing the Amount of Water Used

To minimize water usage, we have been implementing effective utilization of recycled water and other water conservation efforts, for example by recycling the cooling water used for the production equipment.



Quality Assurance

Quality Policy

The Quality Policy indicates Cataler's approach to implementing, "Contribute to customer satisfaction and the creation of a prosperous society by offering cutting edge products and technology for greater harmony between humans and the earth," which is part of our management philosophy. We established the policy so that we can achieve a shared global understanding that quality is the foundation of the company in order to put customers first and continue providing the high-quality, safe, functionally-advanced products and services that satisfy them.

Quality Policy

Continuous improvement aimed at customer satisfaction

In addition to providing products on time and free of defects, we put customers first in offering new technology and products, and promoting continuous improvement of products and manufacturing processes.

Practice of own-process completion^{*1}

Based on the concept that "quality must be built into each process," we will continue to strengthen collaboration between previous and following process, including customers, to achieve built-in product and operational quality.

Maintenance and improvement of IATF16949^{*2} quality management system

We will maintain the IATF quality management system certification that earns the trust of customers and promote continuous improvement and evolution.

^{*1} Refers to efforts to enable each process to judge the outcome of their work as good or bad through the addition of a scientific approach in order to ensure implementation of "quality must be built into each process," led by Toyota Motor Corporation.

^{*2} IATF is an acronym for International Automotive Task Force. IATF16949, which is a quality management standard to prevent product and service defects and reduce variation and waste in the automotive industry, defines the requirements of a quality management system to achieve the three objectives of (1) preventing defects; (2) reducing variation and waste in the supply chain; and (3) promoting continuous improvement. All the Cataler Group's sites have obtained certification. (CATALER EUROPE CZECH s.r.o. is working toward obtaining certification (as of April 2021)).

Quality management system

Cataler has established a quality assurance system led by the President in order to deliver a stable supply of high-quality products. We are promoting the acquisition of ISO9001 and IATF16949 certifications, which are quality management system standards, for all our Group companies.

In addition, to ensure early resolution and prevention of quality defects and abnormalities, we operate various

internal quality-related meetings. These meetings enable all levels of the company, from employees to supervisors and top management, to visualize the quality status of all business units, thereby speeding up response and enhancing prevention and reoccurrence prevention.

ISO9001/IATF16949 certification status

Company name	ISO9001 (QS9000)	IATF16949 (ISO/TS16949)
CAC (Head Office)	Sep. 1997	Dec. 2005
CCC (China)	—	Mar 2006
CTC (Thailand)	Jul. 2002	Oct. 2003
CSA (South Africa)	—	Nov. 2004
CNA (North America)	—	Aug. 2004
CIC (Indonesia)	—	Oct. 2015
CIN (India)	—	Oct. 2017
CEC (Czech Republic)	—	Apr. 2023 (planned)

List of Cataler's quality-related meetings

Meeting/communication document	Frequency	Participants	Agenda
Audit improvement reporting committee	1 meeting /month	Management, departmental managers C-QIC promoters	C-QIC implementation status Review of effectiveness of prevention and reoccurrence prevention
Quality meeting	1 meeting /month	Management, departments related to product realization	Quality status, customer satisfaction surveys, and continuous improvement at Head Office and overseas business units
Quality liaison meeting	1 meeting /month	Workers from departments related to product realization	Quality status and continuous improvement at Head Office and overseas business units
Manufacturing meeting	Every day	Manufacturing, manufacturing technology, facilities, and quality management	Quality problems that occurred the previous day and response and corrections applied, quality information, EDER
Flash report on quality defects	As needed	Quality contacts at overseas bases	Communication of quality problem information (within 24 hours), inspection of lines using the same method
Quality patrol	1 meeting /month	Management, departments related to product realization	Special quality improvement activities with CF team
Global production and quality meeting	1 meeting /year	Departments related to product realization at Head Office and overseas bases	Sharing of quality activities at overseas bases with Head Office



■ Implementing TQM activities

The automotive industry is said to be in the midst of a once-a-century period of major transformation due to stricter emission regulations, and is also going through major changes in the form of electrification, computerization, introduction of smart technology, and the rise of new businesses. Against this backdrop, Cataler has positioned Total Quality Management (TQM) at the center of management and practices quality management with the participation of all employees to achieve sustainable success based on the fundamental principles of “customer first, continuous improvement, and participation by all employees.” We received the Deming Prize, the world’s highest honor for TQM, in 2015 and the Deming Grand Prize in 2018.

Since winning the Deming Prize and Deming Grand Prize, we have continued to promote quality management aimed at sustainable success by utilizing and reviewing the systems established through TQM activities in response to the ever-changing environment.



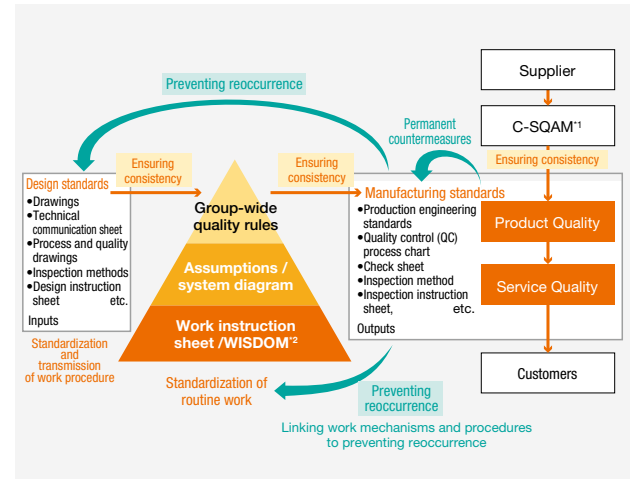
Medals for the Deming Prize and the Deming Grand Prize

■ Continuous improvement of quality

Cataler has operated C-QIC since 2012 in order to implement company-wide efforts on creating processes that do not produce defects, creating equipment that does not malfunction, and building fail-proof business processes.

Cataler-Quality Innovation Challenge (C-QIC) is an initiative that challenges us to improve the quality of work through the “own-process completion” approach. Under the initiative, we are working to continuously improve the quality of our products and work through the creation of standards that prevent occurrence of problems and mechanisms that prevent reoccurrence of problems.

These efforts have led to improvements in the quality of management, such as “eliminating rework and allowing each employee to work with confidence,” “smoothly handing down work to the next generation, leading to multi-skilling,” and “diverting time formerly spent responding to problems into more creative work.” This helps us to provide products and services that exceed customer expectations.



*1 C-SQAM: An acronym for Cataler-Supplier Quality Assurance Manual. C-SQAM is a summary of the items that we require our suppliers to comply with based on our Basic Purchasing Agreement, etc., especially the content related to quality assurance for delivered parts and materials.

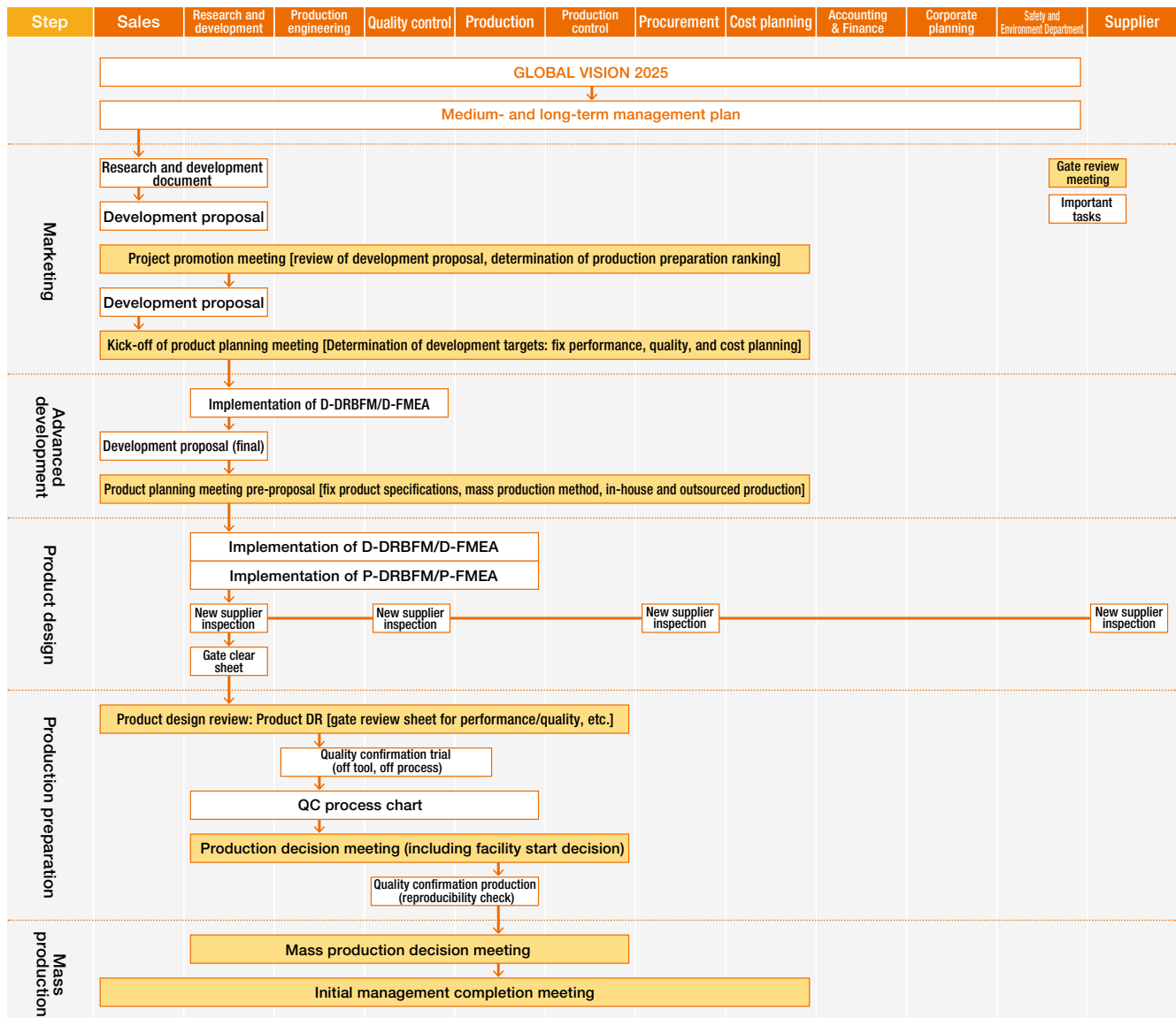
*2 WISDOM: An acronym for Work Instruction Sheet for Divisional Operation Management. Cataler has two types of work standards, and in addition to the work instruction sheet used mainly at manufacturing sites, we also standardize the work of administrative departments using our own format (WISDOM).

