

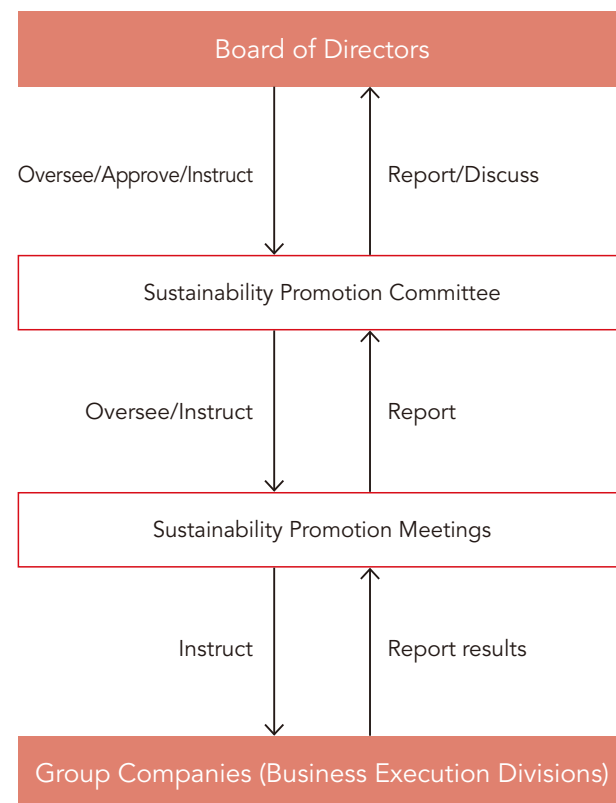
# Sustainability Promotion Framework

## Approach to Sustainability

The Noritsu Koki Group has been working to address the rapid and dramatic social changes that have occurred over the past decade, and strives to create businesses that are indispensable and can serve as part of the infrastructure of society. To respond to increasingly serious social and global environmental challenges, we have set four material issues that we believe we must address in order to continue to fulfill our Mission of delivering “Prosperity for society and people,” and as such are working to integrate sustainability into our business operations.

By mobilizing the Group’s resources to solve environmental, social and governance challenges based on the material issues, we intend to create value for customers and society, and thereby achieve sustainable growth.

## Sustainability Promotion Framework



The Noritsu Koki Group has set up the Sustainability Promotion Committee to integrate sustainability, centered on the Group’s Materiality Action Plan, into its corporate governance system. Chaired by the representative director and CEO, the committee includes the director and CFO, executive officers of Noritsu Koki and presidents of Group companies. The committee develops all sustainability-related policies, strategies and action plans, discusses ESG risks, monitors the implementation of plans, and provides reports and recommendations to the Board of Directors.

To ensure the steady implementation of the Group’s Materiality Action Plan, Sustainability Promotion Meetings are held to monitor progress, make assessments and promote specific measures. An executive officer of Noritsu Koki chairs these meetings, and participants are those responsible for promoting sustainability at Group companies. Through these meetings, we will share sustainability information as well as support the achievement of sustainability targets throughout the Group.

### Sustainability Promotion Committee

<b>Purpose</b>	<ul style="list-style-type: none"> <li>• Develop policies on sustainability</li> <li>• Discuss important issues and report to the Board</li> </ul>
<b>Composition</b>	<p><b>Chair</b> Representative director and CEO of Noritsu Koki Co., Ltd.</p> <p><b>Members</b> Director and CFO/Executive officers of Noritsu Koki Co., Ltd. President and representative director of Teibow Co., Ltd. President and CEO of AlphaTheta Corporation CEO of PEAG, LLC dba JLab CEO of PreMedica Inc.</p>
<b>Frequency of Meetings</b>	Annually (March)

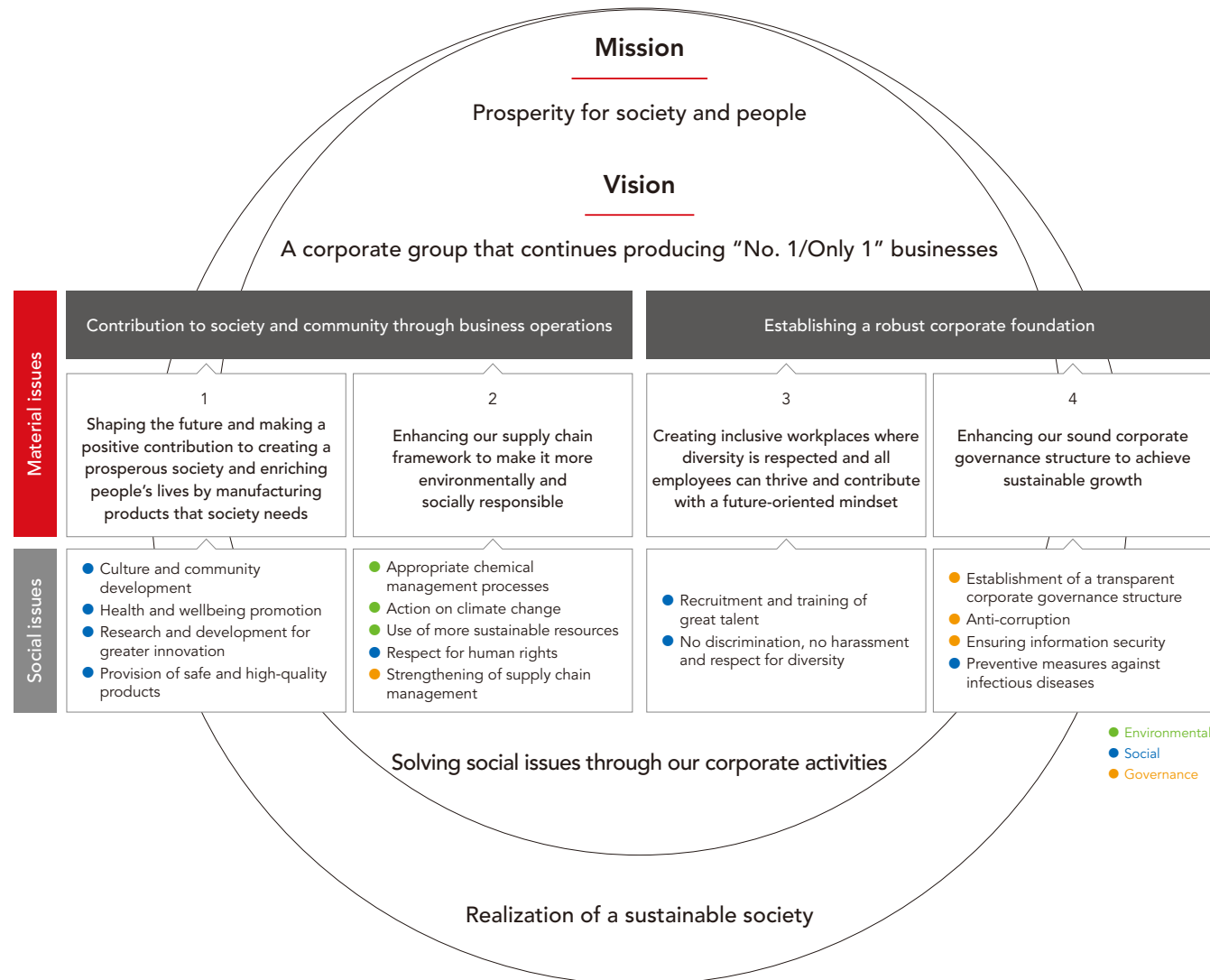
### Sustainability Promotion Meetings

<b>Purpose</b>	<ul style="list-style-type: none"> <li>• Compile the sustainability results of Group companies</li> <li>• Discuss issues raised by Group companies regarding sustainability activities and monitor progress</li> <li>• Give directions related to sustainability activities, etc.</li> </ul>
<b>Composition</b>	<p><b>Chair</b> Executive officer of Noritsu Koki Co., Ltd.</p> <p><b>Members</b> Employees responsible for promoting sustainability at Teibow Co., Ltd., AlphaTheta Corporation, PEAG, LLC dba JLab, and PreMedica Inc.</p>
<b>Frequency of Meetings</b>	Twice a year (February and August)

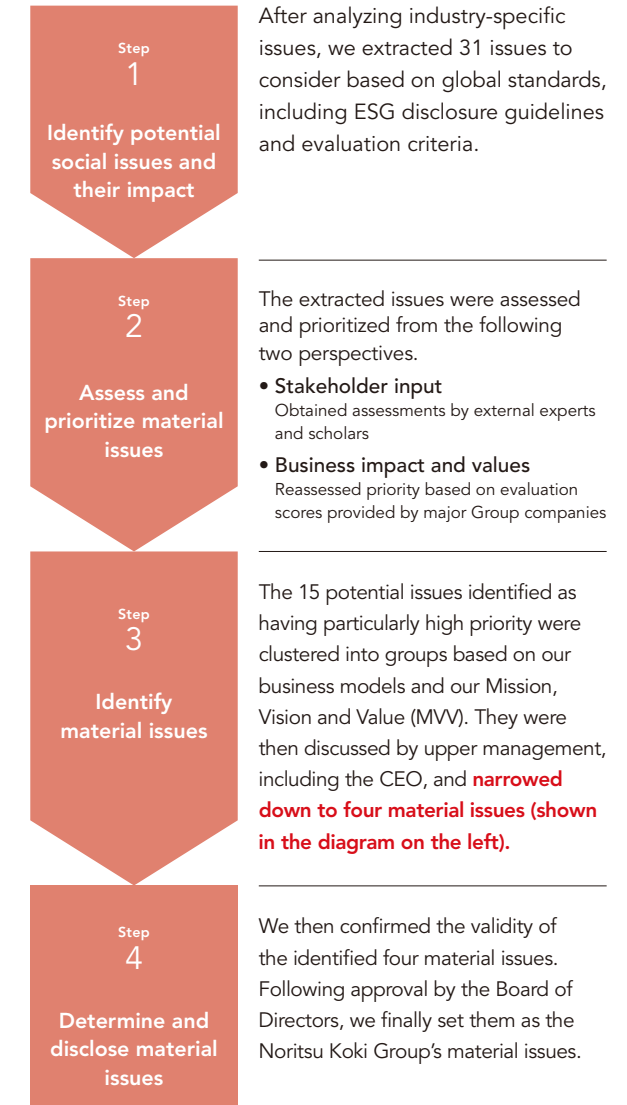
# Material Issues

## Materiality Framework

The Noritsu Koki Group has identified four material issues for realizing a sustainable society.



## Materiality Assessment Process



## Material Issues

## Materiality Action Plan and Progress

To take action on the material issues, we developed a Materiality Action Plan that sets annual targets, and are promoting the plan throughout the Group. The progress of the action plan is managed based on the Group's sustainability promotion framework.

