



Mutual prosperity to both nature and mankind through creativity innovation and sensitivity
www.namics.co.jp

2023 CSR REPORT

Corporate Social Responsibility Report



2023

CSR REPORT

Corporate Social Responsibility Report

Table of contents

1. Editorial Policy
 2. Corporate Philosophy, Fundamental Management Policy, Activity Guideline
 3. CSR Fundamental Policy
 4. Message from Our President
 5. Company Profile, Group Companies
-

Management

6. Corporate Governance
 7. CSR Promotion Structure
 8. Risk Management
-

NAMICS Group Key CSR issues

9. Specifying Key CSR issues for NAMICS Group
-

Commitment to Key CSR issues

10. Workplace Safety
11. Reduction of Environmental Impact for Sustainability
12. Building a Reliable Value Chain for Our Customers
13. Promotion of Diversity and Sustainability
14. Investment in Social Capital

1. Editorial Policy

About this Report

In fulfillment of our CSR duty and to foster broad comprehension and facilitate ongoing dialogue with all stakeholders in our society, the NAMICS group has released this year's CSR report. This report adheres to "The GRI Sustainability Reporting Standards (GRI Standards)," a recognized international reporting guideline provided by the "Global Reporting Initiative.

Reporting Period

FY2022 (April 1, 2022 to March 31, 2023)

Reporting Organization

NAMICS Corporation, the offices and sites in Japan and Overseas

Membership of associations

Japan Electronics and Information Technology Industries Association
 Japan Electronics Packaging Circuits Association
 NIIGATA Chamber of Commerce & Industry

Issue History

First	Edition	December 2016
Second	Edition	September 2017
Third	Edition	September 2018
Fourth	Edition	September 2019
Fifth	Edition	September 2020
Sixth	Edition	September 2021
Seventh	Edition	September 2022
Eighth	Edition	September 2023

Next Issue Schedule

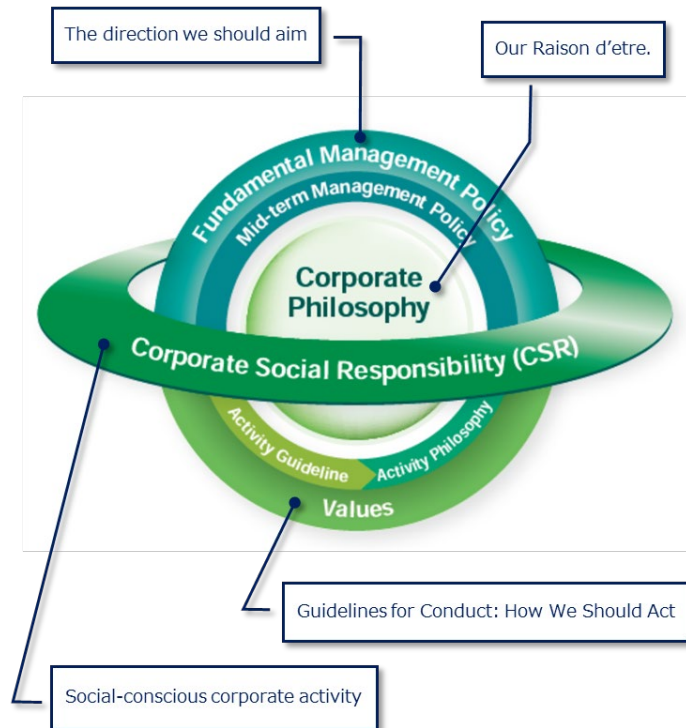
September 2024

Referenced Guideline

GRI standards 2021 revised edition

2. Philosophy · Fundamental Management Policy · Activity Guideline

Corporate philosophy system

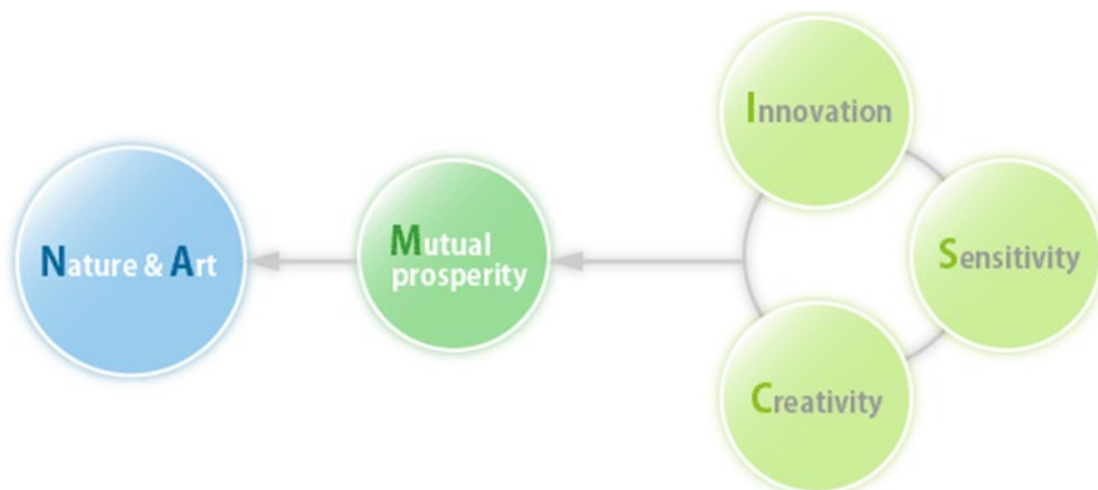


Corporate Philosophy — Our Raison d'être. —

Mutual Prosperity to Both Nature and Mankind through Creativity, Innovation and Sensitivity.

Mutual prosperity is the basis of our management philosophy; indeed it is our company's raison d'être. Our ultimate goal is art in the service of nature, leading to harmonious and advantageous coexistence between humans and the natural world.

The name NAMICS is an acronym of our principles, embodying the idea that sensitivity, innovation and creativity are essential if our goals are to be achieved.



Fundamental Management Policy — The Direction we should aim —

Create value for the future

～ Only one and Number One Company ～

- We use creativity and technology to generate future possibilities.
- We face change with trust from society and the market.
- We take pride in our work and provide true happiness and reasons for living.

Under our basic management policy of Create value for the future, our policy is to be an Only One and Number One company through creating new value that connects us to the future.

Values (NAMICS WAY) — Guidelines for Conduct: How We Should Act —

Activity Philosophy: "Self-reliance, Self-action, Self-help"

Recognize that "You are the architect of your own life" and strive to lead a life that brings satisfaction.

Activity Guideline:

Challenge: Foster curiosity, flexibility, and continually push your limits.

Growth: Take initiative to instigate change, driving personal and collective growth to reach our goals.

Respect: Enhance communication skills and cultivate relationships built on mutual respect.

The daily actions of each and every one of us and the shared values (NAMICS WAY) that serve as the criteria for judgment are the Activity Philosophy (Self reliance, Self-action, Self-help) and the Activity Guideline (Challenge, Growth, Respect). In order to make our life fulfilling, we place importance on acting on our own understanding and conviction, and we strive to act through proactive thinking and communication based on individual and group decision-making.

Corporate Social Responsibility (CSR)

— Social-conscious corporate activity —

【Corporate Social Responsibility and Compliance】

A core mission of our CSR is to contribute through corporate activities. Given the evolving landscape of technology, including innovations like IoT, as well as the changing dynamics of societal lifestyles and industries, maintaining high standards is imperative. To ensure the ongoing provision of products and services essential to technological innovation, we are committed to maintaining a balanced and stable business in both the mid and long term.

3. CSR Fundamental Policy

As NAMICS seeks healthy and continuous growth, we expect each employee to decide a course of action that upholds our collective social responsibility.

We value and fully practice our CSR strategy in all corporate activities: environmental conservation; global supply system; corporate compliance; and ethical conduct. We are committed to continuing to align our business with CSR and improve our CSR strategy through periodic reviews.

Social Contribution through Our Business

- Stably supplying products and services which provide social benefit with full consideration of quality, safety, and environmental impact.
- Expanding business in a way that leads to community development by respecting local and global business traditions and practices.

Compliance

- Establishing corporate governance in full compliance with the relevant regulations and company policies.
- Maintaining sound and good relationships with political and municipal authorities, the public, and other concerned organizations through equal, free competition, and business activities.
- Maintaining corporate transparency through appropriate disclosure of corporate information and lawful management of individual and customer information.

Respect for Human Rights

- Respecting human rights in all human beings and strictly prohibiting any actions and behaviors which damage any human beings' dignity, including discrimination based on one's nationality, gender and prohibition of juvenile and forced labor.
- Creating a safe and clean working environment that allows our people to demonstrate their maximum ability.



4. Message from Our president

Since its establishment in 1946, NAMICS has specialized in electrochemical materials, evolving its focus towards the development and production of insulating and conductive materials. In response to detailed requirements from both domestic and international clients, the company has devoted itself to extensive research and product development. Consequently, around 80% of its revenue is generated from overseas, with NAMICS holding approximately 40% of the global market share in liquid encapsulants for semiconductors.