■ Mechanisms to ensure product quality (C-TOP)

In order to continue providing the high-quality products demanded by customers in a timely manner, Cataler is promoting TQM activities and further strengthening quality management by creating an organization, human resources, and mechanisms that continue to evolve based on the concept of own-process completion. As one specific initiative, we are reviewing our existing quality assurance system chart (C-TOP: Cataler-Total Operation Procedure) and constantly evolving our quality assurance system by identifying the key processes and timing of activities for each function involved in product realization, as well as coordination among functions in order to achieve zero market defects in the future.



Cataler quality assurance system flow



Quality management education and human resource development

Cataler actively provides education and training for human resources involved in quality management based on the Cataler human asset management (C-HAM) system. We promote the development of human resources involved in quality management through an in-house training curriculum in accordance with the job-based qualification criteria for each level of employees, from new recruits to executives, starting with basic knowledge training on quality management such as the seven quality control (QC) tools, preparation for QC certification examinations, and education on advanced SQC methods.

List of quality management training programs

	Name	Number of courses
Quality management educational program	TQM basic training	1
	C-QIC (Own-process completion) training	8
	Solving problems/achieving challenges training	2
	Grade-specific QC circle training	5
	Statistical quality control (SQC) training	3
	Study sessions on the 7 QC tools/7 new QC tools	10
	Preparation courses for QC certification examinations	3
	ISO/IATF knowledge training	4

[Click here for C-HAM](#)



CSR Procurement

■ Procurement Policy

Cataler's goal is to "establish a sustainable development of eco-friendly society" and to "preserve the earth clean enough for the children in the future of the world."

We would like to contribute to the realization of the customer delight as well as an affluent society, by providing advanced technologies and products aiming for a better harmony between people and the environment.

For that purpose, we have been implementing procurement activities based on the following six principles aiming to achieve procurement of superior materials, parts and equipment in terms of product quality, technology, cost-performance, and delivery time.

CATALER's Procurement Policy

1. Open-door, Fair, and Clean transactions

CATALER widely and fairly seeks for suppliers, regardless of inside or outside Japan, as business partners who have high-level technologies and collaborate with us to produce the highest quality products beyond customers' expectations.

In the selection of appropriate suppliers, we will also take into account other elements such as safety awareness, attitude toward improvement, corporate stability, in addition to aforementioned elements such as the product quality, technology, cost-performance and delivery time, so as to evaluate them based on their overall strengths.

2. Mutual development through mutual trust

CATALER would like to continue winning the competition with its competitors and achieving sustainable growth together with its suppliers, so as to mutually develop and build a win-win relationship.

For that purpose, we think that it is important to promote interactive closer communication, learn together, and build a relationship based on mutual trust.

3. Promotion of Green Procurement of Eco-Friendly Goods and Services

CATALER has been promoting "eco-friendly development, design, and Production activities," based on its management philosophy of "better harmony between people and the environment."

For that purpose, we aim to increase the purchase of eco-friendly "materials/parts" and "equipment /machines" from the suppliers of eco-friendly goods and services.

4. Promotion of local procurement

CATALER, aiming to become a global company fighting on a global scale and expand the range of business activities worldwide, has been aggressively promoting its policy of "local production and local procurement".

Through this activity, we aim to contribute to the local community and become a member of good corporate citizen.

5. Promotion of Business Continuity Management activities

CATALER, aiming to become a top-ranked company of disaster prevention, has been promoting to maintain and improve its capability of responding to and protecting against various threats surrounding the business.

We are promoting "Business Continuity Management" activities together with the suppliers, so as to realize "assured life and safety" and guarantee "continuous and stable supply to customers".

6. Thorough compliance with laws and regulations, and Confidentiality

CATALER, aiming to be a company that is loved and trusted by its stakeholders, has been promoting its compliance with related laws and social norms throughout the procurement activities.

We have been paying sufficient attention to the handling of confidential information that we obtained from the persons related to business or trading, to keep them confidential.

■ Management system

Cataler's Purchasing Department oversees the management of transactions with suppliers, and carries out procurement in cooperation with the relevant internal departments and overseas bases.

■ CSR evaluation items for suppliers

In order to carry out procurement in accordance with the Procurement Policy, we evaluate our suppliers on the following items.

1. Evaluation when selecting suppliers

- Supplier workplace safety management and activities
- Supplier compliance with laws and regulations related the environment and other areas
- ISO9001 (quality management system) certification status
- Presence/absence of substances with environmental burden in products
- Business continuity management system (BCMS)

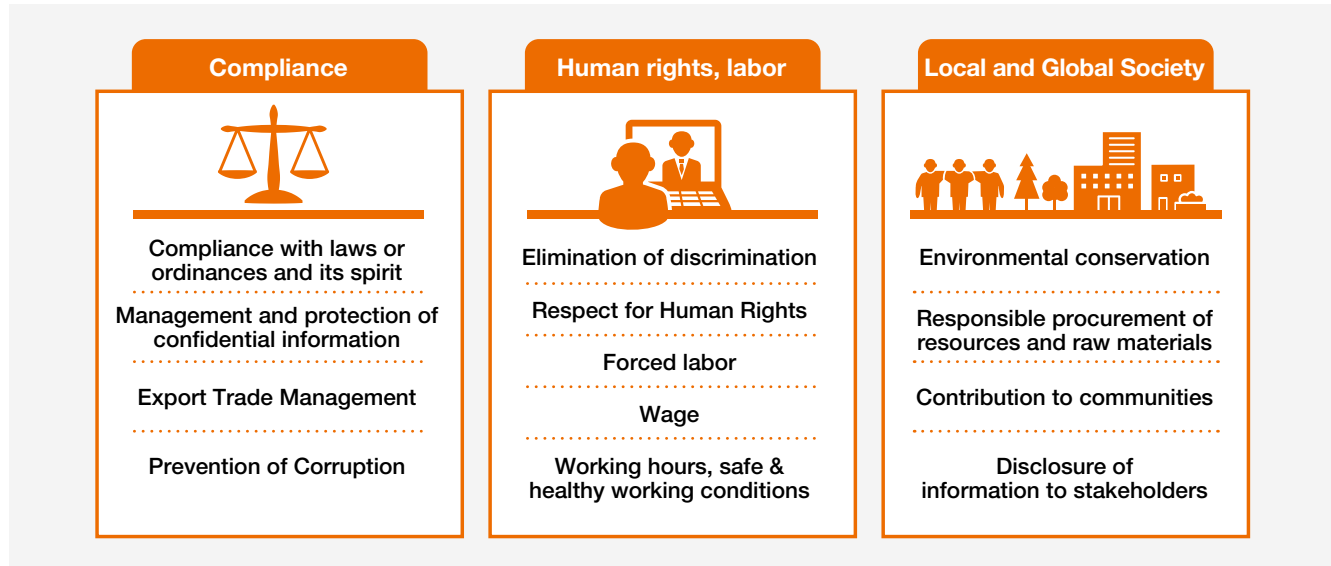
2. Regular evaluation of existing suppliers

- Status of workplace safety, quality performance, price competitiveness, on-time delivery, technology and improvement proposals, and management
- Status of BCMS framework and confidentiality management



■ CSR Guideline for Suppliers

In order to contribute to creating a comfortable world and prosperous societies through the provision of our products and services, Cataler promotes the following efforts in partnership with suppliers. [▶ Click here for the Guideline](#)



■ Communication with suppliers

We proactively engage in various forms of communication with our suppliers in order to promote close cooperation in CSR activities and risk management. Through these efforts, we promote maintenance and improvement to ensure safe and smooth transactions.

Main communication opportunities

	Timing	Objectives/details
Roll out of priority implementation items	Beginning of year	Distribution of President's message, our initiatives, and requests to suppliers
Meeting to consider safety and environment	August	Prevention of disasters and environmental accidents at factories, and warnings regarding quarantine, etc.
CSR study session	October	Information sharing on compliance and SDGs initiatives, etc.
Information exchange meetings	Two meetings/year	Sharing of information on long-term demand trends, etc.
Safety confirmation in disasters	When disasters occur	Confirmation of damage at suppliers and impact on operations, etc.
Commendations for suppliers	Once a year	Communication of appreciation for suppliers who have contributed to quality and reducing costs

■ Compliance education

We educate our employees on various laws and regulations (e.g., Subcontract Act, Anti-Monopoly Act, etc.) and inform them about the Guidelines for the Sound Procurement of Goods so that they can carry out procurement in a spirit of fairness and legal compliance. We also maintain and continue an equal relationship and position with business partners by providing and familiarizing all employees with a handbook on conduct and ethics.

■ Response to conflict minerals

Some of the mineral resources originating from the Democratic Republic of Congo and its neighboring countries have become a source of funding for armed groups, and are believed to be promoting forced labor, child labor, slavery, and war crimes. Therefore, there is a growing movement worldwide to eliminate the use of conflict minerals.

Cataler strives to procure minerals in a responsible manner by confirming the origin of materials in cooperation with suppliers to avoid being complicit in conflicts or inhumane activities.



Human Resources

Basic Approach

Cataler believes that human resources are an invaluable asset for sustainable success.

Therefore, we aim to realize growth for each and every employee and sustainable development for the company by creating an environment where employees can work in a diverse and flexible manner and by investing in human resources.

Promotion system

The Human Resources Management Dept. and the Human Resources Development Dept. in the Personnel Div. oversee human resources and labor management and human resources development.

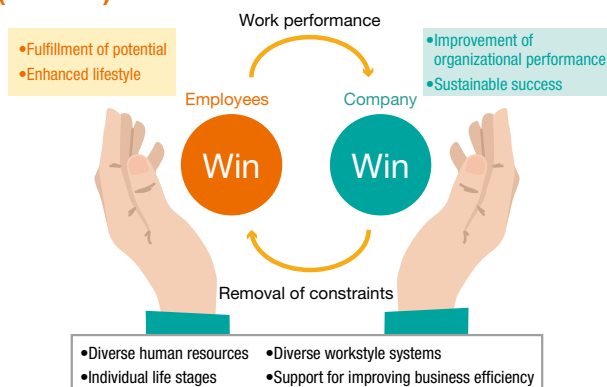
We operate human resource systems, plan workstyle innovation, work on human resource development, and work to prevent compliance violations and issues.

Work-life balance

Cataler-Workstyle Innovation (C-WIN)

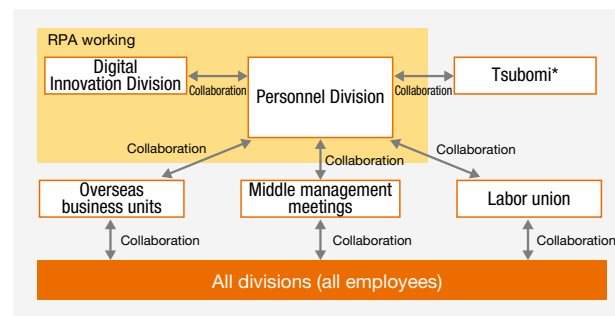
The company and its employees are working together on workstyle innovation (C-WIN = Cataler-Workstyle Innovation) to enable diverse human resources to play an active role in accordance with their own work-life balance. We are creating a win-win environment for both the company and employees by reorganizing and streamlining operations, as well as enabling diverse and flexible workstyles.