	Material Issues	Our Actions	Goals for 2022	2022 Results	Goals for 2023
Contribution to society and community through business operations	1 Shaping the future and making a positive contribution to creating a prosperous society and enriching people's lives by manufacturing products that society needs	Conducting quality audits, identifying issues to be addressed and finding solutions <a href="#">Page 27</a>	Create a quality management policy and improve our existing management system	Developed a Group Quality Management Policy Set standards on quality management for reporting to the Board	Monitor Group response to customers regarding quality issues
		Providing continuous support for local communities and culture <a href="#">Page 31</a>	-	Carried out community support activities related to our business	-
		Investing in R&D to create new technologies and value <a href="#">Pages 13-14</a>	R&D investment of ¥3.3 billion	Invested ¥3.4 billion in R&D	R&D investment of ¥4.0 billion
	2 Enhancing our supply chain framework to make it more environmentally and socially responsible	Delivering environmentally responsible products <a href="#">Page 26</a>	Formulate a medium- to long-term plan for developing environmentally responsible products	Finalized a new environmentally responsible product development plan	Make efforts to be environmentally conscious throughout the entire lifecycle of products
		Reducing greenhouse gas emissions (Scope 1 and 2) by 37% in 2030 (compared with 2019) <a href="#">Page 24</a>	Calculate greenhouse gas emissions produced by Group companies and develop an action plan to reduce emissions	Calculated Group greenhouse gas emissions Developed a greenhouse gas emission reduction plan	Implement a greenhouse gas emission reduction plan
		Establishing our supply chain management framework and promoting risk mitigation <a href="#">Page 26</a>	Create a procurement policy (covering issues including human rights, labor, the environment and anti-corruption)	Developed a Group Procurement Policy	Inform all key suppliers about our Procurement Policy
Establishing a robust corporate foundation	3 Creating inclusive workplaces where diversity is respected and all employees can thrive and contribute with a future-oriented mindset	Providing diversity and inclusion training <a href="#">Page 28</a>	Create a human rights policy and related rules to be adopted at all workplaces	Developed a Group Human Rights Policy and established a framework for carrying out human rights training and due diligence from 2023 and beyond	Provide human rights training more than once a year
		Promoting health and productivity management <a href="#">Page 29</a>	Create a health and productivity management policy and improve the wellbeing support system for employees	Developed a Group Health Management Policy Designed a monitoring and support system	Monitor the promotion of health and productivity management and address issues based on the results
		Improving initiatives for developing talent, skills, a proactive mindset and leadership skills of employees at all levels <a href="#">Page 28</a>	Create a human resource development policy and a system to promote educational opportunities for employees	Developed a Group Human Resource Development Policy and created a system to support education and training aligned with the policy	Provide an average of 22.4 hours of training per employee per year
	4 Enhancing our sound corporate governance framework to achieve sustainable growth	Promoting more diverse and flexible ways of working <a href="#">Page 29</a>	Improve the current working environment and conditions based on organization type, employment system and responsibilities	Offered new ways of working in the wake of COVID-19 Developed a monitoring process to promote diverse and flexible ways of working	Monitor the promotion of diverse and flexible ways of working and address issues based on the results
		Assessing Board effectiveness and providing more information about the results of the assessment <a href="#">Page 33</a>	-	Carried out an assessment of Board effectiveness	Address issues based on the 2022 assessment results and continue to assess Board effectiveness
		Providing information security training to employees at all levels <a href="#">Page 40</a>	Provide training once a year or more	Carried out information security training (once)	Provide information security training once a year or more

# Responding to Climate Change

## Approach (Supporting the Adoption and Implementation of the TCFD Recommendations)

The Noritsu Koki Group has set taking action on climate change as one of the social issues it must address as part of its material issues, and expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in October 2022. Guided by the recommendations, we will identify the potential business implications of climate-related risks and opportunities and reflect them in our business strategy. We are committed to information disclosure and ensuring the realization of a sustainable society as well as the Group's sustainable growth.

## Initiatives

### 2022 Activities and Achievements

Contributing to conservation of the global environment is a management priority for the Noritsu Koki Group. We are making Group-wide efforts to reduce emissions of greenhouse gases—a primary cause of climate change—and to promote information disclosure based on the TCFD recommendations. In 2022, Teibow proceeded with installation of energy-saving equipment. It also focused on reducing the environmental impact of its manufacturing process by further improving production system efficiency. Yokohama i-Mark Place, where AlphaTheta's head office is located, converted to 100% green energy for the electricity it uses in August 2018. JLab has reduced its carbon emissions by installing smart lights and smart thermostats. Noritsu Koki has also taken steps to save energy, including switching from fluorescent lights to LED lights.

### Policies and Quantitative Targets for 2023

The Noritsu Koki Group will continue working to reduce the environmental impact of its business and production activities in 2023 in order to achieve its long-term goal of a 37% reduction in greenhouse gas (GHG) emissions (Scope 1 and 2) by 2030 (compared with 2019). Teibow will continue its efforts from last year to build a next-generation production system that achieves resource and energy savings through improved efficiency. In addition, it will gradually switch over to renewable energy sources. AlphaTheta will continue to monitor progress toward achievement of its goals for 2030. JLab, as it did last year, will work for further reduction of CO<sub>2</sub> emissions by introducing smart lights and other energy-saving equipment.

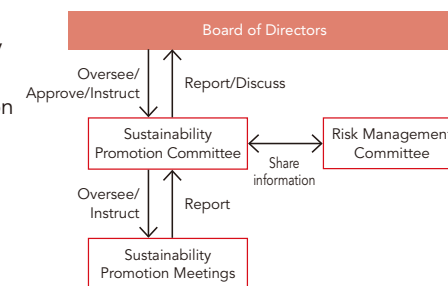
## Disclosure Based on the TCFD Recommendations

### Governance and Risk Management

#### Role of the Board of Directors and Monitoring System

The Group's Sustainability Promotion Committee, chaired by the representative director and CEO of Noritsu Koki, deliberates on important sustainability issues including climate change responses. It also provides reports and recommendations to the Board at least once a year, thereby ensuring an appropriate monitoring system. The Board deliberates and makes decisions on important climate-related risks and opportunities, and also provides direction and oversees progress.

Prior to the deliberations of the Sustainability Promotion Committee, important sustainability issues are first discussed in Sustainability Promotion Meetings with members including the Company's executive officer (serving as chair) and those responsible for promoting sustainability at Group companies. In the meetings, members share the results of Group-wide climate change responses and efforts to reduce GHG emissions throughout the Group.



#### Risk Assessment, Identification and Management Process

The Sustainability Promotion Committee assesses, analyzes and identifies climate-related risks and opportunities that may significantly impact the Group and its business. The committee develops policies and measures to mitigate these risks and take advantage of opportunities. It also presents reports and recommendations to the Board of Directors. The Board oversees the effectiveness of the risk management process and overall progress.

The Risk Management Committee manages overall risks across the entire Group. It shares information on climate change-related risks with the Sustainability Promotion Committee and considers further action as appropriate.

Responsible Parties	Purpose
Board of Directors	<ul style="list-style-type: none"> <li>Discussing and making decisions on important climate-related risks and opportunities</li> <li>Providing direction and overseeing progress</li> <li>Overseeing the effectiveness of the Sustainability Promotion Committee's risk management process and overall progress</li> </ul>
Sustainability Promotion Committee	<ul style="list-style-type: none"> <li>Assessing and analyzing climate-related risks and opportunities. Identifying important climate-related risks and opportunities. Developing policies and measures to mitigate these risks and take advantage of opportunities.</li> <li>Presenting reports and recommendations to the Board of Directors</li> </ul>
Risk Management Committee	<ul style="list-style-type: none"> <li>Sharing information about these climate-related risks. Considering further action as appropriate.</li> </ul>
Sustainability Promotion Meetings	<ul style="list-style-type: none"> <li>Discussing climate-related risks and opportunities</li> <li>Sharing the results of Group-wide climate change responses and tracking efforts to reduce GHG emissions throughout the Group</li> </ul>

## Responding to Climate Change | Disclosure Based on the TCFD Recommendations

### Strategy

#### Scenario Analyses

To strengthen the Group's resilience to climate-related risks, respond to opportunities that may impact business and develop new strategies, we performed scenario analyses. We used the "below 2°C (in some cases 1.5°C) scenario" and the "4°C scenario" as presented by organizations such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). Based on the quantitative analyses, we assessed the possible financial impact by 2030.

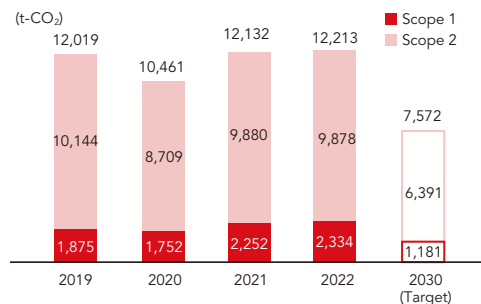
In the below 2°C scenario, it is assumed that stricter policies and regulations targeting the transition to a zero carbon society could increase and lead to response costs (transition risks). In the 4°C scenario, it is assumed that the impact of climate change such as increased severity and frequency of extreme weather events or a rise of average temperatures could increase and lead to response costs (physical risks).

Adopted Scenarios	Below 2°C scenario	IPCC RCP 2.6, IEA SDS (including a part of IEA NZE)
	4°C scenario	IPCC RCP 8.5, IEA STEPS
Metrics	Timetable	Short Term (by 2023) / Medium Term (by 2025) / Long Term (2025 onwards)
	Financial impact	Small (less than ¥500 million) / Medium (from ¥500 million to less than ¥2 billion) / Large (¥2 billion or more)

### Metrics and Targets

To measure and manage the potential business impact of climate change, using Scope 1\* and Scope 2\* GHG emissions as our metrics, we have set a target of 37% reduction by 2030 (compared with 2019). In addition, we will begin to calculate Scope 3\* emissions and work to reduce GHG emissions throughout our entire supply chain

Scope 1 and 2 Emissions and Targets (Consolidated)



\* Scope 1: Direct emissions from a company's business (fuel consumption, industrial processes, etc.)