The transition from the former company name "Hokuriku Toryo" to the current name "NAMICS" took place in 1996, coinciding with the company's 50th anniversary. This change symbolizes the concept of coexistence and mutual prosperity between nature and humans, emphasizing the importance of sensitivity, innovation, and creativity as a corporate stance towards achieving this goal. The spirit of "coexistence and mutual prosperity of nature and humans" aligns with global initiatives promoting the Sustainable Development Goals (SDGs) for a sustainable society.

Furthermore, we have established essential pillars - the "Corporate Philosophy" defining the fundamental purpose, the "Fundamental Management Policy" representing corporate culture and long-term objectives, and "Values (NAMICS WAY)" serving as behavioral standards for every employee - as integral components of the "Management Vector." Additionally, viewing corporate social responsibility (CSR) as contributing to society through business activities, we are dedicated to sound management and sustainable business operations.

To realize a sustainable society, numerous worldwide challenges, including environmental issues and human rights concerns, must be addressed. In addition to our social contribution activities through business, we are committed to conducting our business activities in accordance with the Responsible Business Alliance (RBA) Code of Conduct, a global standard emphasizing corporate responsibility regarding the humane treatment of workers in the electronics industry supply chain and environmental impact.

Today, electronic devices like smartphones and computers have become indispensable in daily life and societal activities, while automobiles are experiencing a new era with the proliferation of EVs (Electric Vehicles) and automated driving. Various sensors are integrated into and utilized in transportation systems, medical care, disaster prevention, crime prevention, robotics, and other devices. NAMICS' products find diverse applications in electronic components, including sensors in such devices, contributing to the realization of a safe and secure lifestyle and addressing environmental issues such as resource efficiency and energy conservation.



Our products find application in diverse scenarios, a result of our continual refinement of material technology since inception. We strategically plan, propose, and consistently introduce new products to address the evolving needs of our global customer base. Collaborating with universities and public institutions nationwide through industry-academia-government partnerships, we have achieved numerous milestones in joint research and development.

Recognizing the critical challenge of ensuring a stable global product supply, we have implemented "Business Continuity Plan (BCP) Regulations" to enhance business continuity management and decentralize production facilities. In emergencies such as natural disasters or the outbreak of infectious diseases, our primary focus is on maintaining a continuous product supply to customers. Our goal is to systematically implement measures for swift business operation resumption, minimize impacts on management resources, and initiate recovery efforts.

Additionally, as part of our commitment to reducing environmental impact and fulfilling social responsibility, we have established an environmental management system. Environmental conservation activities are a central management challenge for us, encompassing initiatives like constructing eco-friendly office buildings, electrifying and hybridizing company-owned vehicles, selecting products with minimal environmental impact in procurement, and actively promoting waste reduction and recycling.

Concerning employee development, our fundamental policy is "Realizing a Good Company and Enriching Employees' Lives." We prioritize organizational development and culture creation to foster employee engagement, offering various growth opportunities such as position-based training, department-specific training for specialized knowledge and skills, and globalization programs for the development of global human resources.

While our company generates approximately 80% of its revenue from overseas, we actively engage in initiatives contributing to sustainable growth in collaboration with local communities. This includes employee volunteer work, sponsorship of cultural and educational programs for youth development, support for local sports promotion, and operating an in-house nursery school for non-employee children. Through these diverse initiatives, we are dedicated to actively contributing to the local community.

In conclusion, NAMICS will persist in striving for mutual prosperity and coexistence with local communities through ongoing business activities. We are committed to actively pursuing initiatives that garner recognition not only in our founding location of Niigata but also in various regions where we have established bases.

September 2023

NAMICS Corporation
President Toshinobu Odajima



5. Company Profile · Group Companies

Company Profile



Name NAMICS CORPORATION

Address 3993 Nigorikawa, Kita-ku, Niigata City, Niigata Prefecture

Foundation February 1947

Capital 80 million yen

Representative Toshinobu Odajima,
President

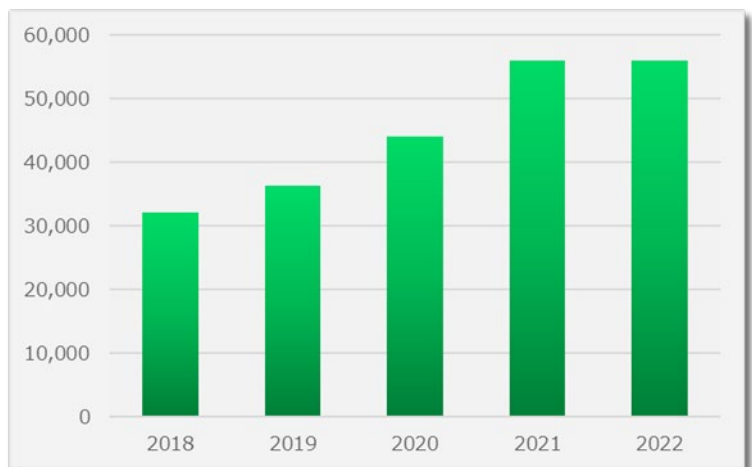
Business Research, development,
manufacture and sales of
electro-chemical materials

Sales 56.0 billion yen (FY2022)

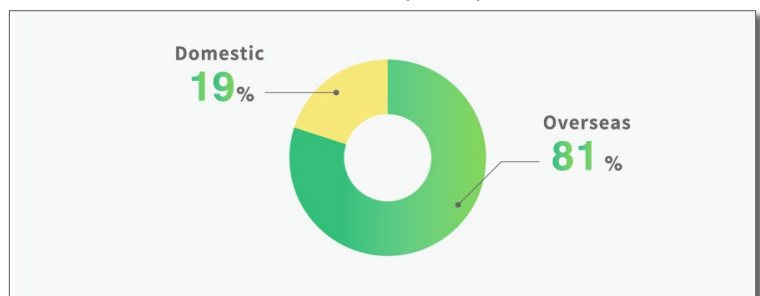
Total Employees 710
(As of March 31,2023)

R&D Expenditure to Sales 6% (FY2022)

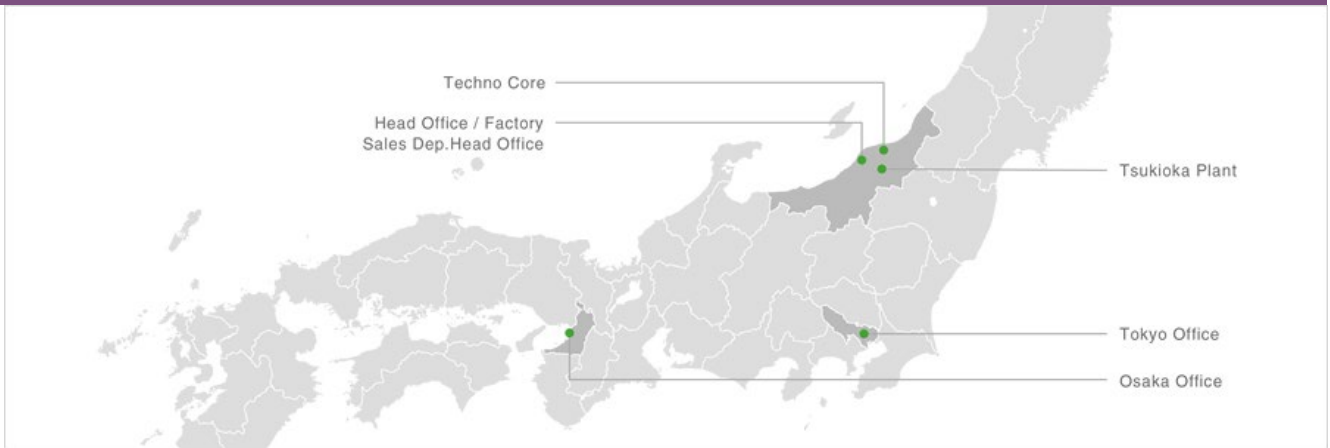
Sales History



Sales Ratio (2022)