Image of Cataler-Workstyle Innovation (C-WIN)



We are promoting this workstyle innovation in cooperation with all the organizations to which our employees belong, such as the labor union, middle management meetings, organizations to promote women's active participation, and overseas business units.

Diagram of promotion framework



*Tsubomi: A working group on women's participation launched in 2016. Female employees from various age groups and nationalities take part as members, planning and managing training sessions, exchanging opinions and making proposals at roundtable discussions, etc., in line with the action plan for the women's participation and career advancement.

Examples of activities

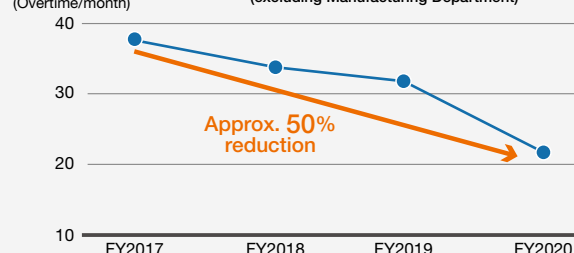
- Reorganization and streamlining of operations
- Creation and review of work standardization (work instruction sheets)
- Multiskilling of workers through education utilizing work instruction sheets
- Ensuring the interval (10 hours)*¹ between work
- Introduction of automation tools (RPA*²)
- Introduction of systems to systematically achieve "coming into work late or going home early"
- Introduction of telecommuting system

*¹ Interval between work: At least a certain amount of rest time (interval) between the end of the previous day's work and the start of the next day's work.

*² RPA (Robotic Process Automation): A "software robot" that can automate a series of tasks performed using a PC or other devices. It is used as a tool to improve business efficiency and productivity in companies.

Results

Change in average overtime *Labor union members (excluding Manufacturing Department)





Enhancing systems to support balance of work and family life

We are working to enhance flexible systems that allow employees to balance work and family life.

We will continue to work on improving our systems and reviewing our operating methods while incorporating changes in social needs, such as shifting of employees' attitudes toward workstyles, and legal revisions.

Main systems supporting childcare and nursing care

System	Details	Number of users
Reduced working hours system for childcare	Reduced hours (minimum 6 hours) until a child begins the fourth year of elementary school *From FY2021, changed to April of the first year of junior high school	26
Nursing care leave system	A system that allows up to one year (total) of leave to be taken per eligible family member in need of nursing care	—
Reduced hours flextime system	A flextime system that allows employees who work shorter hours for childcare or nursing care to decide the length of their daily working hours and the arrangement of their working hours (start and end times).	28

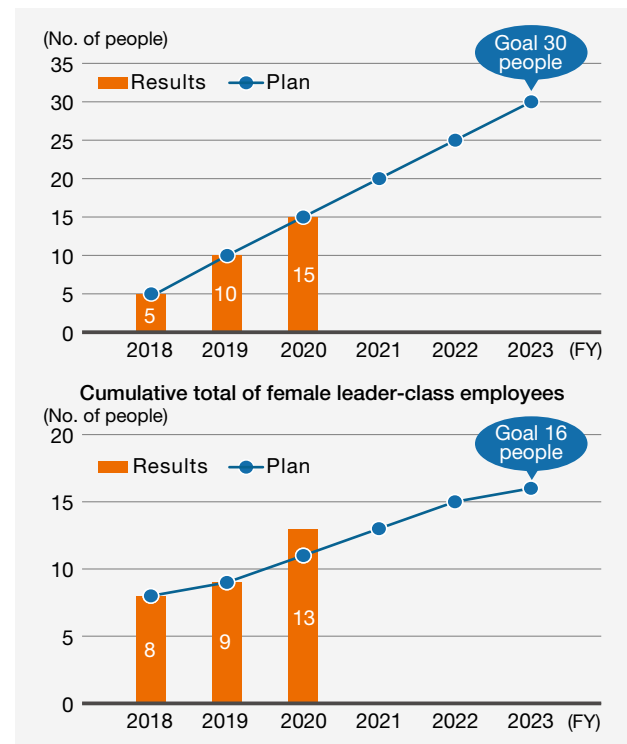
Diversity

Promoting active participation by women

We began initiatives in FY2016 based on the belief that promoting active participation by women will lead to enhancement of corporate value. In FY2017, we launched a working group called Tsubomi to identify issues related to active participation by women within the company.

In April 2019, we established our second action plan (plan period: April 1, 2019 to March 31, 2024). To achieve our goals, we have been focusing on training, including the IkuBoss Training Program for managers and the Female Leader Training Program for female employees at the pre-leader grade.

No. of outstanding IkuBosses (cumulative total)



[Click here for the Action Plan](#)

Promoting employment of people with disabilities

With the aim of creating a company where people with disabilities can work without stress over the long-term, we have a system in place to provide support from permanent public health nurses and interviews with visiting certified psychologists. In addition to this, we established the Workstyle Support Group in 2020 as a specialized organization to support people with disabilities working within the company.

We maintain and improve workplaces where people with disabilities can work in comfort by regularly interviewing them about their problems, sharing information with their workplaces, and taking prompt action.

As a result, the employment rate of people with disabilities has been improving. We will also promote recruitment activities in cooperation with local special-needs schools and training facilities for people with disabilities so that we can comply with the legally mandated employment rate, which was revised in 2021, as soon as possible.

Examples of initiatives

- Hosting practical training for students from local special-needs schools
- Regular interviews about problems and prompt action (individual employees and workplace supervisors)
- Matching of employees with suitable work
- Loan of equipment needed for work (e.g.: hearing aids)



Human resources development

■ Cataler-Human Asset Management (C-HAM) system

Through the Cataler-Human Asset Management (C-HAM) system, we aim to foster “human resources who can think and act by themselves,” who work on the series of tasks they are involved in with a sense of ownership, recognize any problems and issues and solve them on their own so that they can play an active role globally even in the midst of a rapidly changing business environment.

We have also developed company-wide job-based qualification criteria, which specify the skills required for the stages of each job title, and provide grade-specific training based on the criteria. We have established an environment in which all employees can receive education and training such as that shown in the figure below (an example), enabling them to acquire the necessary skills in a timely manner.

C-HAM education and training system

	General education						Specialized Training			Executive development/ global human resources	Self-development					
	Grade-specific education			Field-specific			Technical jobs	Skilled jobs	Administrative jobs							
	Management	Human relations	Problem solving	Safety and health	Quality control (QC)	Environmental BCM						CSR				
Managers	Policy management (Setting KPIs)			Health management and mental health Occupational safety	QC circles	Environmental BCM Training	CSR/compliance	Job-specific, specialized education programs			Executive management training	Pre-departure Training for overseas postings	Language acquisition	Short-term detachments	Correspondence education	English and German conversation
	Management leadership															
	Training for new managers															
Leaders	Management fundamentals															
	Future-oriented problems solving															
Members	Logical thinking															
	Coaching															
	Presentation (speaking)															
	Facilitation															
When joining Cataler	Induction Training for new recruits															

Communication with employees

■ Employee awareness survey

We have been conducting employee awareness surveys for employees and senior staff since FY2004 to identify issues in our corporate activities and collect feedback from employees.

The response rate has exceeded 90% every year, and the response rate in FY2020 was 93.4% with both the satisfaction rate and the average score trending upward. The findings of the survey are forwarded to officers, general managers, and department heads every year. The goals for improving the workplace environment are reflected in each department's policy, thereby promoting company-wide improvement activities.

■ Communication between labor and management

Cataler's management philosophy calls for “mutual trust between labor and management.” We have set up regular opportunities for labor and management to exchange information, and both sides engage with each other in good faith with active participation in monthly administrative negotiations and discussions on individual issues in working groups. We also hold a regular Trinity Roundtable Meeting for a three-way exchange of views by representatives of managers in addition to labor and management.



Occupational Safety and Health

■ Safety Guideline

Ensuring the safety and health of employees is the most fundamental and important factor in all corporate activities. Cataler believes that a workplace where everyone can work with enthusiasm and peace of mind allows us to provide good products and services, and thus we work to maintain and improve the workplace environment in cooperation with labor and management.

Safety Guideline

- Prevent occupational accidents through cooperation between labor and management
- Comply with relevant laws and internal rules related to safety and health
- Continuously improve and enhance safety and health management system

The company and its employees will cooperate to create a safe and secure workplace, and develop systems and measures to prevent accidents. In order to maintain a safe and healthy working environment, we not only comply with all laws, regulations, and ordinances related to safety and health, but also maintain internal rules that ensure equipment safety, work safety, and pedestrian safety, and actively implement safety activities.

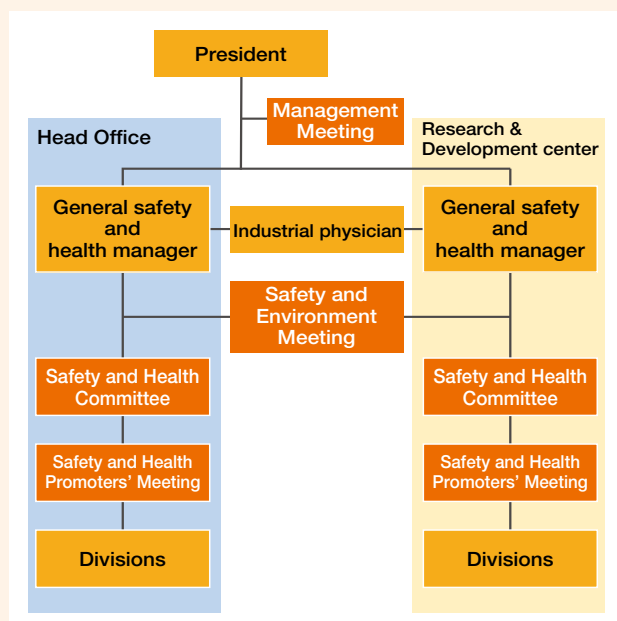
To promote safety and health activities more effectively, we also implement continuous improvements systematically.

■ Improvement activities for creating a comfortable workplace (Initiatives on handling of chemical substances, etc.)

As part of our management of chemical substances, etc., we conduct measurements (in June and December) based on the Working Environment Measurement Act at workplaces which are subject to the Ordinance on Prevention of Organic Solvent Poisoning, the Ordinance on Prevention of Hazards Due to Specified Chemical Substances, the Ordinance on Prevention of Hazards Due to Dust, and other regulations. In addition, we carry out risk assessment (RA) for chemical substances, and work to reduce risks due to chemical substances.