Scope 2: Indirect energy-derived emissions from electric power and other energy consumed by a company

Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by others in the upstream and downstream of a company's activities)

### Our Responses to Climate-related Risks and Opportunities

[For more details](#)

#### Main Risks and Opportunities in the Below 2°C Scenario (Transition Risks)

Risks/Opportunities		Timetable	Financial Impact	Response	
Policies and regulations	Risk	Increased costs due to introduction of a carbon tax and emissions trading	Medium- to Long-Term	Small	<ul style="list-style-type: none"> <li>Management of emissions by setting reduction targets</li> <li>Promotion of energy savings by introducing energy-efficient equipment and making operational improvements</li> </ul>
	Opportunity	Increased sales opportunities for products made from recycled materials in response to stronger recycling regulations	Medium- to Long-Term	Medium	<ul style="list-style-type: none"> <li>Development of new products made from recycled materials</li> </ul>
Market and reputation	Risk	Reduced sales opportunities resulting from the perception of inadequate efforts for the environment	Medium- to Long-Term	Medium	<ul style="list-style-type: none"> <li>Enhancement of climate change-related disclosure and dialogue</li> <li>Encouraging suppliers to consider the environment</li> <li>Development of environmentally responsible products</li> </ul>
	Opportunity	Increased demand for parts due to growing demand for electric vehicles and bicycles	Short- to Long-Term	Medium	<ul style="list-style-type: none"> <li>Expansion of customer base for electric vehicle and bicycle components</li> </ul>

#### Main Risks and Opportunities in the 4°C Scenario (Physical Risks)

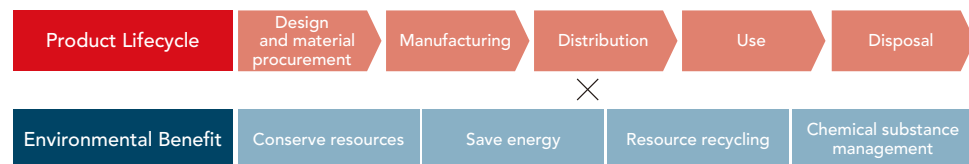
Risks/Opportunities		Timetable	Financial Impact	Response	
Acute	Risk	Damage to production bases and supply chains caused by more extreme weather events such as typhoons and flooding as well as the resulting suspension of operations and distribution, which will lead to response costs	Short- to Long-Term	Large	<ul style="list-style-type: none"> <li>Development of a business continuity plan (BCP) including the supply chain</li> <li>Diversify suppliers</li> <li>Stronger flood measures</li> </ul>
Chronic	Risk	Decrease in demand for products and services for outdoor use due to fewer opportunities for going out as a result of rising temperatures and more days with precipitation	Short- to Long-Term	Small	<ul style="list-style-type: none"> <li>Monitoring climate change and consumer trends and utilizing such data in production planning and product development</li> </ul>
		Increase in air conditioning costs and decline in labor productivity during summer due to rising temperatures	Short- to Long-Term	Small	<ul style="list-style-type: none"> <li>Utilizing more energy-efficient air conditioning facilities</li> <li>Management of air conditioning temperature in response to climate change</li> </ul>

## Delivering Environmentally Responsible Products

### Approach

As a company whose core business is manufacturing, Noritsu Koki believes that it has a responsibility to develop technologies that lessen environmental impact and design products that are easy to reuse and recycle, taking into consideration the entire product lifecycle from design and material procurement to use and disposal by the customer. The Noritsu Koki Group has established “Enhancing our supply chain framework to make it more environmentally and socially responsible” as one of its material issues. As part of that effort, we are taking steps to deliver environmentally responsible products to our customers. This entails efforts to use fewer resources in our products and packaging, and enhancing the energy efficiency and recyclability of products.

#### Consideration of the Environment throughout the Entire Product Lifecycle



### Initiatives and Programs

#### Strategy

Delivering environmentally responsible products has been incorporated into our Materiality Action Plan as a material issue, and we are steadily implementing the plan based on the sustainability promotion framework with the representative director and CEO as the person in charge.

#### 2022 Activities and Achievements

In 2022, Group companies formulated plans for medium- to long-term development of environmentally responsible products, and worked on developing and delivering products based on those plans. Teibow focused on reducing its environmental impact by developing a manufacturing method that does not use organic solvents of environmental concern, and by switching the raw materials used in the fiber of pen nibs from petrochemical-based chemical fibers, such as polyester, acrylic and nylon fibers, to recycled fibers made from PET bottles and biomass materials. AlphaTheta is making its products more energy-efficient, as well as digitizing manuals and reducing use of plastic. JLab has been successful in eliminating plastic in packaging materials and improving recyclability.

#### Future Goals

The Group will take proactive measures to conserve energy, switch to environmentally responsible raw materials, and use fewer resources in products and packaging as it strives to reduce environmental impact and improve environmental performance throughout the product lifecycle.

## Strengthening Supply Chain Management

### Approach

With the aim of building an environmentally and socially responsible supply chain together with its suppliers, who are business partners, the Noritsu Koki Group established the Noritsu Koki Group Procurement Policy in July 2022 outlining what it expects suppliers to comply with. Through procurement activities based on this policy, the Group will contribute to the realization of a sustainable society.

#### The Noritsu Koki Group Procurement Policy (Key Points)

1. Complying with applicable laws and regulations
2. Selecting suppliers
3. Information security
4. Environmental stewardship
5. Human rights, occupational health and safety
6. Building trusted partnerships with suppliers

[For more details](#)

### Initiatives and Programs

#### Strategy

Under the sustainability promotion framework led by the representative director and CEO, Noritsu Koki is working with Group companies to carry out initiatives for strengthening supply chain management.

#### 2022 Activities and Achievements

We have formulated and announced our Procurement Policy based on the Code of Conduct and various other policies as the most basic standards to which we adhere to in our corporate activities, including business transactions with customers and suppliers. In addition, AlphaTheta took measures to enhance the effectiveness of its environmental response, including updating its internal standards for chemical substances contained in products, and ensuring that contract manufacturers are aware of these updated standards.

#### Future Goals

In 2023, we have set the goal of informing all key suppliers (including subcontractors) about our Procurement Policy. We have set up a contact point for accepting questions and feedback about the policy from suppliers, and are working with Group companies to raise awareness of the policy. For issues that become apparent during the process, we will work together with suppliers to find solutions. In addition, we will create a framework for strengthening the management of sustainable procurement risks in the supply chain.



# Delivering Safe, High-Quality Products

## Approach

The Noritsu Koki Group is committed to complying with applicable laws and regulations related to product quality. To this end, we have developed a Quality Management Policy to ensure we are able to deliver products and services that are safe and reliable.

### The Noritsu Koki Group Quality Management Policy

#### 1 Compliance

We comply with all rules pertaining to the products and services we deliver, including applicable laws and regulations, social norms, and internal rules and regulations.

#### 2 Product Quality and Safety

We are committed to ensuring product quality and safety, and have created a quality management system and continually improve on it to enhance the quality of our products.

#### 3 Education and Training

We provide our employees with appropriate education and training to help them increase their understanding of product quality and safety, and to develop relevant expertise.

#### 4 Disclosure

We provide all stakeholders of the Noritsu Koki Group with appropriate information in a timely manner whenever any issue related to quality occurs.

#### 5 Building Trusted Partnerships

Based on trusted partnerships, we strive to maintain and improve product quality throughout the supply chain.

## Delivering Safe, High-Quality Products

### Quality Management System and Initiatives

We have an effective monitoring system led by Sustainability Promotion Meetings, and strive to ensure uncompromising quality management and safety. We have established unified reporting standards across the Group and share incident reports related to quality and safety. We also develop plans and implement countermeasures.

Teibow, AlphaTheta and JLab each carry out their own quality management activities based on the Group's Quality Management Policy and each company's quality management regulations. Teibow, the only company in the Noritsu Koki Group with its own production bases, works to ensure and improve quality with monthly quality meetings and annual quality audits in each manufacturing department. AlphaTheta holds monthly quality meetings and conducts quality audits once a year for EMS providers and OEMs (written audits were conducted from 2020 to 2022 due to the COVID-19 pandemic). JLab manages and shares quality management reports at the team level. Each of the companies focuses on ensuring safety in the production processes of its own operations and those of external contractors, and strives to maintain sustainable business activities.

### Quality Audits

Based on the Group's Quality Management Policy, Teibow and JLab work to identify significant quality problems through their respective quality audits. In 2022, four quality issues at Teibow and two at JLab were reported to the Board of Directors, but these six issues have all been resolved. In 2023, AlphaTheta started counting the number of incidents that had a customer support response time of 7 days or longer as significant quality management issues.

Group Company	Number of Significant Quality Management Issues
Teibow	4
AlphaTheta	(Not available)
JLab	2

Note: All of the above issues have been resolved.

### Quality Management Initiatives at Each Company

Teibow, AlphaTheta and JLab, the three core manufacturing companies of the Group, work to deliver safe, high-quality products based on strict quality management systems. Teibow has acquired ISO 9001 certification, an international standard for quality management systems, at its MIM Development Center, and develops and manufactures high-quality, environmentally responsible products. AlphaTheta conducts continuous quality improvement activities and compliance reviews on safety and environmental responsibility to provide safe and reliable products and services. JLab is further enhancing its brand value with product development and production that conforms to strict quality standards, as well as by establishing a comprehensive product assurance system.

### Future Goals

In 2023, we will continue to deliver a steady supply of high-quality products by ensuring the implementation of our Quality Management Policy across the Group and through the quality improvement activities of Group companies. In addition, we will monitor customer support to identify significant quality issues and implement appropriate measures. The Noritsu Koki Group will promote organic collaboration between the holding company and Group companies to further improve the quality management system.

# Human Capital Initiatives

Backed by our excellent human resource infrastructure, we will create products and services that are indispensable for society.

**Yukiko Katabe**  
Executive Officer  
Director of Personnel and  
General Affairs



The Noritsu Koki Group is developing its business to continue producing “No. 1/Only 1” businesses. To achieve sustainable growth and expand corporate value, we believe it is important that all Group employees have a broad perspective and work with a future-oriented attitude and mindset. The Noritsu Koki Group works to enhance employee motivation and foster a vibrant organizational climate through the creation of a positive work environment. This includes providing fair evaluations and treatment, and respecting the diversity of employees. We will continue to enhance our work environment and education and training systems to further strengthen and expand our human capital and pursue the realization of our Mission, Vision and Value in each area of our business operations.

## Human Capital Management in the Noritsu Koki Group

For the Noritsu Koki Group, our employees, who are dedicated to their everyday work and strive to contribute to the development of a better society, are the driving force of sustainable growth. They are also the source of our competitive advantage in the industry and the market.

The defining characteristic of the human capital management of the Noritsu Koki Group is that the holding company and the three core Group companies—Teibow, AlphaTheta and JLab—each fulfill their respective roles and functions, and aim to expand the human capital of the Group as a whole. Noritsu Koki, the holding company, formulates human resource development plans and human rights and compliance policies for the Group, and communicates them to Group companies. The three core Group companies separately recruit and develop people who contribute to the respective company’s corporate value and medium- to long-term growth strategies, and work to expand the human resource infrastructure.

In addition to this multi-tiered approach to human capital management, we are also focusing on promoting diversity through workstyle reforms to accommodate the desires of our diverse employees for growth. The gender ratio of the holding company is roughly 50/50, and women hold more than 30% of managerial positions. Our employees come from a variety of backgrounds in terms of not only gender, but also age, nationality, beliefs and other characteristics, and they all play an active role as independent professionals.

## Recruiting and Developing Superior Talent

### The Noritsu Koki Group’s Approach to Human Resource Development

In October 2021, we identified four material issues. One of those is “Creating inclusive workplaces where diversity is respected and all employees can thrive and contribute with a future-oriented mindset.” We set two specific areas of action for accomplishing that: “Recruitment and training of superior talent” and “No discrimination, no harassment and respect for diversity.” Attracting talented people and supporting their success is a key management priority for the Group in order to make human resources a driver of value creation. We actively recruit people who have initiative and a strong desire to contribute to enhancing the Group’s value, whether they are new graduates or mid-career professionals. Moreover, we work to produce the talent who play leading roles in the Group’s sustainable development by providing suitable learning opportunities and offering human rights and compliance training and various other systems.