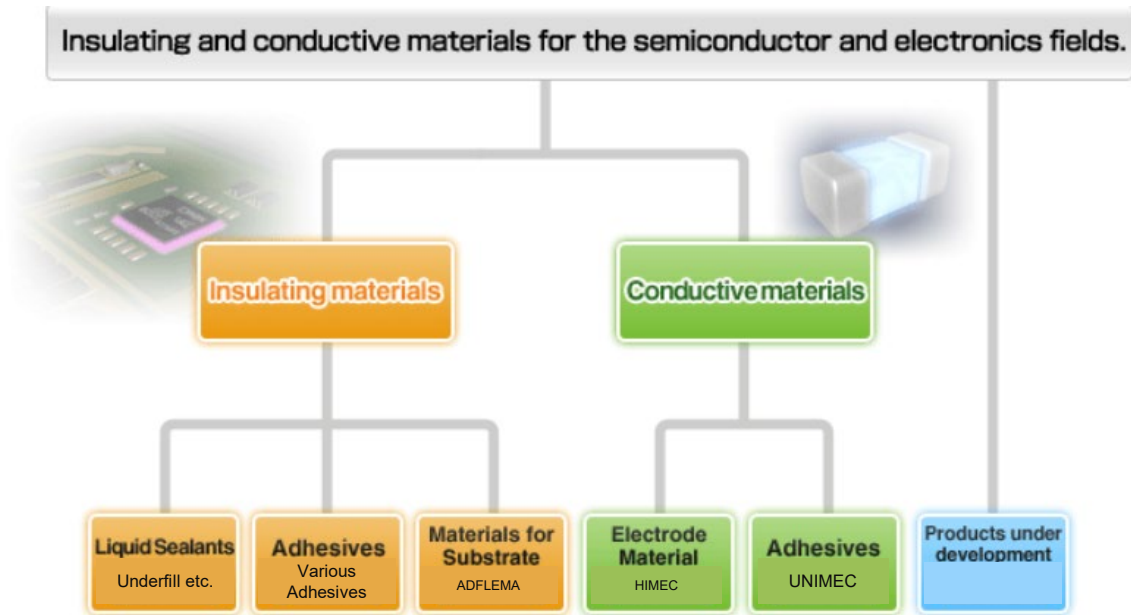
National Network



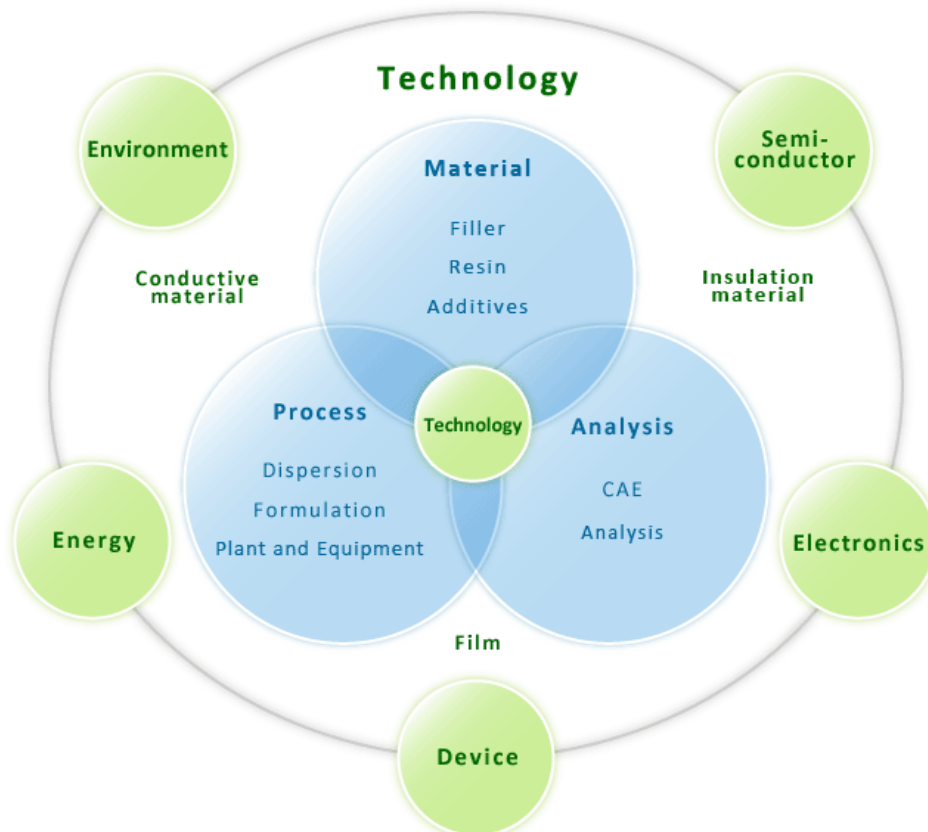
Global Network



Our Product Line-up



Our Technology



NAMICS contributes to social development by stably supplying socially-beneficial products and services while taking full consideration of quality, safety, and environmental impact. We expand our business in a way of that leads to community development by respecting local and global business traditions and practices.



At NAMICS, we focus on developing environmentally-friendly products such as lead-free products which mitigate the use of environment-hazardous lead, long-life products which reduce waste, and RoHS compliant products which contain no harmful materials. For example, we are putting our efforts into the development of solar battery electrode materials for solar cells, to achieve higher efficiency at lower cost.

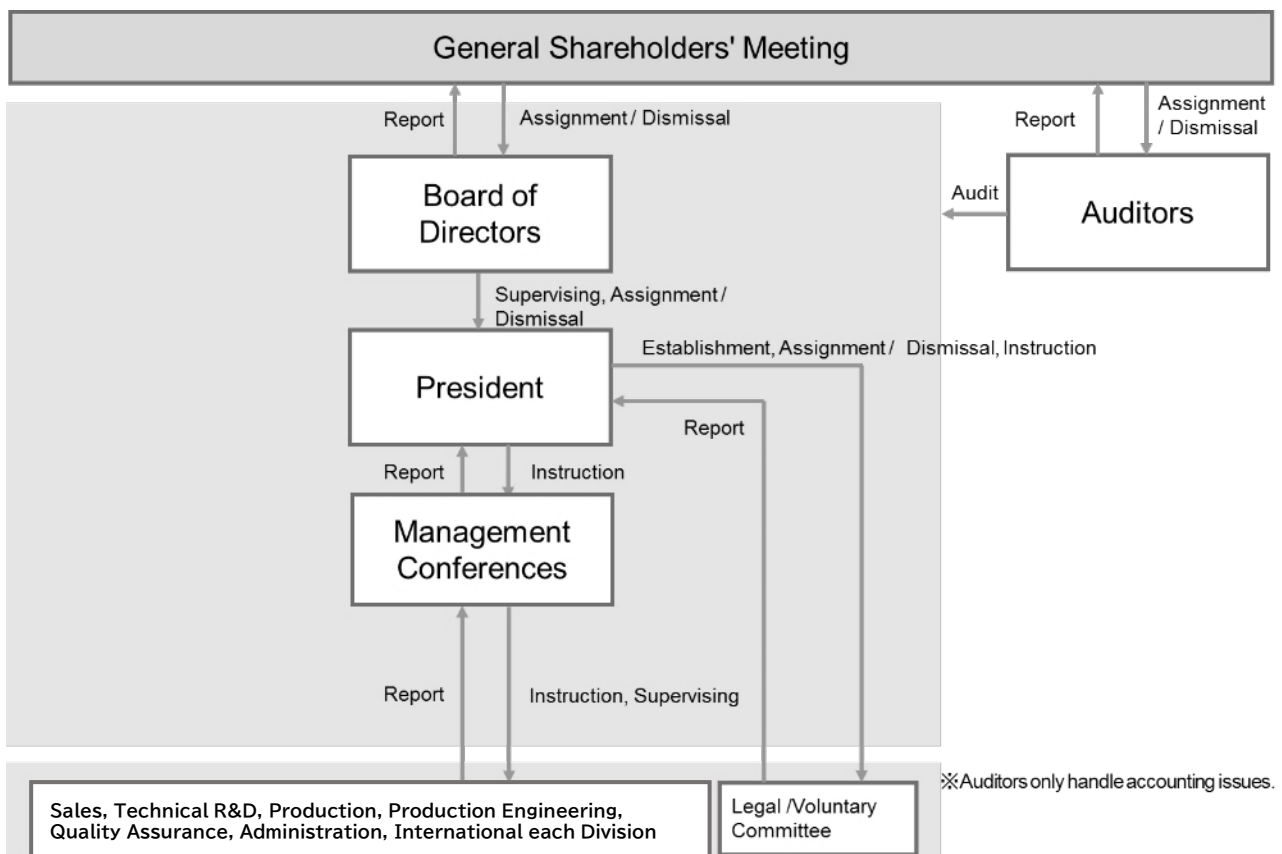
The whole production process, from receiving raw materials to shipping products, is strictly controlled by the latest system. Thus, we demonstrate our stable supply of highly reliable products with minimal quality variance. We also put our efforts toward developing new technologies by best utilizing our two core technologies of material (insulating and conductive) and process (composition and dispersion) technologies, along with simulation technology (material and structural analyses) in our research and development facility with the latest equipment and devices. Thus, we contribute to safe and environmentally-friendly product development.

NAMICS is striving for environmental conservation and to establish a global supply system so that even in emergency situations such as a disaster, we are able to maintain our sustainable product supply. We are expanding and improving our overseas production base to allow us to flexibly respond to the changing environment. We ensure our new production facilities are designed to deliver high production efficiency. At the same time, NAMICS will carry out our operations with respect for business traditions and practices in the local community, whereby we pursue mutual success with the community and our contribution to social development.

6. Corporate Governance

Board of Directors / Management Conferences

As the organizations of deliberation and decision making regarding important corporate-wide matters, there are the Board of Directors and Management Conferences. The Board of Directors Meeting and Management Conferences are held once a month or more. At the Board of Directors meetings we deliberate and decide basic corporate policy and execution of important business matters under corporate law or our articles of incorporation. At the Management Conference we deliberate and decide business challenges of corporate-wide or section-wide importance.