We also carry out work management based on working environment measurement data for noise and heat to reduce stress on individuals.

■ Diagram of safety and health structure



Safety and Health Committee

The Safety and Health Committee is composed of labor and management, and the executives of the labor union participate as members, providing a forum for active exchange of opinions. The details of deliberations are shared with Head Office and Research & Development center to address various matters related to safety and health.

Safety and Environment Meeting

A safe and secure working environment is the most fundamental and important factor for improving organizational performance. In order to realize the ideal work environment, this meeting is held with the participation of officers and general managers of all divisions to ensure that information is disseminated throughout the company and to strengthen the development of measures.

Safety and Health Promoters' Meeting

The Safety and Health Promoters' Meeting is for rolling out safety activities to all employees, including the matters decided by the Safety and Health Committee and the Safety and Environment Meeting. Promoters representing each department take part in the meeting to confirm the details for activities.



Activities to prevent occupational accidents

As a measure to prevent occupational accidents, we perform a risk assessment (RA) for each work instruction sheet, equipment, and chemicals, and take countermeasures.

In addition, we implement “accident prevention” initiatives in which we conduct hazard prediction activities before construction and non-routine work. We also conduct regular inspection patrols by contractors to prevent accidents not only for employees but also for the entire site. Moreover, we share safety information with affiliates and suppliers to promote a wide range of safety activities among those working together.

Specific initiatives

Activity	Frequency	Objective/details
Onsite inspections led by top management	4 times a year	The President and labor union executives conduct inspections and provide guidance for improvement based on safety, health, risk assessment, and 4S, which is the acronym for four Japanese words: <i>seiri</i> (sort), <i>seiton</i> (set in order), <i>seisou</i> (shine), and <i>seiketsu</i> (standardize).
Workplace self-inspections	Once a month	Workplace managers and supervisors conduct safety inspections of workplaces in order to raise awareness of risk countermeasures in their own workplaces.
Equipment safety inspections	Before using equipment	We inspect standard items and past problems using a check sheet in order to prevent occupational accidents caused by problems that occur when installing or modifying equipment.
Onsite construction patrols	Once every 2 months	We conduct patrols to confirm contractor compliance with site rules.
Distribution of safety card to contractors	Once every 2 months	We distribute a safety card containing our onsite construction rules to all contractors who enter a site.
Personal safety declaration	Once a year	Employees set their own safety goals in order to raise awareness of safety and prevent occupational accidents.
Safe driving training using a simulator	As needed	We provide regular experience with a driving simulator to improve driving skills, prevent traffic accidents, and improve hazard prediction.

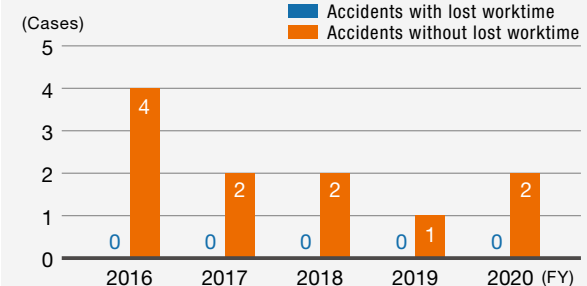
Incidence of occupational accidents

In FY2020, there were two occupational accidents, one involving contact with a hazardous substance and the other involving being caught in machinery.

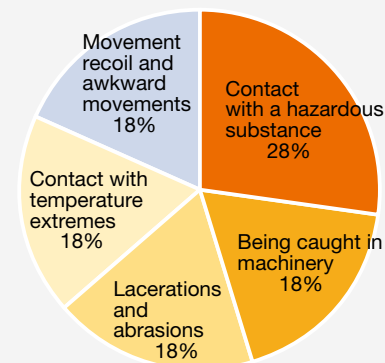
With regards to contact with a hazardous substance, we have reviewed the current standard operations and implemented improvement and standardization of work methods.

With regards to being caught in machinery, although we have been focusing on preventing occurrence in the past, there is a lack of RA related to such work. Therefore, we utilized the risk identification sheet again and implemented activities to eliminate any omissions in sources of danger.

Changes and trends in the number of occupational accidents



Types of occupational accidents (FY2016 – 2020)



Sharing and utilization of information on occupational accidents

In the event of an occupational or traffic accident, we disseminate information to other worksite and survey similar locations, so that the entire company regards the incident as a problem, and works on permanent countermeasures and preventing reoccurrence. We also hold global meetings with overseas subsidiaries to share knowledge and experience, with the entire Group working to ensure safety.



Health

Cataler has established the Health Declaration and is focusing on promoting employees' health.

Health Declaration

Health Declaration

Cataler considers the happiness of employees and their families to be our top priority. To this end, we declare that we will do our utmost to promote "health management" so that each and every one of our employees and their families can play active roles energetically.

1. We consider the health of employees and their families to be an important management resource and place top priority on safety and health in our activities.
2. We will create a workplace environment in which employees can work with enthusiasm in good mental and physical health.
3. We will support health management and health promotion for employees and their families in cooperation with the health insurance association.

Infectious diseases have been spreading and becoming more prevalent worldwide. However, the company and its employees work together to prevent infections and the spread of infections, and will continue to make efforts to maintain and improve health.

Cataler works to improve the quality of products and work through C-QIC activities and has developed as far as receiving the Deming Prize. From a slightly broader perspective, health is the quality of the mind and body.

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

November 2020

President

Cataler Corporation

Initiatives to promote the health of employees

In order to protect the health of our employees, our public health nurses conduct individual interviews after regular and specific health checkups for employees with abnormal findings to explain the results of the checkup and recommend a secondary checkup. As a result, the rate of secondary checkups is 79.1%. In addition, gynecological checkups are conducted within the company and during work hours. The uptake rate has been increasing year by year, and the actual rate in FY2020 was 79%.

In the area of mental health, we have introduced Employee Assistance Program (EAP*) interviews with certified psychologists, conduct stress checks, with individual interviews for high-stress employees, and hold division analysis and report meetings (in all divisions). The number of employees who take a leave of absence due to mental health issues has been decreasing as a result of our efforts to provide individual mental health support and improve the workplace environment. In addition, we have introduced interviews to support employees returning to work and a shorter working hour system.

* EAP: a support program for employees with mental health issues

Specific initiatives

Activity	Frequency	Target	Objective/details
Health checkups	Twice a year	All employees	Conducted in-house by contracted medical institutions (a follow-up structure is also in place for employees who need to be re-examined by in-house public health nurses)
Stress checks	Once a year	All employees	Conducted in-house by contracted practitioners (a follow-up structure is also in place including prevention of severe illness through interviews and division analysis and report meetings)
Gynecological checkups	Once a year	All female employees	Conducted in-house by contracted medical institutions for the early detection of female cancers
Health consultations	As needed	All employees	In-house industrial physicians/public health nurses provide health consultations to employees (and recommend medical examinations and provide referrals to medical institutions as necessary).
Advice on metabolic health	Twice a year	All employees	In-house public health nurses provide group-specific health advice, including dietary guidance using food models and practical exercise guidance
Infectious disease prevention	Once a year	All employees	In-house mass vaccinations are conducted for influenza and MR
Basic lifesaving training AED training	Once a year	All employees	Training in cardiopulmonary resuscitation and knowledge and skills for using an AED by fire department paramedics/first aid treatment educators
Educational activities to promote health	As needed	All employees	Provision of information and education for maintaining and promoting health, such as establishing onsite walking routes, publication of health bulletins, Health Week events, and health education



■ Measures against rubella

We strengthened measures against rubella after an employee was infected in 2015. We have continued to fully subsidize the cost of MR vaccination, and test newly hired employees for antibodies, maintaining antibody prevalence of 99.2%.

■ Measures against COVID-19

Faced with the global spread of COVID-19, the company and its employees are working together to prevent infection and spread, and continue to maintain and improve health.

Main initiatives

- Publication and revision of in-house guide to infection control measures
- All employees: daily health observation
- Wearing of masks and thorough hand disinfection
- Installation of partitions in various locations and adequate ventilation
- Limits on the number of people in each room, ensuring meal times are spread out and meals are eaten in silence
- Proactive use of online meetings, restriction of business travel depending on circumstances
- Promotion of telecommuting
- Disinfecting and wiping down after use of meeting rooms and cafeterias
- Disinfection training assuming presence of infected people and close contacts



Partitions



Infectious disease disinfection training



■ Initiatives to prevent passive smoking

Since April 2020, we have been strengthening measures to prevent passive smoking and established a company-wide all-day non-smoking day once a month. In FY2021, we increased the number of non-smoking days to twice a month. As a result, the smoking rate has fallen significantly (31.7% in April 2020 ⇒ 20.7% in March 2021).

■ Health & Productivity Management Outstanding Organization

Cataler has been selected under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for three years in a row starting in FY2018.





Business Continuity

Basic Business Continuity Guideline

Cataler engages in activities based on four basic guidelines which are prioritizing human life, local communities, responsibility for supply, and preventing the lessons of past disasters from being forgotten.

Basic Business Continuity Guideline

1. Top priority on human life and safety

Put top priority on human life and the safety of employees, their families, and relevant personnel.

2. Contribution to Local Communities

Strengthen cooperation with the local community and actively tackle regional rehabilitation.

3. Reliable continuous supply to the customers

Strive to maintain and improve the Business Continuity System and reliably maintain a stable supply to the customers.

4. Continuous improvement of BCMS*

Periodically evaluate changes in the business environment and the results of training and improve the Business Continuity Plan.

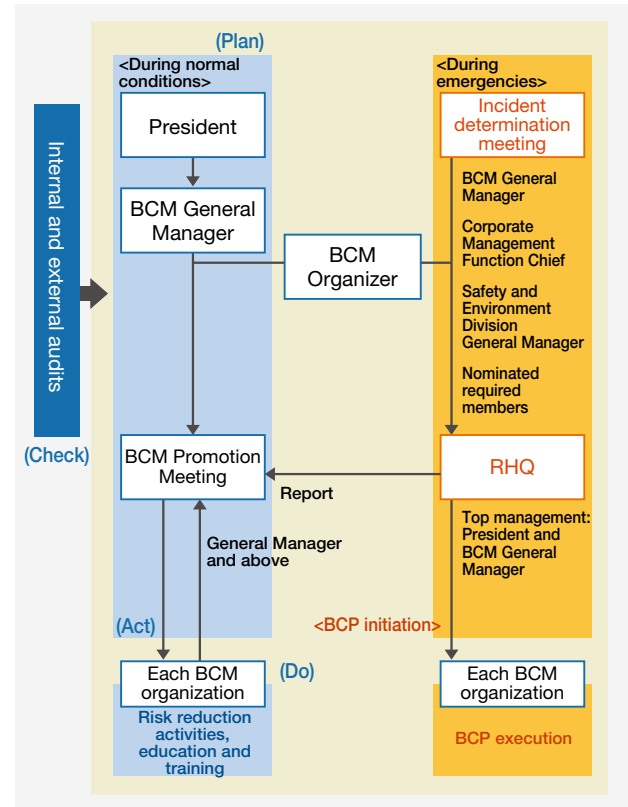
* Business Continuity Management System: A management system standard for protecting businesses from various threats and to achieve early recovery and resumption of activities

Promotion framework

During normal conditions, each BCM organization systematically carries out activities such as risk reduction activities for damage assumed to occur in the event of an incident (earthquake, fire, storm, flood, infectious disease, etc.), and organization-specific training and education such as building, facility, and lifeline investigation training based on the assumption of a disaster (Plan/Do), undergoes internal and external audits (Check), and conducts a top management review at the BCM Promotion Meeting. Recommendations are reflected (Act) in measures that have been implemented and the activity plans of each organization for the following fiscal year to carry out the Plan-Do-Check-Act cycle.