In 2023, as a quantitative goal for human resource development, we set an average of 22.4 hours of training annually per person for all Group employees. At each company, we are expanding the menu of training options and establishing the support systems necessary for achieving dramatic improvement from the result in 2022 (Group average of 12.4 hours).

### 2022 Results

Item	Unit	Teibow	Alpha Theta	JLab	Noritsu Koki	Group-wide	2023 Group Target
Training hours per person	Hours annually	6.6	15.0	4.2	15.1	12.4	22.4

### Initiatives at Group Companies

Teibow is stepping up hiring in the areas of sales, technology development and quality control, and is implementing unique education and training programs including a workplace mentoring program in which one senior employee is assigned to each new employee to provide guidance. It is also conducting training for production site engineers at the NEXT facility, which is leading to the creation of a virtuous cycle of passing on technology and knowledge and strengthening relationships across departmental lines.

AlphaTheta is developing people who have both excellent technical skills and people skills. Through the *Values Book*, which consists of philosophy training and guidelines for behavior, it is working to align the values of employees with the company’s principles and create awareness of the need to exemplify the corporate philosophy as a team.

JLab is utilizing external training programs and creating a system for all employees to participate in programs suited to their respective roles and responsibilities. As a result, it is conducting effective talent development that leads directly to improvement of individual performance and strength as a team.



## Human Capital Initiatives

### Creating Work Environments That Enable Diverse, Flexible Working Practices

#### The Noritsu Koki Group's Approach to Workplace Development

We conduct business globally. To continue producing “No. 1/Only 1” businesses and achieve growth, it is imperative to understand the diverse attributes (nationality, culture, beliefs, etc.) of our employees.

We will take a proactive approach to diversity, equity and inclusion—elements that are closely related to “Creating inclusive workplaces where diversity is respected and all employees can thrive and contribute with a future-oriented mindset.”

#### Group-wide Initiatives

We consider the creation of a vibrant work environment that accommodates diverse and flexible working practices as the foundation for value creation in the Group. Seeing the need to respond to the “new normal” caused by the COVID-19 pandemic, we introduced a telework system and improved various other systems to create an open work environment that enables all employees to do their work responsibly and in their own way. In 2023, we set seven items to measure our progress in promoting more diverse and flexible working practices. These items include the percentage of paid holidays taken, the telework adoption rate, and the percentage of eligible employees taking parental leave. We will monitor progress, identify issues based on the areas of “relationship with employers,” “place of work” and “diversity,” and take steps to address areas of concern.

For health and productivity management, we are implementing wide-ranging initiatives under Group-wide policies established in 2022. These initiatives include assessing and increasing the percentage of employees receiving regular health checkups, improving dietary habits, and expanding exercise opportunities. We can only achieve our Mission of “Prosperity for society and people” if our employees are in good physical and mental health. We will continue to maintain and promote the health of employees and ensure safe and comfortable environments in which they can work with peace of mind. By doing so, we intend to be a corporate group that earns the trust of stakeholders and society.

#### Group-wide Metrics for Ensuring Diverse Working Styles

1.	2.	3.	4.	5.	6.	7.
Percentage of paid holidays taken	Telework adoption rate	Percentage of eligible employees taking parental leave	Average number of days of parental leave taken	Percentage of eligible employees taking family care leave	Percentage of employees with disabilities	Post-retirement reemployment rate

#### Workplace Environment Data

Indicators	2022 Results
	(For permanent employees of Group companies as listed on page 43, unless otherwise specified)
<b>Employment and Retention Indicators</b>	
Total number of employees	1,144
Number of temporary employees	238 (Annual average)
Number of new employees hired	New graduates: 30 Mid-career hires: 88
Average length of service	9.8 <sup>1</sup>
Turnover rate (Voluntary termination)	5.0%
<b>Diversity Indicators</b>	
Percentage of female employees	All employees: 28.7% Management: 14.3% (For reference) Noritsu Koki only: All employees: 47.1%, Management: 33.3%
Variation in average annual salary (Average for women ÷ Average for men)	61.5% (Permanent employment: 62.8%, Temporary employment: 52.3%) <sup>1</sup>
Percentage of employees hired in mid-career	All employees: 35.7%
Percentage of eligible employees taking parental leave	All employees: 44% (Men: 25%, Women: 120%) <sup>2</sup>
Average number of days of parental leave taken	All employees: 115 days (Men: 35 days, Women: 182 days) <sup>1</sup>
Percentage of eligible employees taking family care leave	All employees: 0.1%
Legally mandated ratio of employees with disabilities	Teibow: 2.1% AlphaTheta: 1.4% <sup>3</sup>
Post-retirement reemployment rate	90.9%
<b>Indicators Related to Health, Safety and Work Environment</b>	
Number of occupational incidents and recurrence rate	1 incident Frequency rate: 0.65% <sup>4</sup>
Number of lost workdays and severity rate of occupational incidents	0.82 Severity rate: 0 <sup>4</sup>
Telework adoption rate	13.8%–100% <sup>5</sup>

1. Excluding AlphaTheta subsidiaries (3 companies)

2. Figure may exceed 100% depending on the method of calculation

3. Applies to companies in Japan that are subject to the employment requirements of the Act to Facilitate the Employment of Persons with Disabilities

4. Applies to Teibow, Teibow Nib Manufacturing (Changshu) and Soliton

5. Utilization of telework system varies significantly depending on job type

#### Initiatives at Group Companies

Each of the three core Group companies—Teibow, AlphaTheta and JLab—is carrying out its own initiatives to create and maintain work environments that enable diverse employees to excel.

At Teibow, communication sheets are used to manage the performance and careers of employees while aligning the self-actualization of employees with the expectations of the company. In addition, Teibow management is able to engage in dialogue directly with employees by having executives take part in career interviews, skills training and so on.

## Human Capital Initiatives

AlphaTheta has established the AlphaTheta Awards with the aim of fostering a corporate culture that encourages people to take on challenges. The awards are given annually to departments and teams that embody AlphaTheta’s value and contribute to achievement of its mission and vision. By doing so, AlphaTheta shares the Group’s management philosophy and highlights examples of the kinds of employees and teams that AlphaTheta looks for.

At JLab, the results of the team member engagement survey conducted annually are reviewed by the CEO and team leaders, and are used to improve the work environment and workplace systems.

### Measures to Ensure Worker Safety (Teibow)

Teibow, the only company in the Noritsu Koki Group with its own manufacturing bases, has established a Health and Safety Committee, and assigns health and safety leaders to each department to ensure safe workplace environments. The Health and Safety Committee performs workplace inspections twice a month, checks high-risk areas and other factors that could cause health hazards, and reviews and formulates measures for improvements. If an occupational injury or illness occurs, the committee conducts an immediate investigation, draws up improvement measures such as equipment improvements and changes to work procedures, and disseminates the information to all employees.

## Respect for Human Rights to Support Diverse Values

### Respect for Human Rights and Diverse Values

The Noritsu Koki Group regards respect for human rights as a fundamental element of its business activities, and promotes initiatives for respecting human rights throughout the Group. We formulated our Human Rights Policy in July 2022, support the International Bill of Human Rights and other international human rights standards, and are committed to fulfilling our responsibility to respect the human rights of all people involved in our business activities. We are a global enterprise with operations around the world, and have close relationships with people in various countries and regions. The Group itself is comprised of people of different nationalities, genders and backgrounds, and considers respect for human rights and diverse values key to sustainability.

 For more details

### Current Initiatives and Future Goals

The Personnel & General Affairs Department of Noritsu Koki is in charge of promoting respect for human rights at Group companies and managing the risk of human rights violations. In 2022, along with the formulation and public announcement of the Group’s Human Rights Policy, human rights

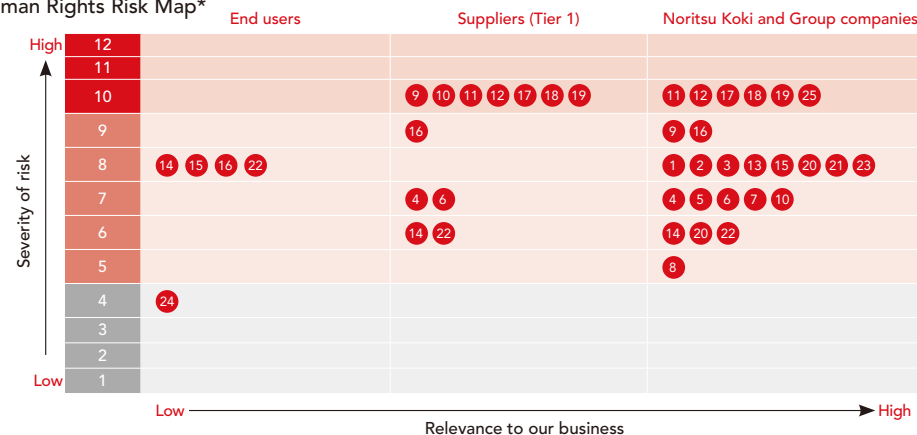
training was provided to all employees on the topics of “Thinking about human rights related to labor” and “Human rights issues and corporate challenges in local communities where our businesses operate.” We will continue to conduct human rights training for all employees once a year.

To ensure the effectiveness of human rights initiatives, we have begun human rights due diligence and prepared a human rights risk map that shows the severity and relevance to our business of risks in a matrix. Through this process, we visualized the human rights issues that we should address in the medium and long term.

Using those results as a starting point, we are identifying human rights risks related to the Group’s business operations, and will assess individual risks. We will then formulate and implement risk reduction measures.

We continue to implement a wide range of initiatives, including promoting human rights awareness throughout the Group, taking measures to mitigate human rights risks, and conducting ongoing human rights training. In addition, we will work to foster an open corporate culture of respect for diverse values and strive to further expand the social value the Group provides.

Human Rights Risk Map\*



- 1 Insufficient or unpaid wages and living wages
- 2 Excessive or unreasonable working hours
- 3 Occupational health and safety
- 4 Right to receive social security
- 5 Power harassment (abuse of power)
- 6 Sexual harassment
- 7 Maternity/paternity harassment
- 8 Nursing care harassment
- 9 Forced labor
- 10 Freedom of movement
- 11 Freedom of association
- 12 Rights of foreign workers
- 13 Child labor
- 14 Human rights issues related to technology and AI
- 15 Right to privacy
- 16 Consumer safety and right to be informed
- 17 Discrimination
- 18 Human rights issues related to gender (including gender minorities)
- 19 Freedom of expression
- 20 Rights of indigenous people and local residents
- 21 Human rights issues related to the environment and climate change
- 22 Intellectual property rights
- 23 Bribery and corruption
- 24 Human rights in supply chains (presented as part of “Suppliers (Tier 1)”)
- 25 Right of access to remedy

\* Based on key human rights issues that companies must address as summarized in the Report on Business and Human Rights by the Human Rights Bureau of the Ministry of Justice

# Cultural and Community Development

## Approach

The Noritsu Koki Group recognizes that contributing to the sustainable development of society is part of its responsibility as a corporate citizen. As such, we have specified in our Code of Conduct that we will actively work to resolve social issues, and are carrying out initiatives toward that end. We support activities tied to the development of communities where we operate, and to the cultural enhancement that is closely related to our businesses.