Operation of Overseas Subsidiaries

Governance of Overseas Sales Companies by Headquarters

Since the establishment of an overseas sales company in 2006, we have held an International meeting once a year in Japan and invited the general managers for each sales company. The international meeting is held in March before the start of the next fiscal year.

At the meeting we give presentations regarding company policy, sales policy and the plan for each sales company in order to improve business activity transparency.

Starting in FY2014 we have held periodic online conferences with each of the 7 sales companies and an Annual International Meeting.

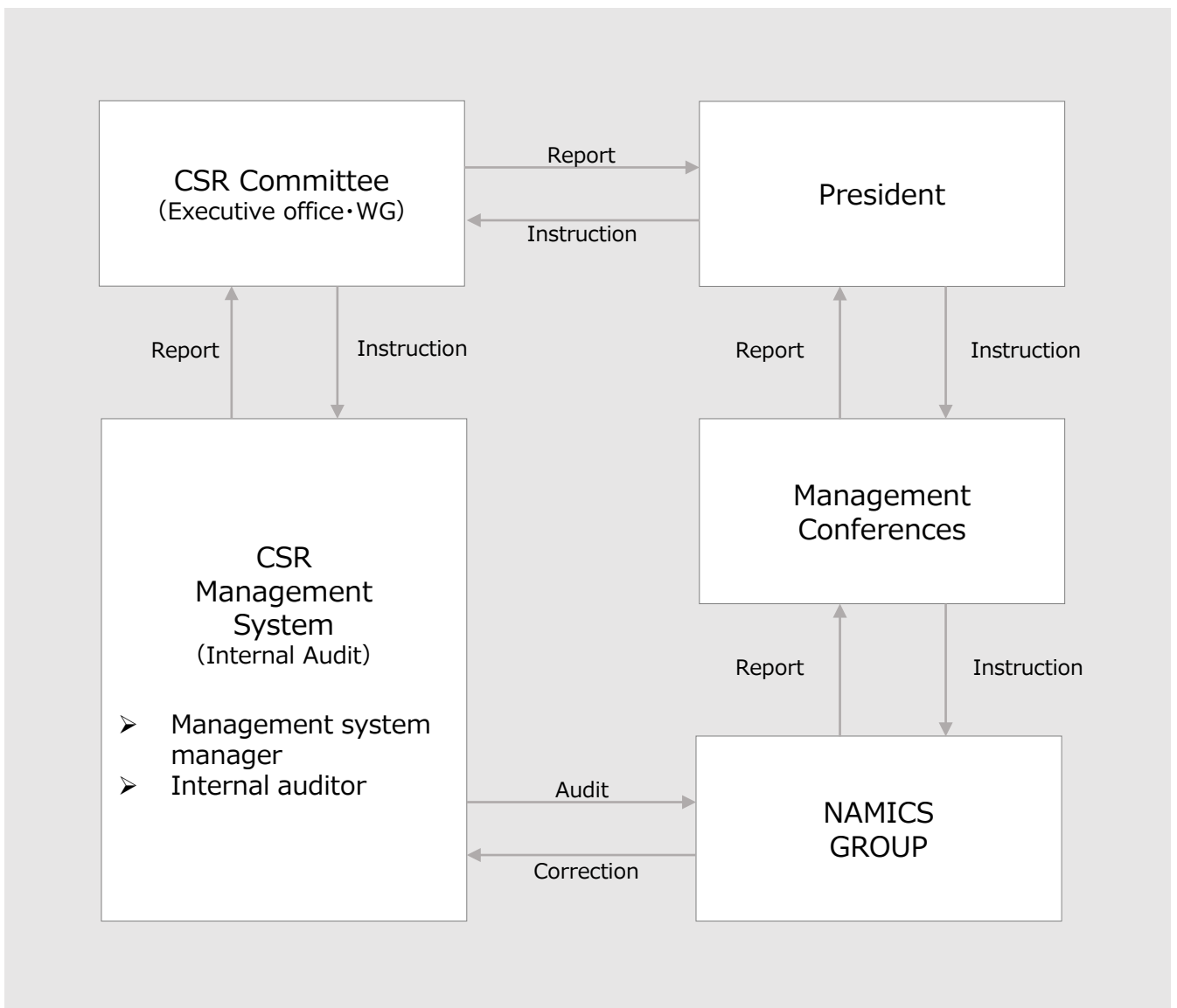
We discuss various topics such as the followings at the above meetings in order to strengthen the governance of headquarter and reinforce the sales ability of sales companies.

- 1) Sales plan progress
- 2) Organizational issues of each sales company
- 3) Sales strategy of each sales company
- 4) Tasks/Improvement areas identified in each region

7. CSR Promotion Structure

Our Corporate Social Responsibility (CSR) is to execute the business based on our corporate philosophy and contributions to stakeholders.

To implement the above, we established our basic CSR policy and related internal standards. To promote CSR activity corporate-wide in our various activities, the CSR Committee is designated under the governance of our President.



8. Risk Management

BCP Standards

We have a BCP(Business Continuity Plan) Standard.

The purpose of this standard is;

- To promote prompt recovery in order to maintain a stable supply of our products to customers when facing the risk of an emergency (“Risk”) such as large-scale earthquakes or other overwhelming disasters.
- To mitigate damage to operating resources.
- To promote planning of preliminary measures and restoration measures.

Based on the BCP Standard, each site and factory established a Business Continuity Plan and prepares for disasters and accidents beforehand.

”Risk” Response System

- Director-General of the Response Headquarters : President (In his absence, an officer of the next order or a deputy of the President)
- Headquarters member : Based on the Members of the Management Conference it is composed by the Group Managers of each Division.
- Secretariat : Business Planning Group, General Affairs Group

Category	Role
Affected Office	Establish the Emergency Response Office by the employees who are able to come to the office. They enforce the safety confirmation of the employees, contact the Support Office and start restoration activity as much as possible.
1 st Support Office	Collect the Affected Office information and establish the Emergency Response Office. Communicate with the 2 nd Support Office and start support.
	In case the Affected Office suffered serious damage and is unable to function or they received a request from the Head Office, they implement emergency activity instead of Affected Office.
2 nd Support Office	In case that 1 st Support Office is unable to act or they received a request from the 1 st Support Office or the Head Office, they will start the support activity.

9. Specifying Key CSR Issues for NAMICS Group

When editing this CSR report, we analyzed our key CSR issues. This issue analysis will be reviewed and updated every year.

- **Specifying, Evaluating and Prioritizing of Issues**

Our CSR committee clarifies and specifies our key CSR issues based on corporate philosophy, core issues from the mid-term management plan and information from our customers and employees. From the two perspectives of the Business and the Stakeholders, they evaluate, prioritize and specify the issues.

- **Approval by Senior Management**

To be examined and approved at a management conference attended by the Board members, the Executive officers, and the Senior Group Managers.

Our high-priority CSR issues are as follows.

- **Workplace Safety**
- **Reduction of the environmental impact for sustainability**
- **Building a reliable value chain for our customers**
- **Respect for Human rights, Legal Compliance, Diversity, Promotion of Human Resource Training and Retention**
- **Investment in Social Capital**



What do we do for SDGs?

Our company name was changed to "NAMICS" in 1996. This signifies coexistence and mutual prosperity between nature and humans as well as sensitivity, innovation and creativity that is indispensable for enabling mutual prosperity (See page3).

Our company policy, "Mutual prosperity to both nature and mankind through creativity, innovation and sensitivity" resonates with the current global initiatives of the Sustainable Development Goals (SDGs). In another words, one of our goals is realizing sustainable societies.

NAMICS has been and will continue fulfilling our roles and responsibilities to make the world better and more sustainable.



10. Workplace Safety

We undertake various occupational safety and health activities, focusing on prevention and management, based on our CSR Basic Policy "Creating a safe and clean working environment that allows our people to demonstrate their maximum ability".