When an incident is detected, related parties are asked to attend an incident determination meeting, and it is decided whether or not there is a need to activate the business continuity plan (BCP) after confirming the extent of the damage caused. In the event that the BCP is activated, an

emergency response headquarters called the Restoration Headquarters (RHQ*) is established, and the framework shown below is used for business planning and recovery activities.



BCM organization

A structure is in place to enable prompt safety confirmation and resumption of product supply. Immediately after a disaster strikes, the initial response organization is activated to save lives and support employees.

From the day after confirmation of safety, the factory recovery organization, product supply organization, and recovery supply organization work together to resume production or proceed with production at overseas bases.

At present, the structure is as follows.

[Head Office] Initial response organization, factory recovery organization, product supply organization

[Research & Development center] Initial response organization, recovery supply organization

* RHQ : Restoration Head Quarters



■ Cataler-Business Continuity Management (C-BCM^{*1})

As Cataler's Head Office is located along the coast at the epicenter for a Nankai megathrust earthquake, we have established a structure that enables supply of products to customers and contribution to the recovery of the local community while putting the maximum priority on human life and safety and have continued to implement various initiatives.

We have strengthened our activities based on the scenario of a megathrust earthquake, starting activities under C-BCM in 2012 and obtaining ISO 22301^{*2} certification in 2014.

^{*1} C-BCM: Cataler-Business Continuity Management

^{*2} ISO22301: International standard for business continuity management system (BCMS)



Inspection and maintenance of breakwaters and sluice gates also carried out based on C-BCM

■ Initiatives to address disasters

As part of our BCM initiatives, we provide various education and training programs in the form of procedures for implementing emergency action plans.

Training

Program	Details	Month
Basic BCM training	Training on BCM-related initiatives during normal conditions and action procedures for emergencies (For new employees)	April
BCM refresher training	Training for revision of BCM activities and acquisition of new information through e-learning (For all employees)	April

Training

Program	Details	Month
Safety confirmation training	Response training for all employees using the safety confirmation/response system	May, September, December, and March
Evacuation and disaster prevention training	Practical training on evacuation to tsunami evacuation centers, rescue, firefighting, and employee support by initial response organization, based on the scenario of a Nankai megathrust earthquake, to ensure the safety of human life and prevent secondary disasters	April
Simulation training	Strengthening of the ability of the factory recovery organization to respond to sudden events, including damage assessment, repair, facility and plant recovery, and quality verification, with the aim of resuming production after a disaster Strengthening of the ability of the product supply organization to check inventories and raw materials, and to respond to backup production instructions at overseas bases	July
Fire evacuation training	Evacuation training aimed at preventing secondary disasters from fires	November
Fire extinguisher training	Training for all employees to learn how to use a fire extinguisher	March



Comprehensive disaster prevention training

Global BCM activities

We are working to strengthen BCM by promoting acquisition of ISO22301 certification at overseas bases.

- CATALER (THAILAND) CO.,LTD certification acquired in 2017
- PT. CATALER INDONESIA certification acquired in 2019
- CATALER SOUTH AFRICA LTD certification acquired in 2020

Other measures

- Signed an agreement with Kakegawa City to provide evacuation centers and routes for local residents in the event of an emergency
- Hosted inspection tours by companies and government to introduce our BCM initiatives and exchange information
- As a BCM response for the entire supply chain, asked suppliers to strengthen their measures and develop multiple bases



Social Contribution Activities

Approach to social contribution

Cataler endeavors to work in harmony with society as a good corporate citizen that is loved and trusted by the community. We strive to heighten each employee's social contribution awareness and co-exist with the local community through a variety of activities.

Management structure

The General Affairs Division leads the implementation of activities.

In FY2020, we reviewed our social contribution activities as the majority of community events were cancelled due to the COVID-19 pandemic. With the aim of switching to company-led activities and improving efficiency, we have shifted toward practical effect-based support through provision of supplies and participation in activities and have continued to interact with local communities.

Communication with the community

Aiming to be a citizen company that is loved and trusted by all the communities in which we conduct our business activities, we actively engage in social contribution activities (donations, support, sponsorship, participation in events, volunteering, and support for education, etc.), independently or in cooperation with communities and organizations, in order to grow communities and create a prosperous society in accordance with local needs.

Major initiatives include employee participation as volunteers in community activities, lending company parking lots for local events, and opening up company housing sites to the general public as evacuation centers in the event of a natural disaster. We also participate in meetings of our Head Office's local community association and traffic safety campaigns to interact with the local community.

Support for athletes

In 2017, Cataler signed a comprehensive partnership agreement with Kakegawa City and has developed a variety of activities to contribute to the community and strengthen mutual cooperation.

In 2018, working to support local athletes, we welcomed alpine snowboarder Miki Tsubaki as a sponsored athlete.

Going forward, we will continue trying to invigorate the local community through Miki's activities and provide inspiration for people, like Miki, who are working hard to achieve their dreams.



アルペンスノーボード日本代表三木つばきが所属する企業
キャタラーが運営するつばき応援団サイト

[▶ Click here for details](#)

Social contribution from a global perspective

Based on our Global CSR Policy, our production bases and offices in the U.S., China, Thailand, Indonesia, India, South Africa, the Czech Republic and elsewhere engage in social contribution activities from a global perspective while taking the local conditions of each region into consideration.

The main activities are landscaping and clean ups, welfare and educational support, and donations to local organizations and schools.

The typical example of activities in FY2020 was COVID-19 pandemic support. In the U.S. and other countries, we distributed water bottles to local elementary school students who wanted them in order to maintain hygiene. In Thailand, we donated food and daily necessities in cooperation with local government agencies to support people in the neighborhood affected by the pandemic.

In Japan, we donated rubbing alcohol for hand disinfection to Iwata City and Chutoen General Medical Center.

Based on our management philosophy, as a global company, we will continue actively engaging in social contribution activities, independently or in cooperation with our partners, in all the regions where we conduct our business activities in order to grow communities and create a prosperous society in accordance with local needs.

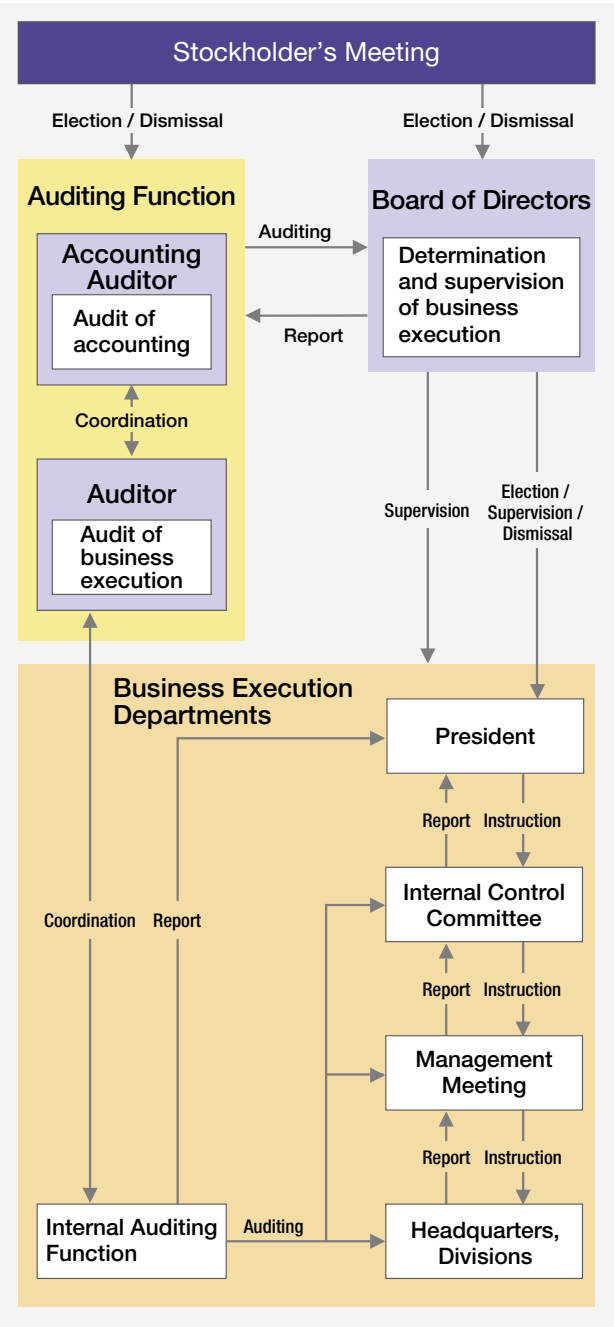


Corporate Governance

Basic Approach

For sound and efficient corporate organization operations, it is essential to have a system and structure for control and monitoring (corporate governance). Cataler maintains proper corporate governance through the establishment of a stockholder’s meeting, board of directors, and an auditor and accounting auditor.

Structural diagram



Activity status

The Board of Directors supervises the execution of Director duties by holding Board of Directors meetings in accordance with the Companies Act and the company's Board of Directors Rules. It met eight times in FY2020.

In order to maintain the effectiveness of auditing, a full-time auditor attends not only meetings of the Board of Directors but also major internal meetings such as management meetings.

Internal control

C-ICS (Cataler-Internal Control System)

Based on Cataler's Basic Approach to Internal Control entitled C-ICS (Cataler-Internal Control System), we are striving to develop and run a structure that ensures the appropriateness of business operations as a corporate group. In addition, the Internal Control Committee examines the status of the development and operation of internal control every fiscal year, confirms whether activities in departments operating internal controls are being implemented autonomously, and enhances them as necessary.