## Initiatives and Programs

In 2022, we made the following social contributions. We remain committed to supporting cultural and community development in 2023 and beyond.

Entity	Initiatives	Impact (2022)
Noritsu Koki	Donation to Room to Read Japan	Support for an educational project for a total of 5,274 children in Asia and Africa (donated part of the revenue from the pen nib business)
	Donations to the cities of Hamamatsu and Yokohama through the hometown tax donation program for corporations	
Teibow	Workshop at the Hamamatsu Science Museum and factory tour for elementary school students	300 participants (106 groups) (Hamamatsu Science Museum) 15 participants (factory tour for elementary school students)
AlphaTheta	Participation in interactive event to enjoy music with hearing-impaired people	About 780 participants (including 50 hearing-impaired people)
JLab	Support for Toys for Tots	Donated a total of 5,000 sets of headphones and earbuds

## Highlight | Social Contributions of Noritsu Koki and Group Companies

### Noritsu Koki

#### Support for NPO Working on Improving Literacy and Girls' Education

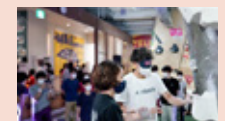
Since 2022, Noritsu Koki has provided donations to support the activities of the NPO Room to Read Japan, the Japanese branch of Room to Read, an international NPO working on improving literacy and gender equality in education in low-income countries. Noritsu Koki began supporting the initiative because we agree with its philosophy of working toward “a world in which all children can pursue a quality education that prepares them to lead fulfilled lives and make positive change—in their families, communities and the world.” Improving literacy and gender equality in education is a goal that is highly compatible with the Group’s pen nib business.



### AlphaTheta

#### Interactive Event to Enjoy Music with Hearing-Impaired People

AlphaTheta’s Yokohama DJ Lab has taken part in a “new DJ experience using light and vibrations” event at a bouldering gym in Ogikubo (Tokyo) three times since 2022. Using a tool called Ontenna, a user interface that converts sound into light and vibrations, the music played by the DJ was transmitted through rekordbox in the form of wireless vibrations based on different signals. Through its active participation in this and other music-related events, AlphaTheta will strive for a world in which all people can connect through music, regardless of disability, age, gender, race, or other characteristics.



### Teibow

#### Workshop to Teach Children the Fun of Manufacturing

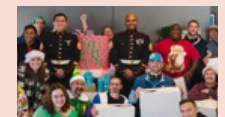
In 2022, Teibow held a workshop called “Let’s make a rocket pen!” The event gave the children who will shape the future a chance to experience the fun of manufacturing. Teibow held a free workshop at the Hamamatsu Science Museum in January 2022, and a factory tour and workshop for students of Miyakoda Elementary School in Teibow’s home city of Hamamatsu (Shizuoka Prefecture) in December 2022. At the workshop, the students tried making a “rocket pen” using the power of capillary force. Through this experience, Teibow hopes to foster an interest in technology and research among the children, and eventually help to develop people who will play a role in revitalizing the manufacturing industries of Hamamatsu.



### JLab

#### Providing Children with Headphones through a Charity Program

JLab supports Toys for Tots, a volunteer program in the United States that distributes Christmas gifts to economically disadvantaged children. Originally started in 1947 as a Christmas project of the U.S. Marine Corps Reserve, this program gives approximately 18 million gifts donated by individuals and businesses to more than 7 million children every year. In December 2022, JLab gave a total of 5,000 sets of headphones and earbuds to the program. While donated gifts tend to be toys for younger children, JLab’s gift delighted many children in the upper grades.



# Corporate Governance

## Approach

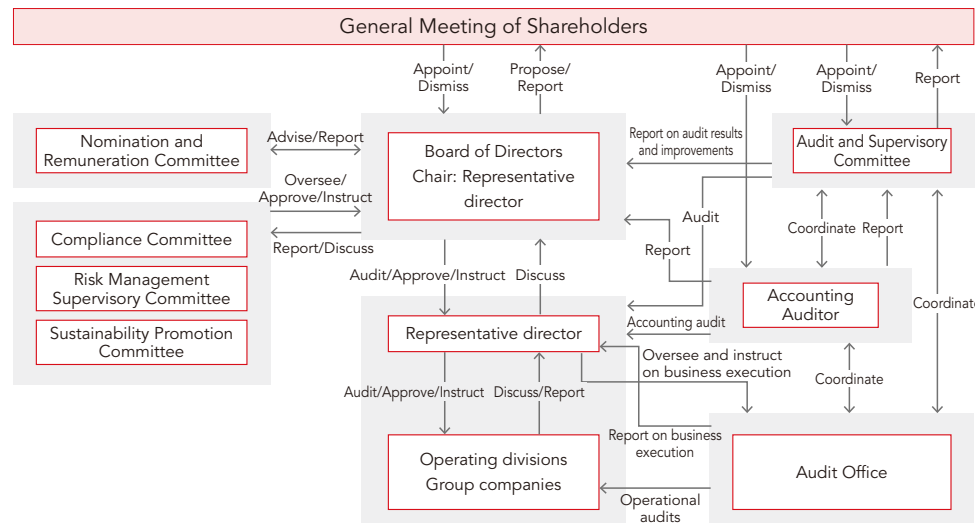
The Noritsu Koki Group believes that fulfilling its social responsibility is a prerequisite for enhancing corporate value as a company that retains the trust and support of customers and shareholders. In addition, by strengthening corporate governance, we aim to support quick and accurate management decision-making and reinforce competitiveness. Our basic approach to corporate governance and policies are summarized in the Corporate Governance Policy, which is available on the Noritsu Koki website.

[For more details](#)

## Corporate Governance Structure

Building a corporate governance structure that combines transparency, fairness and agility is the foundation for continuing our sound development in the future, and is therefore a key management priority. Based on this awareness, we have taken a number of steps to strengthen corporate governance since the 2010s. In 2015, we shifted to a “company with an audit and supervisory committee” structure, and in 2018, we voluntarily established the Nomination and Remuneration Committee and brought in a number of highly accomplished non-executive directors. Currently, four of the Company’s six directors are non-executive directors. This structure has expanded checks and balances in the decision-making process. Noritsu Koki will further strengthen the functions of each supervisory body as it works to create new economic and social value in order to be a Group trusted by stakeholders.

### Overview



### Roles and Composition of Each Organization (2022)

Organization	Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Committee
Composition <small>♂ = Male ♀ = Female</small> Executive: 2 Non-executive: 4	Executive: 0 Non-executive: 3	Executive: 0 Non-executive: 4 <small>(including one non-director third-party expert)</small>	
Chair/Committee chair	Representative director and CEO	Non-executive director	Non-executive director
Purpose and functions	The Board of Directors of Noritsu Koki is made up of two executive directors and four non-executive directors. A female non-executive director was appointed in June 2019 to ensure diverse perspectives. Through active and free discussions, the Board performs its function of monitoring management and business execution.	Noritsu Koki shifted to “company with an audit and supervisory committee” structure in June 2015, mainly to achieve both management transparency and agility by strengthening the supervisory function of the Board of Directors. Three of the four non-executive directors serve as committee members, and all committee members monitor the execution of duties of directors from an impartial position as independent directors.	The Nomination and Remuneration Committee was established in December 2018 to strengthen the independence, objectivity and accountability of the Board of Directors. This committee is responsible for appointment and dismissal of senior executives, the nomination of director candidates, and decisions on directors’ compensation.
Number of meetings	17	9	5
Attendance rate	100%	100%	100%
Key initiatives in 2022	<ul style="list-style-type: none"> <li>Review of/decisions on M&amp;A</li> <li>Qualitative and quantitative assessments of important matters of individual subsidiaries</li> <li>Review of/decisions on use of funds</li> <li>Enactment and revision of regulations</li> <li>Review of/decisions on refinancing and other financial matters</li> <li>Review of exercise of voting rights</li> <li>Discussion of consolidated business results and targets</li> </ul>	<ul style="list-style-type: none"> <li>Operational audits (to check whether directors are performing their duties in compliance with laws and the Articles of Incorporation)</li> <li>Accounting audits (to check whether the accounting auditors’ audits, method and results are appropriate)</li> <li>Audit of risk management system (assessing the establishment and operation of the risk management system and understanding the management of domestic and overseas subsidiaries)</li> </ul>	<ul style="list-style-type: none"> <li>Nomination and review of directors</li> <li>Setting and review of compensation of directors</li> <li>Review and decisions on independence requirements</li> </ul>

## Corporate Governance

## Board Effectiveness Evaluation

We work to maintain and improve the functions of the Board of Directors by conducting an evaluation of its effectiveness and then analyzing and assessing the results to make further improvements.

2022 Analysis and Evaluation Methodology	
Evaluation and aggregation method	Anonymous questionnaire using a third-party organization/Tabulation and compilation by a third-party organization
Questionnaire topics	Board composition/Operation of Board meetings/Board discussions/Monitoring function of the Board/Support system for directors (including Audit and Supervisory Board members)/Training/Engagement with shareholders (investors)/Own efforts

## Issues Identified

1.  
Timing of providing documents, enhancement of document organization and analysis

2.  
Cooperation with Audit Office

3.  
Providing more training opportunities

## Future Action Policies

Information support and sharing framework for non-executive directors

At Noritsu Koki, we offer training through materials and seminars as well as provide and share updated information at Board meetings and through various other channels. Our aim is to enhance collaboration among members of the Board of Directors and improve their skills.

Continuous monitoring

In order to continuously enhance the corporate governance structure, we must regularly review and verify operational conditions and progress in responding to issues. Noritsu Koki conducts an annual analysis and evaluation of the overall effectiveness of the Board of Directors through a third-party organization, and discloses the results.

## Policy on Appointment and Dismissal of Directors by the Nomination and Remuneration Committee

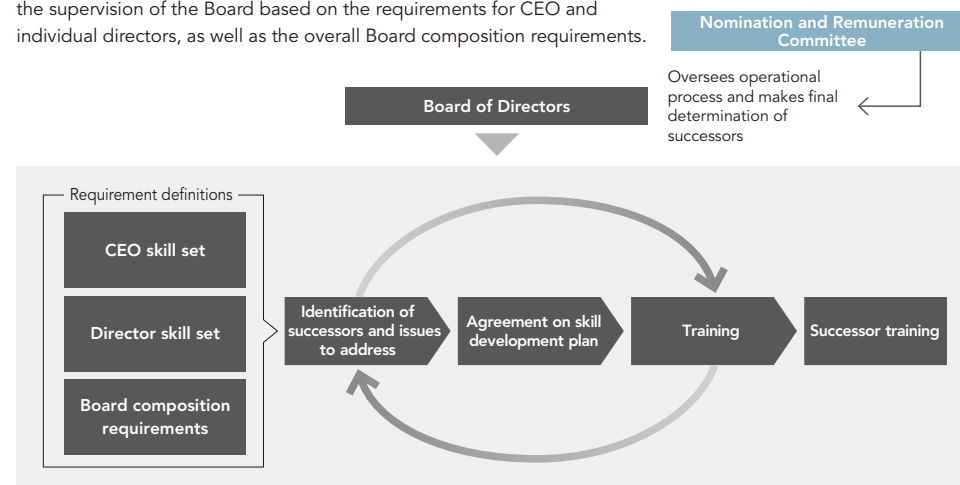
In selecting directors of the Company, we consider aspects such as the diverse perspectives, experience and knowledge of each candidate to ensure the optimal balance of know-how, expertise, ability and diversity on the Board of Directors. Please see page 35 for the skills matrix of the Board of Directors.