Occupational Safety



Safety Inspections

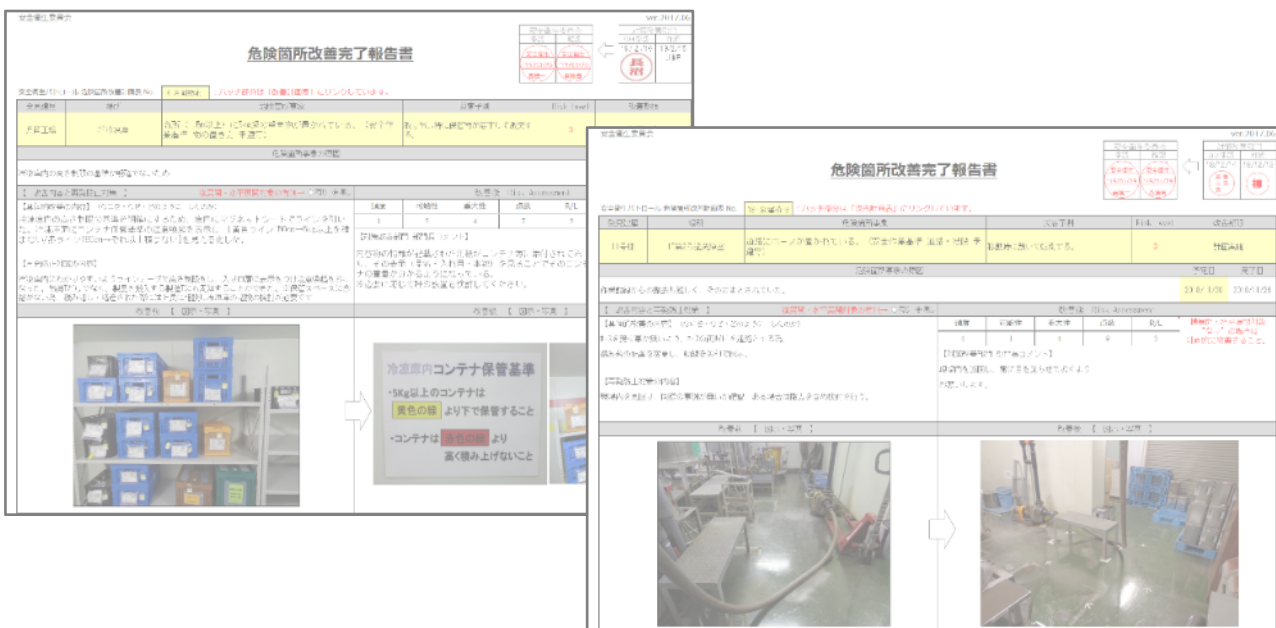
We conduct Health & Safety Inspections in order to prevent occupational accidents. Regular inspections at field sites are necessary to provide a safe and comfortable working environment, and they contribute to the early detection of risks and hazards.

The indicated items are evaluated and improved through Risk Assessment.

Indicated items by Health & Safety Inspections

Unit (Case)

Items	FY2020	FY2021	FY2022
Indicated	85	94	87
Improved	85	93	85



Education / Training



In order to protect employee's safety and health, we prepare "Occupational Health and Safety Education" as stipulated by laws and regulations. Our occupational health and safety team from our General Affairs Group conducts and improves the required education and training for our company.

Education • Training Program and Participants (Japan) Unit (People)

Program	FY2020	FY2021	FY2022
Disaster • Fire drill	393	607	615
Disaster • Fire prevention education	—	228	200
Hazardous materials security personnel training	—	1	—
Poisonous and deleterious material storage management training	47	—	—
Beginners First Aid Course	—	—	2
Total	440	836	817

Disaster drill, Earthquake drill



Firefighting drill



Emergency drill



Disaster • Fire prevention education

Occupational accidents Unit (case)

	FY2020	FY2021	FY2022
Occupational accidents (Japan)	5	4	4

11. Reduction of Environmental Impact for Sustainability

At NAMICS, our management philosophy is "mutual prosperity" based on the concept of "harmonious coexistence between nature and people." Our name, "NAMICS," is an acronym of the first letters of the ideas underlying the corporate activities which contribute to such mutual prosperity. One method of giving shape to our philosophy was the construction of an environment management system which obtained ISO14001 accreditation in November, 2003. We are also involved in a wide range of other activities.

Environmental Policy



NAMICS is located to the east of Niigata City, known as the "Water Capital" because of its many waterside areas and its wide rivers which flow into the Japan Sea. Our offices are surrounded by lush fields of rice and other crops.

Since our foundation we have protected the riches of the natural world and on the basis of the SEEDS acronym (S: semi-conductor, E: environment, E: energy, D: device, S: system), we have positively carried out R&D on insulation and conductive materials related to electronic products and contributed to enhanced lifestyle culture through the products we supply.

We will continue to work towards harmonious coexistence and mutual prosperity in all relationships including those between society, or art, and nature, by founding our actions on the following environmental policies.

1. To elevate environmental preservation activities to the status of the most important management issue and to fulfil even more meticulously our social obligations through continued improvements in our environment management system.
2. To endeavor to contribute to society by making our environmental policies known to all employees and ensuring that each one of them is aware of the environmental problem.
3. To comply with laws relating to environmental preservation, work for international cooperation including guidelines by industry and related groups to which we have agreed, strive to execute the use of sustainable resource, the alleviation and adaption against the climate change, the protection of biodiversity and ecological system, prevent pollution, and improve safety operations, security and disaster prevention.
4. Principally to promote the following environmental preservation activities in environmental aspects relating to our business activities :
 - 4.1 Promotion of energy reduction
 - 4.2 Promotion of 3R (Reduce, Reuse, Recycle)
5. To promote the following activities aimed at reducing our products' environmental impact.
 - 5.1 Getting to grips with R&D and design which minimizes the environmental effects of our products.
 - 5.2 Promoting reductions in and alternatives to chemicals contained in our products which have an environmental impact.
 - 5.3 Minimizing packaging.
 - 5.4 Positively developing environmentally-friendly materials supply activities.
6. To set environmental goals and targets as mid-term plans which consider environmental impact evaluations, in order to achieve our environmental policies. To establish and implement concrete plans on an annual basis.

NAMICS Corporation
President Toshinobu Odajima

Acquisition of ISO Certification

The current status of ISO 14001 certification is shown below.

We have also obtained ISO9001:2015 and IATF16949:2016 certification, which are ISO standards for quality.

Company/Facility	NAMICS Corporation Related facilities • Tsukikoka Plant • NAMICS Techno Core
Scope of ISO registration	Design, Development and Manufacturing of the following materials.- Coating agent, paste, and powder for electric components-Encapsulant for semiconductor- Conductive paste, powder and adhesive for electric components, circuits, and battery- Conductive and insulating materials for display - Marking ink for electronic components
Certification date	November 21, 2003
Certification date	Japan Quality Assurance Organization (JQA)

Environmental Training



We provide environmental education and trainings to all employees, aiming for sharing and raising awareness of our corporate philosophy and our mission for environmental conservation.

In addition to our basic and specialist trainings on the environment, the importance of managing chemical substances contained in the products is also taught based on the guidelines for the management of chemical substances in products.

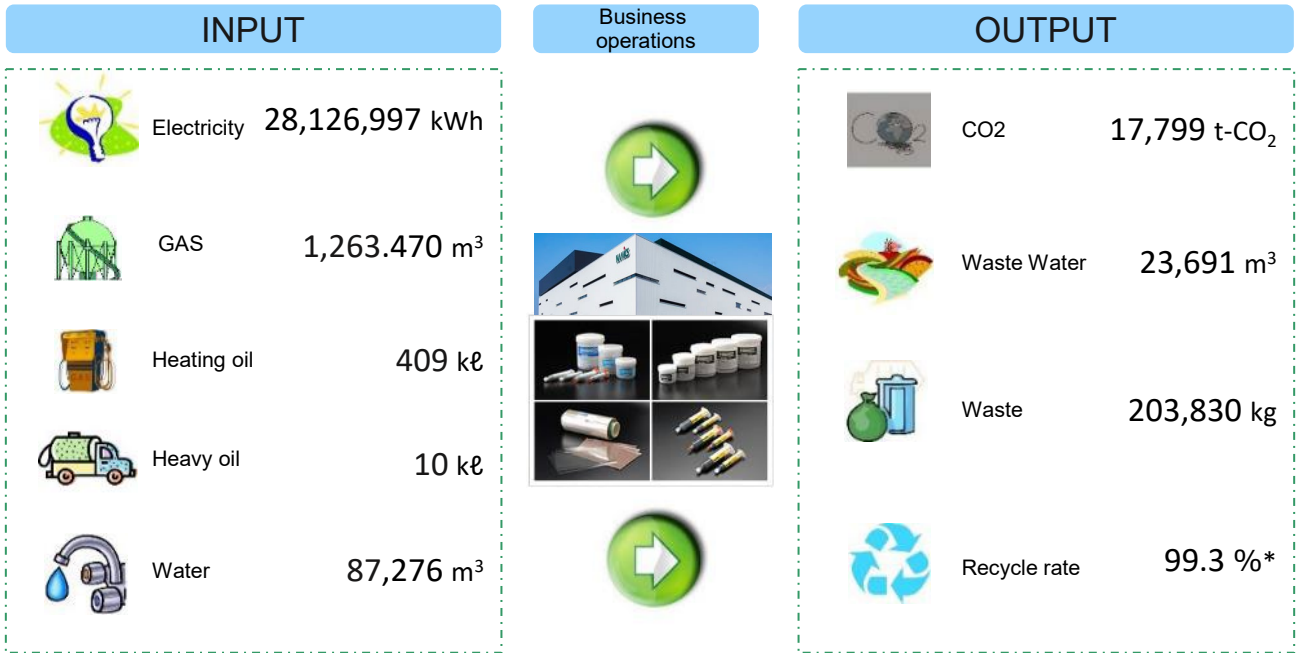


Environmental Protection



NAMICS Group are committed to reducing waste emissions generated in the manufacturing process and recycling resources.