Cataler's basic approach to internal control

- At Cataler, sustainable success and continuous improvement of customer value through quality management are important issues. To achieve this, we believe it is essential to build good relationships with stakeholders, such as our shareholders, customers, business partners, local communities and employees, and to provide products and services that impress our customers. We are working to maintain and improve internal control from the following perspectives.
- 1) Based on respect for human beings, design a system to draw out the kindness, motivation, and autonomous judgment of "people" who execute business.
 - 2) Incorporate the internal control system into the "business execution process" (work instruction sheet for divisional operation management: WISDOM) by "people" and the "organization" to aim for prevention through own-process completion.
 - 3) Visualize the status of the effectiveness and efficiency of operations globally, the reliability of financial reporting, the observance of laws and regulations related to business activities, and risk management, and implement a Plan-Do-Check-Act (PDCA) cycle for continuous improvement.



Compliance

Basic Approach

Based on our Management Philosophy of “Keep strict observance of, and respect for, the language and spirit of all foreign and domestic laws and regulations, and engage in fair and open business practices,” we are working on compliance activities by “constructing a system inside the company to prevent problems from occurring” and “cultivating compliance consciousness” as the two wheels of our activities, with the aim of gaining the trust of stakeholders.

Conduct Guidelines

Cataler’s Management Philosophy establishes principles of compliance, stating to “keep strict observant of, and respect for, the language and spirit of all foreign and domestic laws and regulations, and engage in fair and open business practices.”

In order to realize this philosophy, we have established the Conduct Guidelines as specific actions and attitudes necessary for those working at our company.

Dissemination of the Conduct Guidelines

In order to ensure that all employees are informed of the Conduct Guidelines, we distribute the Conduct and Ethics Handbook, a booklet with the Guidelines, to all employees including officers and employees.

Besides the Conduct Guidelines, the Conduct and Ethics Handbook includes the Conduct and Ethics Q&A that explains how to make decisions and take actions based on the Conduct Guidelines in specific situations.

In addition, during our CSR Month (every October), we test knowledge of the Conduct and Ethics Handbook to encourage everyone to grasp its contents once again.



FY2020 Results

- Targets: 1,083 people
- Number of respondents: 923/1,083 people
- Response rate: 85.22%
- Number who answered all questions correctly: 840/923 people
- Percentage who answered all questions correctly: 91.01%

Voice

From the officer in charge of compliance

Being a company that continues to gain the trust of stakeholders

Since Cataler’s establishment in 1967, I believe that we have built good relationships with many people, including local residents and customers, through conducting business activities while observing both laws in and outside Japan and their spirit as stated in our Management Philosophy.

Meanwhile, the demands of society on companies are increasing daily, and their response to safety, the environment, and human rights affects their corporate reputation. We will continue to take the expectations of our stakeholders seriously and work daily to meet them.

I believe that a company is a living thing. If its activities stagnate, its physical strength will also decline. Without constantly understanding current trends, grasping what is required by society, and dealing with the risks that affect operations, that company’s survival may be in jeopardy.

We have a headquarters, which serves as our production base, and a research & development center base in Japan, with seven production bases overseas. We recognize that governance is necessary to make further progress in the future as a Global Cataler. We will continue to evolve our corporate governance system by enhancing our compliance structure and promoting risk management. The promotion of the C-ICS (Cataler-Internal Control System) by the Internal Control Committee serves as one such example.

Until now, we have overcome difficult situations such as the Lehman collapse and the COVID-19 pandemic by utilizing our wisdom and with the support of our stakeholders. We will also use these experiences to improve our corporate governance and achieve sustainable success.



Executive Managing Officer
Member of the Board
Corporate Management
Function Division Chief
Yukiyasu Saeki



Conduct Guidelines The Conduct Guidelines are a concrete statement to our employees of the conduct and attitudes needed to realize the Management Philosophy.

I. As a Member of Cataler

1. Dedication to Duties

Employees must 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. Conduct in Accordance with Public Decency

Employees must conduct themselves consciously and responsibly in accordance with public decency, the law, and good discipline and manners.

3. Improving Profitability

Employees must strive to improve profitability through bold ideas, resolute action, and reliable checks for the sake of the company's sustainable success.

Employees must also strive to reduce costs through thorough cost awareness and ingenuity.

4. Respect for the Interests of the Company

Employees must refrain from actions that are detrimental to the interests of the company, even in their private activities.

5. Observation of Traffic Rules

Employees must comply with traffic rules and strive to avoid causing or being involved in accidents in recognition of the fact that they work for an automotive company.

II. Toward a Vibrant Workplace

1. Improvement of Abilities

Employees must cooperatively and diligently work together to carry out their duties efficiently while also striving to develop and grow their own abilities and resolutely take on challenges without fear of failure.

2. Improvement of Work Efficiency

Employees must strive to improve their own techniques and skills, standardize operations, and improve the overall efficiency of their work. In addition, employees must always strive to work creatively with flexible ideas, without being bound by conventional methods and thinking.

3. Living Abroad

When living overseas, employees and their family members must pay attention to security and traffic conditions based on the realities of their respective regions, endeavor to ensure their own safety, and strive to interact with members of the local community and their colleagues.

4. Safe and Healthy Work

Through all-hands-on-deck activities, employees must endeavor to eradicate hazardous areas and tasks in order to prevent occupational accidents, and strive to create a safe and healthy workplace.

5. Respect for Employees' Personality and Human Rights

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

6. Understanding of and Compliance with Labor Laws and Regulations

Employees shall strive to understand and comply with all relevant national and regional labor laws and regulations.

7. Protection of Corporate Confidential Information

Employees must strive to appropriately manage the company's confidential information by maintaining it, preventing its leakage, eliminating unauthorized use or disclosure, etc. Even after leaving the company, employees must not divulge any confidential business information that they learned during their employment.

8. Use of Company Assets

Employees must use of company assets efficiently and shall not use company assets, goods, etc. except when necessary in the course of their duties.

9. Ensuring the Accuracy of Accounting and Financial Data

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

III. To Meet Expectations and Uphold the Trust of All Customers

1. Development of Advanced Technologies

Employees must strive to meet the demands and uphold the trust of our customers by exercising their creativity, striving to develop 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 shall also recognize the existence of and observe international and local rules, and shall strive to respect not only local customs and culture but also the feelings of the international community and local residents.

3. Social Usefulness and Safety of Products and Services

Employees must have an accurate understanding of the needs of society, pursue useful products and services that are of a quality and cost acceptable to consumers, and give sufficient consideration to the safety of products and services in their development and production.

4. Fairness and Legal Compliance in Sales Activities

Employees must comply with all relevant national and regional competition laws, social norms, and business practices and strive to engage in fair, transparent, and free competition.

5. Dealing with Customers and Business Partners

Employees must go about their work with sincerity and humility toward customers and other stakeholders in accordance with appropriate business policies.

6. Protection of Other Companies' Information

Employees must use legal means to obtain confidential information from customers and other companies, observe all restrictions and other conditions when using the information they have obtained, and thoroughly maintain confidentiality.

7. Purchase Transactions through Fair Procedures

Employees must aim for coexistence and co-prosperity as a good business partner through procedures that are open and easily understood both domestically and internationally when engaging in purchasing transactions.

8. Compliance with Safety Regulations

In order to develop and provide useful products and services in a safe manner, employees must comply with all of the laws and regulations of the relevant countries around the world and strive to understand the society and culture of each country.

IV. To Live in Harmony with Society

1. Active Social Participation

Employees must strive to create a prosperous society through social contribution activities such as volunteering and participation in local events.

2. Personal Information Protection

Employees must ensure the protection of personal information as stipulated by the company.

3. Prohibition of Involvement with Antisocial Forces

Employees must not be involved in antisocial groups or organizations.

4. Communication with Stakeholders

Employees must strive to maintain and develop sound relationships with stakeholders through sufficient communication.

5. Preventing Bribery

Employees must eliminate any behavior that could be taken as collusion with individuals or groups in politics or government and work to build healthy public-private relationships.

6. Prohibitions of the Use of Duties to Provide Benefits and Restrictions on the Giving of Gifts to Related Parties

Employees must not use their duties to personally benefit themselves or others. In addition, employees must not give or receive entertainment, gifts, money, or goods to internal or external parties beyond a level allowed by social norms.

7. Protection of Intellectual Property Rights

Employees must protect the intellectual property owned by the company and respect the intellectual property of others.

8. Environmental Protection Initiatives

Employees must be deeply aware of the need for environmental protection and carry out their duties with the belief that it is their mission to contribute to the development of society through the provision of products that contribute to environmental protection.



■ Management structure

In order to strengthen the compliance structure of the entire Cataler Group, the Internal Control Committee operates as the compliance promotion organization that checks compliance observance and monitors the progress of measures.

■ Internal reporting system

In order to promptly collect information on compliance violations and take countermeasures, we have constructed and operate a global internal reporting system inside and outside the company, and overseas.

Among reported cases, major compliance violations or those related to the Provisional Rewards and Penalties Committee are reported to the Internal Control Committee.

Although we received 11 consultations and reports in FY2020, no cases had a serious impact on our business operations.

Reporting systems

① Internal consultation service

- Human Resource Department Internal Consultation Service
- Labor Union Consultation Service

② External consultation service

- Partner law firms
- Toyota Consolidated Helpline

③ Global internal reporting system

- Constructed and operated system by partnering with a management company

■ Compliance violations

Should a serious compliance violation occur, the Corporate Management Function Division Chief will report the incident to the Internal Control Committee.

In FY2020, there were no major compliance violations at Cataler.

■ Anti-corruption efforts

Cataler works to prevent the bribery of public servants in order to realize fair and transparent transactions.

We established our Anti-Bribery Guidelines and introduced them to all Group companies in FY2015. In FY2021, we established Anti-Bribery Basic Provisions that prohibit the bribery of public servants.

In addition, we are making efforts to prevent bribery by training officers and employees, as well as introducing procedures for the prior approval of entertainment and gifts to public servants and the prior screening of business partners involved with public servants.

■ Observance of competition and antitrust laws

To realize fair and free transactions, Cataler thoroughly observes competition laws in and outside Japan, including Japan's Anti-Monopoly Act.

In FY2015, we created the Anti-Monopoly Act Compliance Manual, and we enacted the Anti-Monopoly Act Violation Prevention Provisions to stipulate our observance of competition laws in FY2016. Besides prohibiting actions that violate competition laws, we also established procedures such as for prior approval and subsequent reporting when contacting other companies in the same industry in order to prevent violations of competition laws. Moreover, based on trends in competition laws both in and outside Japan, we revised our provisions as the Competition Law Violation Prevention Provisions in FY2021 to enhance efforts to ensure the observance of competition laws.

In addition, we train officers and employees to ensure the observance of competition laws.

■ Observance of export-related laws and regulations

Cataler formulated export control regulations and is working to ensure the thorough observance of control laws and regulations such as the Foreign Exchange and Foreign Trade Act. We have built a system where all products to be exported are checked for their parameters and customer examinations are conducted, and licenses are obtained from the Ministry of Economy, Trade and Industry for products requiring them. With an Export Trade Management Committee consisting of officers, in addition to regularly checking our observance of laws and regulations and discussing ways to enhance management, we also conduct awareness activities among our employees through training inside the company once a year, resulting in no violations of laws and regulations in FY2020.