Policy on Director Appointment and Dismissal	
Appointment	In appointing directors, we will consider individuals who satisfy the following criteria and are capable of fulfilling their duties appropriately, taking into account concurrent duties. <ul style="list-style-type: none"> <li>Individuals who satisfy all legal requirements, with excellent character and business acumen, and are capable of performing all delegated duties</li> <li>Individuals who are attuned to the Group's Corporate Philosophy and capable of driving sustainable growth in the Group's corporate value by responding appropriately to the external environment</li> </ul>
Dismissal	We will consider submitting a resolution for the dismissal of a director to the General Meeting of Shareholders if any of the following criteria are met. <ul style="list-style-type: none"> <li>Confirmation of socially reprehensible links with antisocial forces</li> <li>Violations of laws or regulations, the Articles of Incorporation or other Group rules that cause significant loss to the Group or that interfere with the execution of business activities</li> <li>Significant issues preventing the execution of duties</li> <li>Discovery of qualities that fall short of appointment criteria</li> </ul>

## Succession Planning

Noritsu Koki has established succession plans for the representative director and CEO, and for directors and other senior executives.

To continuously improve the Board's effectiveness, candidates are selected, evaluated and trained under the supervision of the Board based on the requirements for CEO and individual directors, as well as the overall Board composition requirements.



## Corporate Governance

### Director Compensation

#### Approach

The compensation system for the directors of Noritsu Koki (excluding directors who serve as Audit and Supervisory Committee members) is designed to be aligned with the interests of shareholders. The goal is to provide sufficient incentive to sustainably enhance corporate value. Compensation of individual directors is determined based on a policy of setting compensation at appropriate levels according to respective responsibilities.

#### Composition of Director Compensation

Director compensation consists of base compensation, which is a fixed amount; bonuses, which are linked to the Company's performance; and stock compensation, which is non-cash compensation. The compensation level and composition ratio is set after review by the Nomination and Remuneration Committee.

Directors (excluding Audit and Supervisory Committee members and non-executive directors)	Cash compensation		Non-cash compensation (stock compensation)*
	Fixed compensation (base compensation)	Variable compensation (bonuses)	
	Determined based on comprehensive consideration of the director's title, responsibilities and years of service, taking into account compensation levels at other companies, the Company's performance, and the level of the director's employee salary	Standard of approx. 20% of base compensation × 0% to 200% from performance linkage	40%-60% of base compensation (up to ¥80 million/100,000 shares per year)
Non-executive directors	Consists of cash (fixed) compensation (base compensation) only	–	–

\* Performance-linked paid stock options based on operating EBITDA were issued to Representative Director and CEO Ryukichi Iwakiri effective April 5, 2019, in addition to stock compensation.

#### Decision-Making Process for Compensation Amounts

The amounts of base compensation and bonuses to be paid to individual directors are decided by Representative Director and CEO Ryukichi Iwakiri within the compensation limits set by resolution of the General Meeting of Shareholders. However, the CEO must refer to the advisory proposal of the Nomination and Remuneration Committee, and make the final decision in accordance with its report.

Type of compensation	Amounts of base compensation and bonuses paid to individual directors	Stock compensation
Decision-making process	Decision-making is delegated to the representative director and CEO within the compensation limits set by resolution of the General Meeting of Shareholders. However, the representative director and CEO must refer to the advisory proposal of the Nomination and Remuneration Committee, and make the final decision in accordance with its report.	The number of shares to be allocated to individual directors is decided by the Board of Directors based on the report of the Nomination and Remuneration Committee.

#### 2022 Results

Director compensation for 2022 was decided by a resolution of the General Meeting of Shareholders held on March 24, 2022. Compensation of individual directors is consistent with the Group's basic policy on compensation.

	Base compensation	Bonuses	Stock compensation
Representative director and CEO	61%	15%	24%
Director and CFO	56%	14%	30%

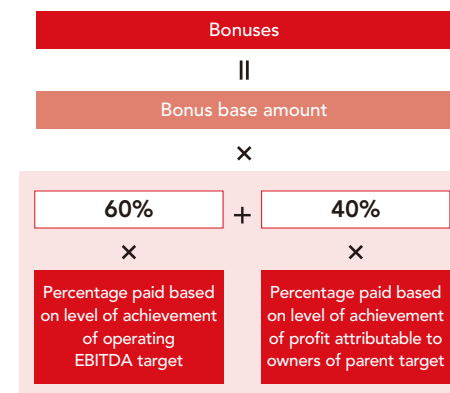
Target indicator	Target	Actual (achievement rate)
Operating EBITDA	¥11.8 billion	¥11.3 billion (96%)
Profit attributable to owners of parent	¥3.7 billion	¥4.1 billion (111%)

Note: The representative director and CEO is issued paid stock options (effective April 5, 2019) in addition to stock compensation, so the variation rate is substantially higher than that of the director and CFO.

Director category	Total cash compensation (Millions of yen)	Total compensation by type (Millions of yen)			Number of directors eligible
		Base compensation	Bonuses	Restricted stock compensation	
Directors (excluding Audit and Supervisory Committee members and non-executive directors)	214	127	31	54	2
Non-executive directors	24	24	–	–	4

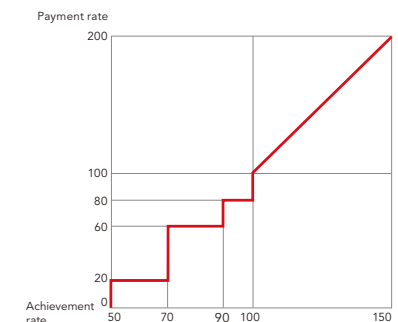
#### Performance-Linked Compensation (Bonuses)

Noritsu Koki determines the amount of bonuses by evaluating the Company's operating performance and each director's contribution to performance. In the performance evaluation, the Company considers the operating EBITDA achievement rate and the profit attributable to owners of parent achievement rate at a ratio of 60% and 40%, respectively.



#### Payment Rate Based on Target Achievement Level

As shown in the graph below, the payment rate varies in steps from 0%–200%, with 100% indicating achievement of the target





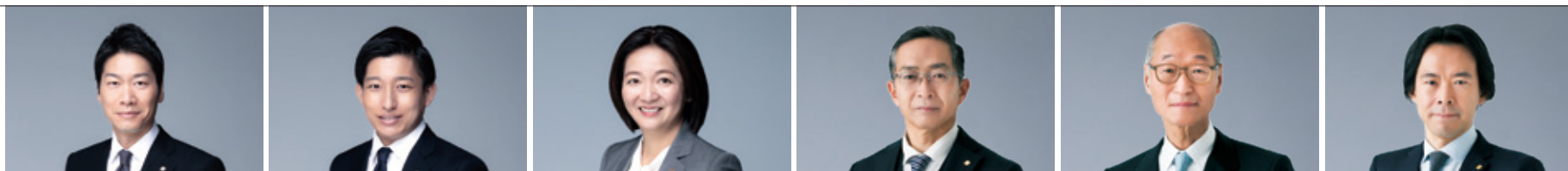
## Corporate Governance

## Management Team

## Notes:

1. The term of office of directors (excluding Audit and Supervisory Committee members) is one year (from the close of the Ordinary General Meeting of Shareholders held on March 23, 2023 until the close of the Ordinary General Meeting of Shareholders for the fiscal year that ends within one year after their election).
2. The term of office of directors who are Audit and Supervisory Committee members is two years (from the close of the Ordinary General Meeting of Shareholders held on March 23, 2023 until the close of the Ordinary General Meeting of Shareholders for the fiscal year that ends within two years after their election).
3. Four directors (Akari Otsuka, Akihisa Ota, Motoaki Ibano and Tsuyoshi Takada) are non-executive directors. The Company has designated Akihisa Ota, Motoaki Ibano and Tsuyoshi Takada as independent officers based on the rules of the Tokyo Stock Exchange, and reported their appointment to the Tokyo Stock Exchange.

## Directors



Ryukichi Iwakiri

Ryosuke Yokobari

Akari Otsuka

Akihisa Ota

Motoaki Ibano

Tsuyoshi Takada

Position	Representative Director and CEO	Director and CFO	Non-Executive Director	Independent Non-Executive Director (Audit and Supervisory Committee Member)	Independent Non-Executive Director (Audit and Supervisory Committee Member)	Independent Non-Executive Director (Audit and Supervisory Committee Member)
<b>Career background</b>	Apr. 2001 Joined F&M Co., Ltd. Sep. 2003 Joined OPT, Inc. (currently DIGITAL HOLDINGS, Inc.) Mar. 2011 Director Jun. 2018 President, Representative Director and CEO (currently Representative Director and CEO), the Company (current position) Jun. 2018 Director, NK Medico Co., LTD. (currently PreMedica Inc.) Jul. 2018 Director, Teibow Co., Ltd. (current position) Apr. 2020 Director, AlphaTheta Corporation (current position) May 2021 Director, PEAG, LLC dba JLab (current position)	Nov. 2010 Passed the CPA Examination Apr. 2012 Joined ES NETWORKS Co., Ltd. Dec. 2016 Registered as a CPA Jan. 2020 Executive Officer, the Company Mar. 2020 Director, NK Medico Co., LTD. (currently PreMedica Inc.) Apr. 2020 Executive Officer and CFO, the Company Apr. 2020 Director, AlphaTheta Corporation (current position) Jun. 2020 Director, Teibow Co., Ltd. (current position) Mar. 2021 Director and CFO, the Company (current position) May 2021 Director, PEAG, LLC dba JLab (current position)	Apr. 1999 Admitted to the bar (Tokyo Bar Association) Apr. 1999 Joined Matsuo & Kosugi Law Office Feb. 2017 Established Otsuka Law Office, President Jun. 2019 Non-Executive Director, the Company (current position) Dec. 2021 External Auditor, CUBE Co., Ltd. (current position) May 2022 External Auditor, OPENSTREAM HOLDINGS Co., Ltd. (current position)	Apr. 2005 Registered as a CPA Jan. 2007 Joined Kaisei Certified Public Accountant Joint Office Jan. 2007 Established Akihisa Ota C.P.A. Office, President (current position) Feb. 2007 Registered as a tax accountant Jun. 2010 Auditor, Sansei Co., Ltd. (current position) Jun. 2015 Non-Executive Director, Audit and Supervisory Committee Member, the Company (current position) Jan. 2021 Auditor, Lcode Co., Ltd. (current position) Jul. 2022 Partner, TSUMUGU AUDIT CORPORATION (current position)	Apr. 1974 Joined IBM Japan Apr. 1988 Director of the Board, Recruit Co., Ltd. Apr. 1993 President, RECRUIT U.S.A., INC. Feb. 2005 Distinguished Professor, Research Institute for Digital Media and Content, Keio University (New York, USA) Apr. 2009 President and Representative Director, M's Holding International Corporation (current position) Jun. 2012 Director, Advanced Visual Communication Center (currently Advanced Valuable Communication Center) (current position) Jun. 2012 Auditor, the Company Jun. 2015 Non-Executive Director, Audit and Supervisory Committee Member, the Company (current position)	Apr. 2000 Admitted to the bar May 2007 External Audit & Supervisory Board Member, The Maruetsu, Inc. (current position) Jun. 2015 Outside Director, Topre Corporation (current position) Jan. 2016 Partner attorney-at-law, Wadakura Gate Law Office (current position) Mar. 2020 Outside Director, IP Dream Inc. (current position) Mar. 2021 Non-Executive Director, Audit and Supervisory Committee Member, the Company (current position) Jun. 2022 Outside Director, OpenDoor Inc. (current position)
<b>Term</b>	One year <sup>1</sup>	One year <sup>1</sup>	One year <sup>1,3</sup>	Two years <sup>2,3</sup>	Two years <sup>2,3</sup>	Two years <sup>2,3</sup>
<b>2022 Board meeting attendance</b>	17/17	17/17	17/17	17/17 (Audit and Supervisory Committee meetings: 9/9)	17/17 (Audit and Supervisory Committee meetings: 9/9)	17/17 (Audit and Supervisory Committee meetings: 9/9)
<b>Committee memberships</b>	–	–	–	Audit and Supervisory Committee Nomination and Remuneration Committee	Audit and Supervisory Committee Nomination and Remuneration Committee	Audit and Supervisory Committee Nomination and Remuneration Committee