Environmental impacts overview (Including overseas factory)



The figures for the factories in Japan are the actual values in FY2022.

The figures for Taiwan factory are the actual values from January 2022 to December 2022.

*The figures for the factories in Japan were counted. In Taiwan factory, all wastes are incinerated by government designated industrial waste disposal operator.

Waste Control and Recycling (Japan)



Wastewater sludge is recycled as roadbed material and waste solvent is recycled as fuel.

Products after pyrolysis gasification and fusion process are recycled into industrial fuel gas and metal raw materials.

Prevention of Water Pollution



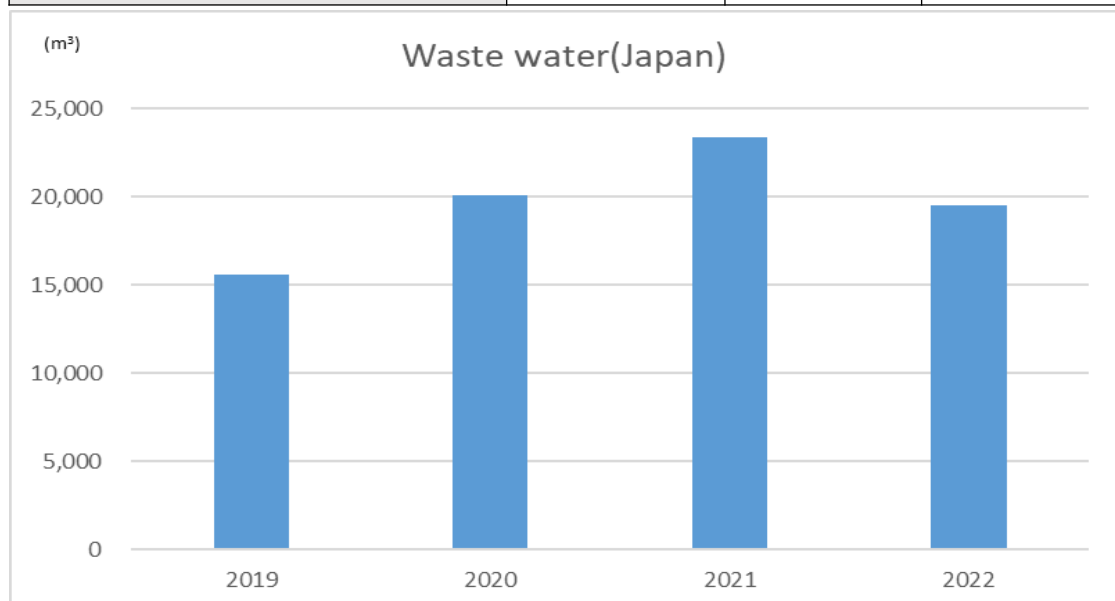
NAMICS Group is committed to preventing any water contamination occurrence in public water areas. Waste water is strictly controlled and treated in a waste water treatment facility. We are fully compliant with the related laws and regulations.

The waste water treatment facility is regularly inspected and fixed whenever necessary, to ensure stable operation. Additionally, we monitor and test the water quality to comply with the effluent standards.



Wastewater treatment facilities (Head Office/Factory)

Property		Effluent standards (Japan)	Factories in Japan (As of February, 2022)	
			Effluent (No.1)	Effluent (No.2)
pH	Upper limit	5.8~8.6	7.7	7.6
BOD (biochemical oxygen demand)		<40mg/l	2	6
SS (suspended solids)		<50mg/l	3	5
n-Hexane extracts	Mineral oils	<5mg/l	<1	<1
	Animal and vegetable oil and fat	<30mg/l		
Phenols		<5mg/l	<0.01	<0.01
Copper		<3mg/l	<0.01	0.08
Zinc		<2mg/l	0.09	0.56
Dissolved iron		<10mg/l	0.05	0.14
Dissolved manganese		<10mg/l	<0.02	<0.02
Coliform group		<3000pcs/ml	<30	1,100
Nitrogen		<100mg/l	9.3	3.3
Chromium		<2mg/l	<0.04	<0.04



Prevention of Global Warming



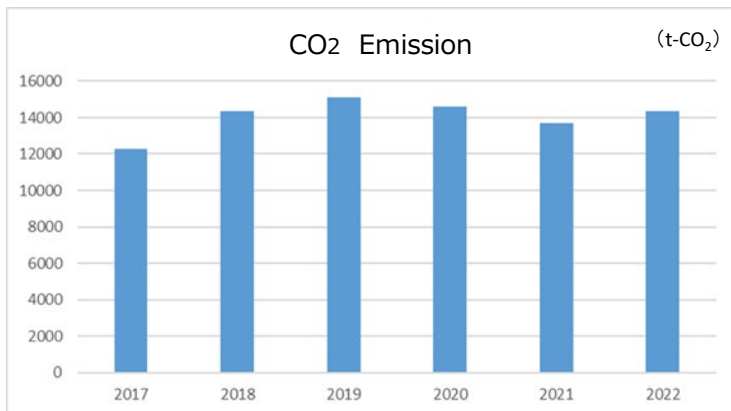
About 30% of total solar energy reflects on things, such as clouds, and the remaining 70% reaches the earth. The surface of the earth absorbs the solar energy and infrared rays (IR) radiate from there. Most IR are released to space, however, some of them are absorbed into water vapor or carbon dioxide. These water vapor and carbon dioxide warm the globe. This greenhouse effect keeps the temperature of the ground at about 14 degrees Celsius, and thus the environment is suitable for plants and animals, including human beings.

However, this good balance is being lost and changes are occurring on the earth. Aside from water vapor, the greenhouse gas which is most abundant in the atmosphere is carbon dioxide. Carbon dioxide is largely human driven and burning fossil fuels is causing a major increase. It is therefore necessary that we work on more efficient use of the energy generated from fossil fuels and on the control of greenhouse gas emissions.

Besides setting targets every fiscal year, NAMICS establishes Energy-Saving Guidelines and tries to use energy more economically every day.

Concerning our company-owned vehicles, we are transitioning from gasoline-powered vehicles to hybrid and electric vehicles. As of FY2022, the implementation rate has reached 100%. Furthermore, our production facility, operational since May 2017, has incorporated various eco-friendly designs and has been certified with a rank A in the "Comprehensive Assessment System for Built Environment Efficiency in Niigata (CASBEE Niigata)."

The Administration and Welfare Building, operational since July 2022, adheres to the "ZEB Ready" standard, aiming to reduce building energy consumption by 50%.



NAMICS Energy-Saving Guideline

項目	内容
オフィスの冷暖房	冷暖室温 28℃を目途に温度を下げ、冬は20℃を目途に温度を上げる。OA機器の管理 電源のオフ、パソコンをオフ
OA機器の管理	電源のオフ、パソコンをオフ
機器の購入	省電機器、OA機器等のエネルギー効率の高い機器を優先的に採用する
業務の合理化	業務の見直し・改善等
エレベーター	省エネ法に基づく対策
自動販売機	省エネ法の向上等
車の利用	資源の有効利用に努める。☆ 燃料☆ エアコンの清掃
設備管理	空調、冷熱設備のメンテナンス、ファン、ボイラー等熱源/要電設備、その他省エネ
水管理	蛇口はこまめに閉める
その他	エネルギー管理に努める

Hybrid vehicle



Electric Vehicle



Control of Chemical Substances



NAMICS establishes and operates a system which is in accordance with the guideline of controlling chemical substances in products. This guideline is advocated by JAMP (Joint Article Management Promotion-consortium).

We established our Green Procurement Standard Document in 2005 and set our own criteria for chemical substances contained in NAMICS' products. Applying these criteria, we verify the substances with the cooperation and support of our business partners. The requirements for the thorough regulation of chemical substances are becoming more and more stringent, not only in highly developed countries, but many developing countries as well. In order to make our management system more reliable, we collect the latest information and continually maintain and improve our procedures.



Environmentally-friendly Product Development



Our idea at NAMICS is to be kind to people and the planet through the products we provide.

Our lead-free products, durable products to reduce waste and RoHS-compliant products which do not use hazardous substances bear witness to our constant attention to the voice of people and the planet.



"Green" Purchasing



In order to provide environmentally-friendly products, we have established "green" purchasing standards in an effort to select supplies, including raw materials used in production, container and packaging materials and purchased articles, which have a low environmental impact. In selecting materials, we have added "environment" to the traditional criteria of "quality, price and supply stability," and our decisions are based on a global consideration of all four.

12. Building the Reliable Value Chain for Our Customers

NAMICS Group considers building the value chain of Purchasing, Production and Sales an important issue for customer confidence. In order to earn the customer trust that NAMICS seeks, it is necessary not only to manufacture our products but also to build a reliable value chain.

Based on our company philosophy, “Mutual prosperity to both Nature and Mankind through Creativity, Innovation and Sensitivity”, our sales offices are promptly aware of our customer needs, then sharing the information and expanding sales activities through NAMICS’ global network.