Moreover, in order to ensure that applicable products exported with permission to our overseas bases are not diverted to weapons of mass destruction without authorization, we have constructed a control structure at our overseas bases and periodically checked actual products to verify if there have been diversions.



Risk Management

Information security

Cataler recognizes that all information related to our business activities is an important asset, and we have established information security management rules to systematically and continuously improve information security.

Basic stance on information security management rules

1. Compliance

Observe laws and regulations, national guidelines, contractual obligations, and other social norms related to information security.

2. Maintenance of stable management foundation

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

3. Provision of safe products and services

Provide safe products and services to customers and society by taking information security measures in our business activities, such as the development, design and production of products and services.

4. Contribution to creating a safe cyberspace

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

5. Information security management

Continuously promote and improve information security by constructing a governance structure and conducting risk management including accident response.

Principles of information security efforts

1. Clarification of responsibility structure

Establish a promotion structure for information security and clarify duties and responsibilities in order to implement the appropriate management and protection of information assets.

2. Development and observance of information security regulations

Formulate and observe regulations concerning information security.

3. Risk management

Identify the information assets that should be protected and the information security threats to them.

Take measures to prevent the occurrence of incidents that compromise the confidentiality, integrity, or availability of information assets (information security incidents) based

on the preparation status for identified threats and the impact of the threats.

Should an information security incident occur, promptly take appropriate measures to contain the incident, restore to the current status, prevent the spread of damage, and prevent recurrence.

4. Education and awareness

Provide necessary education and awareness activities to officers and employees to improve their information security consciousness.

5. Continuous improvement

Implement a PDCA cycle for information security, and continuously review and improve systems related to information security.

Protection of personal information

Cataler has established internal provisions concerning personal information protection, constructed a management structure inside the company, and is thoroughly protecting, managing, and handling the personal information provided from outside the company.

Our internal provisions stipulate measures to be taken when personal information is obtained directly or indirectly, handling and management methods inside the company, and methods for addressing personal inquiries. These provisions also comply with the Act on the Protection of Personal Information, the My Number Act, and the EU General Data Protection Regulation (GDPR).

For the management structure, the Corporate Management Function Division Chief is appointed as the Personal Information General Manager, the General Affairs Department General Manager as Manager, and the Human Resources Department General Manager as Administrative Supervisor.



■ Intellectual property activities

● Basic policy of intellectual property activities

The automotive industry has seen accelerating changes in vehicle powertrains to curb climate change in recent years, requiring a quick and flexible technological response. We must collect various information on customer needs and market trends to anticipate future technologies and reflect them in business strategies for further product development in order to continue providing high-value technologies to the market amid such substantial changes in the market environment. To realize this business strategy, we view intellectual property as its foundation because it is how we can continue providing high-value technologies and products to the market and customers. This will allow the technology department, which creates intellectual property, the intellectual property department, which acquires rights to intellectual property, and the sales department, which utilizes intellectual property, to work together to make product development decisions and continue the business. We will also develop products for customers and the market based on a business strategy that includes an intellectual property strategy aiming to create intellectual property faster, advocate for it more strongly, and utilize it more widely.

This is a shared management strategy that remains unchanged in the various businesses we have developed.

● Respect for third party intellectual property

We regard issues related to third party intellectual property rights as equally important development issues related to product performance. We investigate the intellectual property of other companies from the product development stage in detail, and promote intellectual property activities so that our technology does not infringe on third party intellectual property rights.

● Intellectual property strategy

We analyze the status of intellectual property in each research & development field to reflect it in our related strategies, and are building a patent portfolio by protecting obtained research & development results as intellectual property. In addition, it is essential to secure a large number of strong patents to maintain our competitive advantage. We evaluate the value of our patents and reflect this in our development and intellectual property strategies.

● Human resource development to handle intellectual property

In order to implement each of these policies, we provide intellectual property education to the development department at each level, and promote the development of human resources who are conscious of and can respect intellectual property themselves.

Items that are not mentioned in the applicable organizations are data for our company alone.

■ The Environment

		Unit	FY2018	FY2019	FY2020
CO ₂	Emissions	thousand tons	16.0	16.5	14.9
Waste*	Amount of waste generated	thousand tons	0.29	0.29	0.27
	Emissions per unit of net output	tons / thousand units	0.0442	0.0387	0.0398
Environmental incidents	No. of occurrences	Cases	0	0	0

* Calculation method: Classifications of the Waste Management and Public Cleansing Act

■ Society

		Unit	FY2018	FY2019	FY2020
Number of employees (consolidated)		No. of people	2,254	2,473	2,447
No. of employees (nonconsolidated)	Men	No. of people	805	858	876
	Women	No. of people	198	198	207
	Total	No. of people	1,003	1,056	1,083
	Percentage of female employees	%	19.7	18.8	19.1
Employment status	Regular employees	No. of people	827	871	893
	Temporary employees	No. of people	121	121	106
	Dispatched employees	No. of people	55	64	84
	Total	No. of people	1,003	1,056	1,083
Employment of people with disabilities	Number employed (no. of people / count)	No. of people	11/16	15/22	16/23
	Employment rate	%	1.73	2.27	2.27
	Statutory employment rate	%	2.2	2.2	2.2
Hiring	New graduates	No. of people	27	31	26
	Percentage of female new graduates	%	25.9	19.4	30.8
	Mid-career hires	No. of people	31	37	16
Turnover	Voluntary	No. of people	22	24	15
	Retirement	No. of people	4	10	2
Education/Training	General training: Number of programs	Cases	84	83	85
	General training: Number of acquired competencies	Cases	1,541	1,911	1,945
Average age		Age	36.7	36.8	37.2
Average years of employment	Overall	Years	12.8	12.8	13.8
	Female employees	Years	11.7	11.6	11.7
Childcare leave acquisition	Men	%	5.1	11.8	4.5
	Women	%	100	100	100
	Total	No. of people	12	15	7
Childcare leave return rate *Total for men and women		%	100	93	100
Number of employees taking nursing care leave		No. of people	1	0	1
Number of employees using reduced working hours		No. of people	29	22	26
Workplace accidents	Fatal accidents	Cases	0	0	0
	Lost-worktime accidents	Cases	0	0	0
Influenza vaccine in-house vaccination inoculation rate		%	29.1	42.2	47.3
Measles antibody prevalence rate		%	99.2	99.2	99.2
Gynecology in-house examination consultation rate		%	57	63	79

■ Governance

		Unit	Men	Women
Directors		No. of people	8	0
	of which, part-time directors	No. of people	2	0
Auditors		No. of people	3	0
	of which, part-time auditors	No. of people	2	0

	No. of times held
Board of Directors	8
Audit & Supervisory Board	5

■ Policies

	Guidelines	Page
Sustainability	CSR Policy	► P5
The Environment	Environmental Guidelines	► P7
Society	Quality Policy	► P12
	Procurement Policy	► P15
	CSR Guideline for Suppliers	► P16
	Safety Guideline	► P20
	Basic Business Continuity Guideline	► P24
Governance	Conduct Guidelines	► P29

Cataler Group CSR Guidelines

As a global company, we (Cataler Corporation and its subsidiaries) will take the initiative in contributing to sustainable development in harmony with society and the Earth through all our business activities in each country and region in accordance with our Management Philosophy.

We will comply with both the letter and spirit of all relevant domestic, foreign, and international laws and regulations and conduct our business activities with the utmost of sincerity and integrity.

In order to achieve sustainable development, we will manage our business with a focus on all stakeholders as described below, and strive to maintain and develop sound relationships with our stakeholders through open and fair communication.

We expect our business partners to support and act in accordance with the intent of these guidelines.

Customers

- Based on our belief in the ideology of "customer first," we develop and provide innovative, high-quality products that meet the various expectations of our customers.
- We will comply with the letter and spirit of all relevant national laws and strive to thoroughly protect the personal information of our customers and all other people involved in our business activities.

Employees

- We will respect our employees and support their individual growth based on the belief that "the success of our business activities can only be achieved through the creativity and superior teamwork of each and every one of our employees."
 - We will provide equal employment opportunities and strive to ensure the diversity and unity of our employees. Furthermore, we will not engage in discrimination against any of our employees.
 - We will strive to provide fair working conditions for all employees and to maintain and improve a safe and healthy working environment.
 - We will respect the human rights of all people involved in our business activities and will not engage in forced labor or child labor in any form.
 - We will build and share values of mutual trust and mutual responsibility through sincere dialog and consultation with our employees. Further, we will work together with our employees towards our mutual prosperity.
- We will recognize the right of our employees to associate or not associate freely in accordance with the laws and regulations of the countries in which we conduct our business activities.
- Under the leadership of top management, we will foster and practice a corporate culture that encourages ethical behavior.

Business Partners

- We will respect our business partners and work to achieve co-existence and co-prosperity based on mutual trust from a long-term perspective.
- We will open our doors to all potential business partners, regardless of nationality or size, and make decisions based on their overall strengths.
- We will comply with both the letter and spirit of all relevant national competition laws and maintain fair and free trade.

Shareholders

- We will aim to enhance our corporate value through long-term stable growth for the benefit of our shareholders.
- We will disclose our business and financial status and results to shareholders in a timely and appropriate manner.

Local and Global Society

[Environment]

- We will strive to conserve the environment in all our business activities, develop and disseminate technologies that balance the environment and the economy, and work with a wide range of people in society to achieve growth that is in harmony with the environment.

[Society]

- We will respect the culture, customs, history, and laws of each country and practice management that earns the trust of each local society.
- We will continue to pursue superior technologies that are safe, clean, and meet the needs of society in order to realize the sustainable mobility that society demands.
- We will not tolerate bribery by governments or business partners and will maintain sincere and fair relationships with government agencies.

[Social Contribution]

- We will actively promote social contribution activities in all regions in which we conduct our business activities, either independently or in cooperation with partners, with the aim of growing communities and creating prosperous societies.

Published by: Cataler Corporation
Publication date: October 1, 2013

CSR Guideline for Suppliers

● Introduction

At Cataler, we have been developing new environmental technologies that purify the air and water using catalysts and activated carbon ever since the establishment of the company. Striving to solve global environmental problems, we have worked on contributing to the creation of a sustainable future society by delivering people- and environmentally-friendly products to our customers.

Over this period, despite facing various difficulties due to changes in the social environment, we established the Cataler Management Philosophy and clearly stated our Conduct Guidelines based on the recognition that it is important to hold a firm vision.

In October 2013, we organized the concepts indicated in the Cataler Management Philosophy in relation to stakeholders and compiled the Cataler Group CSR Guidelines based on the perspective of the corporate social responsibility we should fulfill.