## Skills Matrix

Corporate management (CEO experience)	○				○	
Finance/accounting		○		○		
Engineering/technology/DX	○					
Marketing/global business	○				○	
Legal/risk management			○			○
Main qualifications/ research, etc.		CPA	Attorney-at-law	CPA Tax accountant		Attorney-at-law Research/presentations on nomination and compensation

## Executive Officers

Yukiko Katabe Executive Officer, Director of Business Administration, and Director of Personnel and General Affairs

Megumi Iwamoto Executive Officer, Manager of Business Development

## Corporate Governance

### Group Governance

#### Approach

Noritsu Koki continuously works to strengthen Group governance with the aim of maximizing the corporate value of the Group. As basic guidelines, Noritsu Koki has formulated Subsidiary Management Regulations. Noritsu Koki is responsible for deciding management policies, monitoring performance and making investment decisions regarding Group companies based on what is optimal for the Group as a whole. In the interest of expediting decision-making, Noritsu Koki respects the judgment of the management of each Group company with regard to planning and executing individual strategies and measures. Some of the directors and executive officers of Noritsu Koki are also officers of major subsidiaries, and focus on making governance work effectively and facilitating cooperation between Noritsu Koki and Group companies.

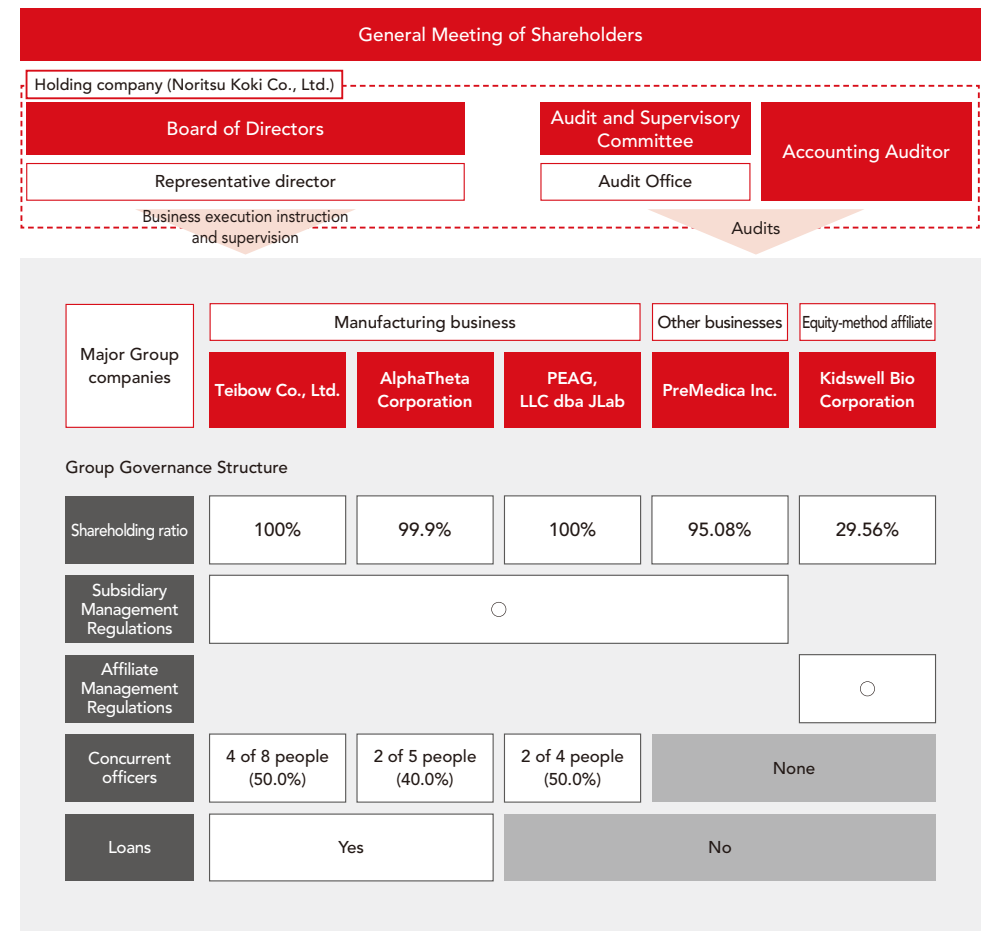
#### Governance of Subsidiaries Engaged in Manufacturing

Noritsu Koki, the core company of the Group, conducts a wide range of businesses through its three consolidated subsidiaries—Teibow, AlphaTheta and JLab. Each of these subsidiaries has directors and auditors seconded from Noritsu Koki in order to strengthen governance and facilitate sharing of information. This results in a flexible, well-governed management structure in which the intentions of the Group are reflected, with details concerning business execution delegated to each subsidiary, while Noritsu Koki participates in the decision-making process for major decisions.

#### Governance System for Other Group Companies

PreMedica, a consolidated subsidiary in the “Others” segment, and Kidswell Bio, an equity-method affiliate, are currently listed on a stock exchange or preparing for a public listing. Accordingly, under the Subsidiary Management Regulations and Affiliate Management Regulations, Noritsu Koki conducts appropriate information sharing as the parent company while ensuring each company’s independence. The shares of JMDC Inc. (shareholding ratio 14.08% as of March 31, 2023), which was excluded from the scope of consolidation of Noritsu Koki in 2022, are treated the same as cross-shareholdings.

### Overview of Group Governance



#### Management based on Regulations

To ensure effective Group governance, Noritsu Koki has formulated Subsidiary Management Regulations and Affiliate Management Regulations, as well as various rules for decision-making, and requires consolidated subsidiaries and affiliated companies to periodically report to Noritsu Koki on their business performance, financial condition and other important matters.

## Corporate Governance

## Round-Table Discussion by Non-Executive Directors



We are committed to strengthening governance by supervising management and offering advice from a broader perspective.

## Roles and Responsibilities of Non-Executive Directors

**Ota:** I am a certified public accountant, and serve as a non-executive director and chair of the Audit and Supervisory Committee at Noritsu Koki. The role of a non-executive director is, first of all, to monitor business execution. In particular, when the top shareholders hold a majority of the shares, as is the case at Noritsu Koki, it is essential to make sure the management decisions do not conflict with the interests of minority shareholders. Also, Noritsu Koki has been reshaping its business portfolio through strategic acquisitions. In addition to examining whether the risks involved in major investments are acceptable, it is also important to closely monitor whether the investment could harm the interests of minority shareholders.

**Takada:** I am also an Audit and Supervisory Committee member. I always perform my duties with an awareness of whether the management decisions of company executives have

sufficient legitimacy and are appropriate when viewed from a social perspective. As non-executive directors, we represent the shared interests of stakeholders, so it is important that we fulfill both our supervisory function and advisory function to ensure that management's judgment and the decision-making process can be explained effectively.

## The Noritsu Koki Group's Management Structure and Growth Strategy

**Ibano:** I was elected as an external statutory auditor in 2012, and have been a member of the Audit and Supervisory Committee as a non-executive director since 2015, when Noritsu Koki transitioned to a "company with an audit and supervisory committee" structure. What has struck me during that time is that the organizational structure and each business are designed to operate very efficiently and rationally. Besides having a Board composition that helps to ensure management transparency, the Company also pays sufficient attention to diversity, and has appointed one woman as a director and two women as executive officers. The corporate vision and specific strategies and measures are linked, and the management priorities of the Group as a whole are made clear. I see this as a major strength.

**Otsuka:** When I became a non-executive director in 2019, Noritsu Koki had many subsidiaries, and was a corporate group engaged in diversified businesses. Later on, by strategically selling off businesses and acquiring global companies with future potential, it transformed into a manufacturing-based group of three core Group companies within a short period of time. Group governance has also been reinforced, and I feel that the sharing of information and unity of values among the holding company and Group companies play a major role in the effectiveness of governance. I myself receive detailed explanations on management issues and focal points on a regular basis from executive members, including the CEO, and the relationship between the CEO and the heads of Group companies is also close. In discussions in Board meetings, we engage in active dialogue that reflects the open climate.

**Ota:** Currently, the Board of Directors consists of two executive directors and four non-executive directors, and I am sure this composition contributes greatly to ensuring the transparency and fairness of governance. Some people might be concerned that having a board with non-executive members as a majority will slow down decision-making, but as you pointed out, Ms. Otsuka, the close communication between executive members and non-executive directors facilitates both quick management decisions and effective supervisory functions.



## Corporate Governance

### Round-Table Discussion by Non-Executive Directors

#### Performing the Management Oversight Function

**Ibano:** I was involved in launching many overseas subsidiaries for 20 years in New York. In American companies, boards are comprised primarily of non-executive directors, and full monitoring and supervision of executive decision-making and the state of business operations takes place. Even in the Noritsu Koki Group, which has overseas companies under its control, establishing a globally applicable governance system has become an important management task. In my view, the Group can further expand the social value it provides by drawing on the expertise of non-executive directors in supervising and giving advice to management.