Regarding production activities, we have several factories including our overseas factories in consideration of BCP.

In purchasing we have established our worldwide “material procurement policy”. We proactively promote efforts to comply with the social standards in our partners’ countries as well as Japanese standards and to also carry out our social responsibilities such as environmental preservation. Through these initiatives we build solid partnerships and aim for mutual prosperity based on a trusting relationship .

NAMICS’ Material Purchasing Policy



- 1 Procurement of Best Possible Materials**
 We carefully select our partners and carry out our business with them according to our rational and clear standards regarding quality control, price, stability of supply, company reliability, environmental conservation, and non-use of conflict minerals.
- 2 Striving for Fair Procurement at the Most Reasonable Price**
 In principle, we compare and evaluate quotes from multiple partners to ensure a fair partners fairly and as equals.
- 3 Promoting Green Procurement**
 We promote green procurement with consideration for natural resource protection and environmental conservation.
- 4 Compliance**
 We strictly comply with the social standards in our partners' countries.
- 5 Confidentiality**
 We strictly maintain the confidentiality of information obtained from our partners in the procurement process.
- 6 Respect for Human Rights, Occupational Health & Safety**
 We respect basic human rights in our partners' business and endeavor to ensure occupational safety and health.

13. Promotion of Diversity and Sustainability

Respect for Human Rights, Legal Compliance, Diversity



Based on international labor standards by the International Labor Organization (ILO) and labor laws and regulations of each country, we respects the human rights of employees and strictly comply with the laws and regulations.

Human Rights Aspect and Humanity Improvement Training

As part of our efforts to build respect for human rights, we create and implement comprehensive training about human rights and humanity improvement. The following number of the employees participate each year.

Total time and participants ratio of human rights and humanity improvement training

Category	item	FY2020	FY2021	FY2022	Notes
Total time	Total participants	138	—	276	In FY2021, there was no employee training due to infectious disease countermeasures.
	Total hours (NAMICS Group)	1,336	—	3,395	
Participants ratio	Employees number	676	—	710	
	participants ratio(%)	20%	—	39%	
Reference index	training satisfaction rating (point)	4.3	—	4.5	5 grade survey

Employee Diversity

As a company that has several overseas offices, factories and has approximately 80% of total sales from overseas, we at NAMICS hire local employees at our overseas group companies and also work to recruit people from different countries to work at NAMICS in Japan.

The number of our group employees (As of March 31, 2023)

(Unit : people)

Employee number	Japan		Taiwan factory		Other overseas bases		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Full-time	373	92	45	32	62	41	480	165
Contract	97	76	0	0	0	0	97	76
Long term part-time	1	19	0	0	0	0	1	19
Short term part-time	0	0	0	0	0	0	0	0
Temporary	10	42	0	0	0	0	10	42
Subtotal	481	229	45	32	62	41	588	302
Ratio	68%	32%	58%	42%	60%	40%	66%	34%
Total	710		77		103		890	

Topics
01



Efforts to realize "Carbon Neutrality" Vol. 1

— New Headquarters Building Compliant with ZEB Ready —

The administration and welfare building, completed in July 2022, marks the conclusion of a decade-long project to reorganize the head office. This new headquarters building integrates cutting-edge technology and adheres to the "ZEB Ready" standards, effectively reducing building energy consumption by 50%. Allow us to introduce our latest addition.

About the new headquarters building

(photo shows the main office on the 2nd floor)

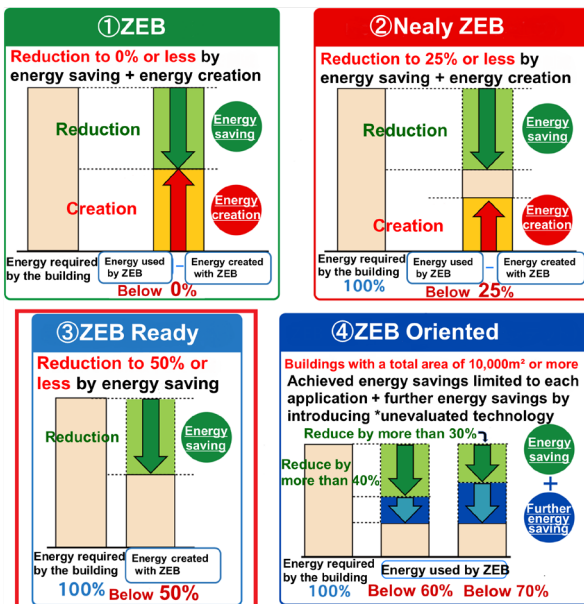


The building received ZEB-Ready certification (50% reduction in energy consumption) upon completion. It incorporates features such as automatic blind control utilizing daylight sensors, efficient utilization of natural light through light ducts to minimize the need for daytime lighting, natural ventilation within the structure via double-skin curtain walls, and decreased air conditioning load attributed to solar radiation. Moreover, the building is designed to potentially fulfill the criteria for Nearly ZEB certification (75% reduction in energy consumption) in the future.

What is "ZEB" (Net Zero Energy Building)?

A Zero Energy Building (ZEB) is designed to attain a balance between energy consumption reduction (energy saving) and the generation of required energy (energy creation). The four stages of ZEB are defined based on the progress toward achieving zero energy.

- ① **ZEB (Zero Energy Building)**
Reduction to 0% or less by energy saving + energy creation
- ② **Nealy ZEB**
Reduction to 25% or less by energy saving + energy creation
- ③ **ZEB Ready (bottom left of the figure below)**
Reduction to 50% or less by energy saving
- ④ **ZEB Oriented**
Reduction to 60-70% by energy saving + further energy saving



(the Ministry of the Environment website "ZEB PORTAL")

Contributing to the Local Community

Following the completion of the new headquarters building, NAMICS entered into an agreement with Niigata City for the utilization of the building as a tsunami evacuation facility in the event of a tsunami. A building can be designated as a tsunami evacuation facility if it meets specific criteria, including seismic safety, a resilient building structure, and a minimum height of three stories.

Signed agreement for tsunami evacuation building with NAMICS CORPORATION.

We have reached an agreement with NAMICS Corporation concerning the utilization of the building as a tsunami evacuation facility in the event of a tsunami. A tsunami evacuation facility is a location where individuals can temporarily seek refuge when there is a potential risk of a tsunami. It is crucial to evacuate promptly upon the issuance of a tsunami advisory.

In such instances, move to elevated and secure areas, such as hills or designated tsunami evacuation buildings.



*For specific information on hazard maps and evacuation sites, please refer to the city's website.

(Niigata City "Kita Ward Office Newsletter" June 18, 2023)

Personnel and Labor Audit to Our Overseas Group



Since 2014, as part of our commitment to human rights and legal compliance, the General Affairs Group and Human Resources Group at our headquarters have conducted Personnel and Labor audits at our overseas companies. This initiative aims to establish structures and regulations pertaining to Personnel and Labor relations in each country and to uphold unified Personnel and Labor management as a group enterprise.

Based on the employment situation of each country, we are planning to audit and follow up the design of regulations for Personnel and Labor relations as governed by each country’s labor laws and regulations. We will then review the maintenance and operational status of those regulations each year.

In addition to respect for human rights and legal compliance, the Personnel and Labor audit contribute to promoting diversity in the NAMICS’ Group and to improving governance of our overseas group companies.

Approach case	Personnel and Labor relations support from headquarters for independent business operation at overseas bases
Reason/intention	<ul style="list-style-type: none"> - Development of structure and rules regarding Personnel and Labor relations at each overseas base - Operation and maintenance of Personnel and Labor management as a group enterprise
activities	<ul style="list-style-type: none"> - Establishing and upholding global CSR standards, such as the RBA Code of Conduct, and regulations for Personnel and Labor relations in accordance with the labor laws and regulations of each country. - Audit and follow up the operational status of the regulations at each company

Permanent Hot Line Establishment

In order to be aware and solve; or give appropriate advice regarding various issues occurring in the workplace, including human rights issues, we have established a hot line at the Human Resources Group and General Counsel as the Consultation Center.

Human Resource Development



As the concepts of "diversity" and "sustainability" have gained prominence, the demands for human resource development have advanced. NAMICS is committed to enhancing the work engagement of each employee by placing a strong emphasis on fostering organizational development and a corporate culture that encourages employee engagement. This involves cultivating individual skills and mindsets essential for their respective roles.

One noteworthy initiative is the "Well-being Training Session," designed to assist employees in discovering their career pathways and defining what constitutes a "healthy, happy, and satisfied" work life. In FY2022, 38 employees from various divisions actively participated in this series of training sessions. They acquired strategies to enhance self-esteem and resilience, rediscovered strengths aligned with their life purpose, and developed their careers for well-being, drawing on principles from positive psychology. Group activities facilitated the clarification of the process of self-fulfillment through work, encouraging discussion and information exchange across different divisions.