The preamble to the Cataler Group CSR Guidelines states our expectation that suppliers will support the purpose of the policy and act in accordance with it. We established the Cataler CSR Guideline for Suppliers to facilitate continued dealings with suppliers based on a relationship of mutual trust.

We ask our suppliers to understand the purpose of the CSR Guideline for Suppliers, comply with the letter and spirit of the law, and implement it within their own companies, as well as to request their own suppliers to understand and implement the purpose of the guideline.

Cataler Corporation
President

● Management Philosophy

1. Keep strict observance of, and respect for, the language and spirit of all foreign and domestic laws and regulations, and engage in fair and open business practices.
2. Contribute to customer satisfaction and the creation of a prosperous society by offering cutting edge products and technology for greater harmony between humans and the earth.
3. Create a corporate culture based on mutual trust between labor and management, where employees are able to use their abilities and challenge new possibilities.
4. Be a company that contributes to the development of the local community and is loved and trusted by local residents.

● Cataler Group CSR Guidelines

As a global company, we (Cataler Corporation and its subsidiaries) will take the initiative in contributing to sustainable development in harmony with society and the Earth through all our business activities in each country and region in accordance with our Management Philosophy.

We will comply with both the letter and spirit of all relevant domestic, foreign, and international laws and regulations and conduct our business activities with the utmost of sincerity and integrity.

In order to achieve sustainable development, we will manage our business with a focus on all stakeholders as described below, and strive to maintain and develop sound relationships with our stakeholders through open and fair communication.

We expect our business partners to support and act in accordance with the intent of these guidelines.

Customers

- Based on our belief in the ideology of "customer first," we develop and provide innovative, high-quality products that meet the various expectations of our customers.
- We will comply with the letter and spirit of all relevant national laws and strive to thoroughly protect the personal information of our customers and all other people involved in our business activities.

Employees

- We will respect our employees and support their individual growth based on the belief that "the success of our business activities can only be achieved through the creativity and superior teamwork of each and every one of our employees."
- We will provide equal employment opportunities and strive to ensure the diversity and unity of our employees. Furthermore, we will not engage in discrimination against any of our employees.
- We will strive to provide fair working conditions for all employees and to maintain and improve a safe and healthy working environment.
- We will respect the human rights of all people involved in our business activities and will not engage in forced labor or child labor in any form.
- We will build and share values of mutual trust and mutual responsibility through sincere dialog and consultation with our employees. Further, we will work together with our employees towards our mutual prosperity. We will recognize the right of our employees to associate or not associate freely in accordance with the laws and regulations of the countries in which we conduct our business activities.
- Under the leadership of top management, we will foster and practice a corporate culture that encourages ethical behavior.

Business Partners

- We will respect our business partners and work to achieve co-existence and co-prosperity based on mutual trust from a long-term perspective.
- We will open our doors to all potential business partners, regardless of nationality or size, and make decisions based on their overall strengths.
- We will comply with both the letter and spirit of all relevant national competition laws and maintain fair and free trade.

Shareholders

- We will aim to enhance our corporate value through long-term stable growth for the benefit of our shareholders.
- We will disclose our business and financial status and results to shareholders in a timely and appropriate manner.

Local and Global Society

[Environment]

- We will strive to conserve the environment in all our business activities, develop and disseminate technologies that balance the environment and the economy, and work with a wide range of people in society to achieve growth that is in harmony with the environment.

[Society]

- We will respect the culture, customs, history, and laws of each country and practice management that earns the trust of each local society.
- We will continue to pursue superior technologies that are safe, clean, and meet the needs of society in order to realize the sustainable mobility that society demands.
- We will not tolerate bribery by governments or business partners and will maintain sincere and fair relationships with government agencies.

[Social contribution]

- We will actively promote social contribution activities in all regions in which we conduct our business activities, either independently or in cooperation with partners, with the aim of growing communities and creating prosperous societies.

● CSR Guideline for Suppliers

Cataler, in order to help preserve the comfortable-to-live earth and create an affluent society through providing own products and services to the customers, would like to make contributions to the realization of a sustainable society as well as the intensive environmental management on a global scale.

Therefore, Cataler would like the suppliers to be aware of and to internally promote the following themes and activities within a company of each supplier.

1. Compliance

[Compliance with laws or ordinances and its spirit]

- To observe local laws and regulations and their spirit.
- To improve procurement policies and systems, action guidelines, reporting systems, education, etc., for thorough compliance.
- Not to act in a manner that violates the competition law, such as private monopoly, unfair restraint of trade (cartel, bid-rigging, etc.), unfair transaction method, abuse of dominant bargaining position.

[Management and protection of confidential information]

- To strictly manage and make appropriate use of our own confidential information such as trade secret and so on.
- To obtain confidential information from an authorized person of other companies in a legitimate way, and check its usage range and other relevant conditions. To use confidential information only within the limit, and keep it confidential without infringing on the rights of other companies.
- To obtain all personal information about employees, customers, business partners only in a legitimate way, and use it within the proper range of use, and keep it strictly confidential.

[Export trade management]

- To thoroughly manage the export transactions in accordance with Export Trade Control Ordinance, and, if necessary, issue a "non-applicable certificate" or parameter sheet on products and technologies to be exported, after confirming whether they are restricted items or not.

[Prevention of corruption]

- To make political donations or contributions to political activity or governing political party in compliance with the political funds control law of each country, in order to build a transparent and fair relationship with politics and administration.
- Not to give entertainment, gifts, or money to others such as customers, suppliers, or other business partners for the purpose of acquiring and maintaining unjust profits or unfair preferential treatment.

2. Human Rights, Labor

[Elimination of discrimination]

- Not to discriminate persons on the grounds of individualities such as ethnicity, nationality, nationality of origin, religion, age, sex, and so on that shall be protected by applicable laws and regulations, in every employment-related aspects (of such as entry, recruitment, promotion, remuneration, right to receive education, job assignment, wage, benefits, punishment, dismissal, and retirement).

[Respect for human rights]

- Not to allow any form of harassment at the workplace with regard to the individualities such as the race, ethnicity, nationality of origin, religion, age, and sex, etc., that shall be protected by applicable laws.
- Not to allow any form of actions or attacks against the employees, that will disturb their jobs, harm the personal dignity and create the hostile or threatening or uncomfortable working environment, due to behaviors such as improper language, visual effects, body actions that are so called "harassment."
- To immediately investigate and make reports on any complaints made by employees about the harassments. To also create the environment that helps employees to report every case of harassment to the

management, with no fear of any retaliation or intimidation or further harassment.

[Forced labor]

- Not to use forced laborers.
- To ensure that every labor is voluntary and that employees are free to leave.
- Not to require employees to pass passports, public identification cards or work permit as a condition of employment. In addition, employees must be legitimately employed.

[Wage]

- To pay salaries to employees in compliance with applicable laws concerning minimum wage, overtime compensation, payroll deduction, piece wage, and other benefits.
- To pay legal mandatory benefits to employees.
- To inform employees about details of salaries and other benefits, welfare benefits and wage deductions, in a timely manner in compliance with applicable laws and regulations.

[Working hours, safe and healthy working conditions]

- To follow the applicable laws that stipulate the working hours of employees (including overtime).
- To give a top priority to the safety and health of all employees during working hours so that they can work safely, and do the best to prevent any accidents or disasters.
- To support health improvement of employees, through guidance done at workplace for employees in order to promote their health and to prevent disease.

3. Local and Global Society

[Environment]

- To rise to the challenge of achieving zero emissions across all areas of our business activities aiming for growth in harmony with the environment.
- To comply with laws and regulations related to the environment in addition to promoting environmental conservation activities and establishing an environmental management system which implements continual improvement.
- To work on the appropriate management of environmentally hazardous substances as well as improving environmental performance.

[Responsible procurement of resources and raw materials]

- To engage in procurement activities that take account of the impact on local communities from the use of raw materials (e.g.: conflict minerals, etc. from Congo*) that may cause social problems, such as human rights and the environment, and to take measures to avoid use when there are concerns.

*Minerals produced in the Democratic Republic of the Congo and neighboring countries and used to fund the activities of armed groups in the region

[Contribution to communities]

- To strive to solve social problems faced by each local community and work with them on social contribution activities in order to contribute to the development of enriched local communities.

[Disclosure of information to stakeholders]

- To disclose useful information to stakeholders in a proper and timely manner, including information related to management, finance, environmental conservation, society, and social contribution, and to strive to maintain and develop sound relationships with stakeholders through open and fair communication.

Published by: Cataler Corporation
Publication date: April 1, 2015

Cataler Corporation Action Plan

We will establish the following Action Plan in order to create an employment environment that enables women to fully demonstrate their individuality and skills and work with a sense of fulfillment.

1. Period of Plan

From April 1, 2019 to March 31, 2024 (five years)

2. Challenges for Cataler

- 1) Lack of a corporate culture enabling women to fully demonstrate their individuality and skills (not many IkuBoss* managers)
- 2) A small number of female leaders

*An IkuBoss is an inclusive leader who supports the subordinates and staff they work with in their work-life balance while achieving good results for the organization as well as setting a good example in enjoying their own personal life and work.

3. Goals

- 1) To strengthen the creation of a workplace and corporate culture enabling women to fully demonstrate their individuality and skills
*Increase the number of IkuBoss manager commendation recipients at least six times in the final fiscal year compared with the number in FY2018 through planned training and other measures
- 2) Double the number of female leaders as of March 31, 2024 compared with the number as of March 31, 2019

4. Details and Timing of Initiatives

[Challenge 1]

Initiative①: Changing awareness and creating workplace culture (Details)

- From March 2019: Reelect working group on women's participation (Tsubomi)
- From March 2019: Review training and commendations for IkuBoss managers
- From May 2019: Conduct training for IkuBoss managers (second class)

From May 2019: Give publicity to IkuBoss managers and positive practices (annually)

From October 2019: Conduct lectures and training sessions on diversity (training recipients to be determined on a case-by-case basis)

From October 2019: Interact with other companies (Tsubomi)

From March 2020: Check and take action based on findings of employee awareness survey (annually)

From April 2020: Select, recognize, and commend IkuBoss manager role models (annually)

From July 2020: Plan social events with other companies for IkuBoss managers and female leaders

From September 2020: Prepare handbook for IkuBoss manager training program

Initiative②: Proactive efforts to achieve work-life balance (Details)

From April 2019: In-house research and coordination aimed at expanding flextime system

From July 2019: Introduce annual leave system based on hourly units

From July 2019: Operate full-scale teleworking system

From October 2019: Introduce expanded flextime system

From June 2020: Conduct nursing care seminar

[Challenge 2]

Initiative①: Build the foundations and strengthen support for career development

(Details)

From April 2019: Continue proactive recruitment activities (at least 20% of recruitment to be female)

From July 2019: Review career feedback interviews

From August 2019: Conduct training sessions to develop leaders (annually)