**Takada:** One of the most notable features of Noritsu Koki's governance is the distinct histories and strengths of the three core Group companies, which operate in diverse sectors and regions. However, ensuring the unity of the Group is a challenge. This encompasses promoting and sharing the MVV, strengthening cooperation and creating synergy among the four organizations including the holding company, and establishing effective Group governance.



**Otsuka:** I've always thought the one word that best describes the corporate culture of Noritsu Koki is "sincere." Employees do their day-to-day work sincerely, the CEO and other top executives pursue fair and impartial management, and at the same time they manage the three core Group companies with integrity. By applying this climate and culture to Group governance, the Company can foster a sense of unity among management.

#### Role of the Nomination and Remuneration Committee

**Takada:** I have served as chair of the Nomination and Remuneration Committee since March 2021. The committee, which is made up of three non-executive directors and one third-party expert, conducts reviews of appointments, dismissals and compensation of directors and key executives, and reports the results to the Board of Directors. One issue that I think needs to be addressed is talent development. Actively promoting internal talent who are well-versed in the Company's business would enable faster and more accurate decision-making. Also, in 2022, Noritsu Koki established a performance-linked compensation system, using operating EBITDA and profit attributable to owners of parent as KPIs. I will continue to



pursue transparency and fairness in management, in terms of both personnel and compensation.

**Ibano:** In terms of the appointment and dismissal of directors and key executives, many Japanese companies are focusing on promoting diversity. This point, as mentioned earlier, is one area where Noritsu Koki is making progress. But personally, I think it would be ideal if in promoting talent in the future, companies did not have to pay excessive attention to aspects such as gender and nationality, and give preference to people who have skills that fit the company's mission and the job description. Diversity would ideally come about as a result.



#### Working toward Sustainable Growth and Enhancement of Corporate Value

**Otsuka:** As an attorney, I am definitely willing to execute my supervisory and advisory functions, especially when the Company is making decisions that pertain to the law. I am also experienced in areas such as raising children and taking care of parents, so I will support increasing the Company's corporate value from my perspective as a woman and as a consumer.

**Ota:** Our role is to provide support for Noritsu Koki to maintain sound long-term growth. I believe it can evolve into a stronger corporate group by fostering a climate and culture as a unified entity, rather than a mishmash of Group companies. As a non-executive director, I will work to strengthen the Group's capabilities while maintaining a balance between monitoring and supervisory functions and making suggestions for fostering the optimal climate and culture.

**Ibano:** I have always believed that commitment and reason are both necessary in managing a company. Commitment is the founding philosophy, corporate mission and the behavioral guidelines for developing employees. Reason, on the other hand, is the company's specific strategies and measures, and numerical performance targets. From a medium- to long-term perspective, both elements are important, and in my assessment, the relationship between commitment and reason is well-balanced and the necessary role of each employee of Noritsu Koki is well-defined in Medium-Term Management Plan FY25. We non-executive directors are the representatives of stakeholders, but at the same time, we bear responsibility for sustainable growth and enhancement of corporate value. I will continue to fulfill my duties and contribute to the realization of a corporate group that continues producing "No. 1/Only 1" businesses.



# Compliance

## Approach

The Noritsu Koki Group thoroughly complies with laws, internal and external regulations and rules, and social norms. We strive to earn the trust of society and stakeholders by fulfilling our legal responsibilities and the more ethical responsibilities expected by society. The Group continues to promote compliance, including through activities to raise the compliance awareness of executives and employees.

## Compliance Promotion Framework

Based on its Basic Compliance Policy, Noritsu Koki formulated a Code of Conduct composed of five items—legal compliance, social contribution, working environment, information management and ethical behavior—and declared that it will conduct business activities in accordance with this code. To ensure responsible management, we have established the Compliance Committee chaired by the representative director and CEO as an advisory body to the Board of Directors. The committee deliberates on compliance-related organizational systems, rules and regulations, annual plans and other matters, and submits its proposals to the Board of Directors. In addition to having discussions on compliance issues and working to prevent recurrence of compliance violations, the Compliance Committee conducts compliance training once a year for Noritsu Koki and Group companies to instill and establish awareness of the importance of legal compliance.

Compliance Committee	
Composition	Noritsu Koki Co., Ltd. Chair: Representative director and CEO Vice chair: Director and CFO Members: Executive officers (2), Audit Office manager Observers: Audit and Supervisory Committee member (non-executive director)
Purpose and Authority	<ul style="list-style-type: none"> <li>• Discussion and approval of compliance-related organizations and systems</li> <li>• Discussion and approval of compliance-related rules, regulations and manuals, etc.</li> <li>• Discussion and progress management of annual compliance plan, and proposal/reporting to the Board of Directors</li> <li>• Discussion and approval of compliance-related education and training plans</li> <li>• Discussion and reporting to the Board of Directors on measures to prevent recurrence of serious violations</li> <li>• Discussion and approval of measures to address other compliance issues, and proposal/reporting to the Board of Directors</li> </ul>
Number of Meetings Held in 2022	4 (March, April, August and September)

## Compliance Promotion Measures

### Compliance Training

Noritsu Koki is focusing efforts on raising awareness of compliance in ways such as regularly conducting compliance training for Group employees. In addition to compliance training for new employees and managers, we conduct training on various laws in Japan, including the Act against Unjustifiable Premiums and Misleading Representations, and the Antimonopoly Act, and work to ensure fairness and transparency in our business activities. We flexibly review the content and scope of training according to changes in risks, and enhance the effectiveness of education and training programs. We are also incorporating training via e-learning to make it easier for employees working overseas and in remote locations to participate.

### Internal Audits

The Audit Office, which reports directly to the representative director and CEO of Noritsu Koki, conducts internal audits as needed. The Audit Office and the Audit and Supervisory Committee share their annual audit plans and reports, and strive to improve the quality of audits by closely exchanging information and opinions. To respond quickly and accurately to compliance-related concerns, we are further enhancing audit functions, including through the appropriate operation of a whistleblower system and by increasing the number of auditing staff.

### Internal Whistleblower System

Noritsu Koki has an internal whistleblower system covering the entire Group as a means of early detection and prevention of risks and problems associated with business activities. While a contact point is available in the Audit Office of Noritsu Koki, the holding company, individual Group companies also have their own whistleblower hotlines that accept reports on acts that violate, or could potentially violate, the Noritsu Koki Group Code of Conduct, including legal violations, human rights issues and corruption. Noritsu Koki makes the internal whistleblower system known through compliance training that all employees attend. In addition, in accordance with the rules governing the use of the internal whistleblower system, we ensure anonymity, safeguard the confidentiality of reports and thoroughly protect the human rights of whistleblowers. There were no whistleblower reports in 2020 and 2021 and four\* in 2022. The person overseeing the contact point works with those concerned and fully investigates and reviews the matters reported, and if a problem is confirmed, corrective measures are promptly taken.

\* Type of report: Harassment (2), labor/personnel evaluations (1) and work environment/personal relationships (1)

# Risk Management

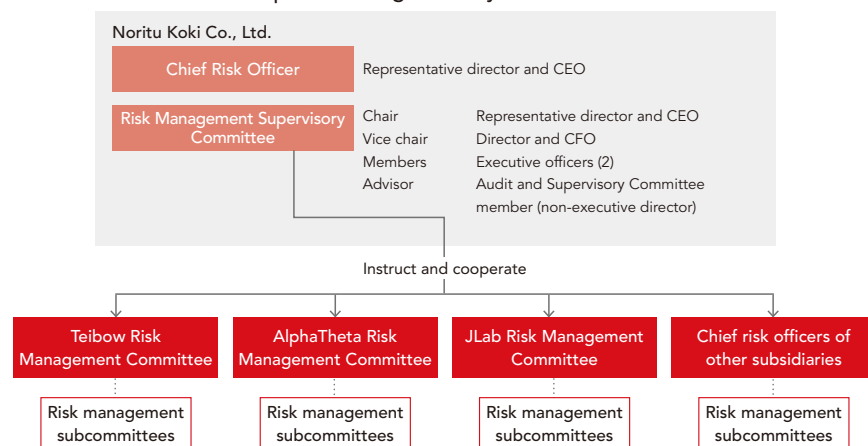
## Approach

The Noritsu Koki Group conducts business activities that involve various risks related to management, business and finance. To achieve sound, sustainable growth, it is imperative to clearly define the risks that should be addressed, and to manage them appropriately. After identifying and visualizing the risks the Group faces, such as foreign exchange risk, country risk and cyber risk, we formulate the responses we should take when risks materialize to prepare for the unexpected.

## Risk Management System

Noritsu Koki has formulated Risk Management Regulations and established systems and policies for risk management. In terms of systems, the Risk Management Supervisory Committee, with the representative director and CEO of Noritsu Koki as the chief risk officer, manages matters concerning risks and crises. The committee meets regularly or as needed to discuss risk management and countermeasures, and takes the necessary actions to address risks. Business continuity plans (BCPs) and various manuals are provided so that a rapid initial response can be taken in the event that a risk arises. In addition, risk management committees have also been set up at each subsidiary and members discuss matters concerning risk management in order to raise the level of risk management across the Group.

### Noritsu Koki Group Risk Management System



Note: Subcommittees are set up at subsidiaries as needed according to the nature of risks

## Risks and Responses

### Identification of Significant Business Risks

We identify significant business risks through an assessment of the probability of occurrence and degree of impact on our business and operations. In addition to the items in the table on the right, we have identified country risk, business partner credit risk, corporate acquisition-related risk and climate change risk as major risks. We analyze the causes of these risks and take measures to prevent them. For unavoidable risks, we examine them individually to manage them appropriately and reduce their impact.

Business Risks (Excerpt)	Probability of Occurrence	Degree of Impact
Foreign exchange risk	High	Medium
Intellectual property risk	Low	High
Risk of suspension of production due to disaster, etc.	Medium	High
Cyber risk	Low	High
Supply chain risk	Medium	High

### Individual Response Example 1: Formulation of BCPs

Based on the Risk Management Regulations covering the entire Group, the subsidiaries of Noritsu Koki are focusing on establishing business continuity plans (BCPs) to be prepared for material risks such as natural disasters or infectious disease outbreaks. In addition, emergency preparedness drills based on the BCPs are conducted annually at each location in Japan and overseas. In 2022, drills simulating disaster scenarios such as a major earthquake, fire or chemical leak were conducted. Noritsu Koki and its Group companies are aiming to establish effective BCPs by regularly reviewing their initial disaster response and recovery plans to ensure business continuity.

### Individual Response Example 2: Strengthening Information Security

The Noritsu Koki Group is deeply aware of the importance of properly safeguarding the information assets it handles, and established an Information Security Policy in May 2022. The Information Security Policy consists of five items—compliance with applicable laws and regulations; protecting information assets; education and training; responding to security incidents and continual improvement—along with specific themes to be addressed by the Company or employees for each item. Noritsu Koki and Group companies are working to ensure the inculcation of the Information Security Policy, and will audit the implementation of the policy as appropriate to continuously improve its information management system.