At the core of our company's human resources development policy is the commitment to "Being a good company and fulfilling the lives of employees." Guided by this principle, we have instituted a comprehensive educational system that offers various training opportunities organized on a yearly basis. This includes job-rank-based training covering a wide spectrum of positions and roles, division-based training for acquiring specialized knowledge and skills, and an internationalization program fostering individual global awareness. Through this diverse and sustainable educational system, every employee has the opportunity to continually develop themselves.



Well-being training session



Language training

Human Resource Retention



As a company dealing with specialized products, we consider it an important task to retain employees as well as providing education for personnel.

New hired employee (Unit : People)

Category	FY2020	FY2021	FY2022
Full-time	20	22	21
Contract	33	22	17
Long term part-time	1	1	1
Short term part-time	2	0	0
Total	56	45	39

Retired employee (Unit : People)

Category	FY2020	FY2021	FY2022
Full-time	8	6	6
Contract	12	9	15
Long term part-time	1	1	0
Short term part-time	0	0	0
Total	21	16	21

In-House Nursery School Establishment



The "Ebigase Nursery School Amic (Ebigase Higashi-ku, Niigata City)" was established in 2016 as part of our commitment to employee retention. Initially, there were only four employees' children enrolled. However, in FY 2022, the school welcomed 53 employees' children, and we anticipate a continuous increase in enrollment. Furthermore, we contribute to the local community by admitting non-employee's children from the neighboring area, resulting in a total of 104 children at Amic as of the end of March 2023.

Recognizing our efforts to support parents in balancing work and childcare, we are proud to have received the "KURUMIN Certificate" from the Ministry of Health, Labor, and Welfare, acknowledging us as a company that actively promotes a supportive environment for working parents.



Returning and retaining rate after maternity and child-care leave (Japan/Gender segregated) *Excluding temporary workers

category	FY2020		FY2021		FY2022	
	Male	Female	Male	Female	Male	Female
Returning rate	100%	100%	100%	100%	100%	100%
Retaining rate	100%	100%	100%	100%	100%	100%

*Retaining rate=registered employees number out of reinstated employees / total number of reinstated employees within the same fiscal year

<Reference> Rate of taking child-care leave (Japan)

(Unit : People)

Category	FY2020		FY2021		FY2022	
	Male	Female	Male	Female	Male	Female
Child-care leave recipient	5	9	4	8	10	10
Child-care leave admitted persons	22	9	18	8	21	10
Child-care leave rate	22.7%	100%	22.2%	100%	47.6%	100%

Topics
02



Efforts to Achieve "Carbon Neutrality" Vol.2

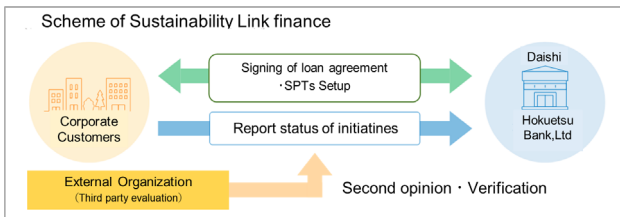
~ Enter into the Sustainability Linked Loan with Daishi Hokuetsu Bank, Ltd. ~

NAMICS considers the initiatives to combat global warming a significant management priority for the sustained operation of the Group's business. In October 2022, we solidified our commitment to carbon neutrality by signing a Sustainability Linked Loan (SLL) agreement with The Daishi Hokuetsu Bank, Ltd. Allow us to provide an overview of the SLL.

What is a Sustainability Linked Loan?

Sustainability-Linked Loans (SLLs) are loan products where the applicable interest rate and other conditions vary based on the extent to which a company achieves its SDGs and ESG-related targets (STPs: Sustainability Performance Targets). To ensure the credibility of a company's STPs and the progress of its SDG and ESG initiatives, an external organization is engaged to provide an objective evaluation of the program.

〔Structure Diagram〕



(Illustration: From the website of The Daishi Hokuetsu Bank, Ltd.)

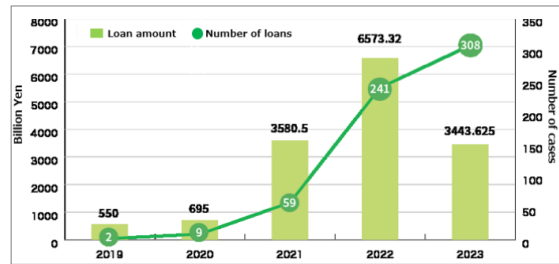
Advantages for companies using SLL

- ① Establish a sustainability strategy, risk management, and governance structure within the company.
- ② Enhance the company's public image by showcasing its commitment to environmentally sustainable economic activities.
- ③ Enable the company to enjoy favorable terms such as reduced interest rates by actively striving to attain and achieve the set challenge goals.

Usage of SLL in Japan

As ESG investing gains increasing popularity, sustainability-linked loans have become more prevalent in Japan.

《 Amount and Number of SLL Loans in Japan 》
〔As of 2023.9.4〕



(Source: Ministry of the Environment, Green Finance Portal)

Target of 15% reduction in greenhouse gas emissions

As a part of our Sustainability Performance Targets (STPs), we have established a goal to reduce greenhouse gas emissions by 15% by the fiscal year ending March 31, 2024, compared to the 2019 level. The 7-billion-yen loan facility will be utilized to support future business strategies, offering flexible financing for the implementation of energy-saving and energy-generating equipment in company buildings, as well as contingencies like natural disasters and the spread of infectious diseases, which have become more frequent in recent years. Our commitment extends to actively promoting measures for achieving carbon neutrality and collaborating with local communities to realize a sustainable society.



Photo : 2022/10/11 SLL signing ceremony (at our Head Office)
Left: Mr. Tanaka, Managing Director of Daishi Hokuetsu Bank, Ltd.
Right: Mr. Odajima, President of NAMICS Corporation

14. Investment in Social Capital

Contributions to the Local Community

We are promoting various initiatives with the aim of coexistence and co-prosperity with the local community at each of our locations, including Niigata where we were founded.

Community: Neighborhood cleanup activities



As part of the "Beautification activities for the premises and the surrounding environment," a total of 310 people from the Head Office, NAMICS Techno Core, and the Tsukioka Plant participated in a "Clean-up operation".

When we actually cleaned up, we were able to collect a lot of garbage, including things hidden in the trees and plants, and all the participants recognized the importance of environmental beautification activities.

As a member of the community we will continue to promote activities that contribute to the creation of beautiful cities and the environment.



Culture: Sponsorship of "Orchestra is your friend"



We are co-sponsoring the art and cultural experience project for children, "Orchestra is your friend", sponsored by Niigata City.

We support the creation of opportunities to foster rich sensitivity and creativity through the enjoyment of music and the splendor of cultural arts for children who will lead the next generation.



Medical: Contribution to emergency medical services in the United States



Highly mobile air ambulance helicopters are indispensable for medical care transportation in the United States which has a vast land area.

We own five US air ambulance helicopters and lease them to "REACH" which operates an air medical care transportation service in the United States.

Our Five helicopters support a life-saving medical service on the west coast of the United States, mainly in California and Oregon.



Promoting Sports : Support to Albirex



We contribute to promoting sports by supporting the local professional sports team, Albirex.

<Local Professional Soccer Team>
 Albirex Niigata
 Uniform Sponsor
 Ladies' official sponsor



<Local Professional Baseball Team>
 Niigata Albirex Baseball Club
 Official Sponsor



<Basketball>
 Niigata Albirex BB
 Official sponsor



<Basketball>
 Niigata Albirex BB Rabbits
 Official sponsor



Through the local sports promotion, we engage in local youth development programs to foster the importance of having a dream and a goal to achieve, to nurture the value of continuous effort, and to inspire the spirit of fair play as a development of children for the next generation.



Investment in Social Capital at Workplace



NAMICS Group thinks that not only individual's ability but also organizational capacity are required for creative products and high productivity. For that reason, we have built various systems including Company canteen to promote workplace communication that is the foundation of organizational capacity and teamwork since our establishment.

Support System for Club Activities

In connection with investment in social capital, we have support system for workplace club activities, and many employees are participating in those club activities.

(In FY2022, club activities were suspended to prevent COVID-19.)

item	FY2019	FY2020	FY2021	FY2022
Number of club	14	—	—	—
Number of employee registered	221	—	—	—

Youth Development



NAMICS Group supports the development of younger generation who are responsible for the future development of science and technology.

Kids Science Festival

Every year, NAMICS sponsors and takes part in the annual Kids Science Festival for nurturing children's interest and curiosity in science.

We offered hands-on projects through science experiments for children in the event. Participating children were all excited to experience changing states of materials: mixing certain kinds of liquid making gel; heat shrinking a plastic plate into a smaller piece; and ultra-violet light changing liquid into solid.



This is a part of our continuous efforts toward the development of local youth. We are determined, through such hands-on science activities, to inspire interest and curiosity in science in local youth, contributing to the development of creative minds who will lead the next-generation society.

(In FY2022, this event was canceled to prevent COVID-19.)



Reporting Organization

NAMICS Corporation, our offices and sites in Japan and Overseas

Reporting Period

FY2022 (April 1, 2022 to March 31, 2023)

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