



T.RAD Co., Ltd.



# SUSTAINABILITY REPORT

# 2025

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### ■ Forward-Looking Statements: Special Notes and Disclaimers

This report contains information on our group's future prospects, plans and forecasts. These are based on historical facts and information currently available, and may differ materially due to various factors, including future economic trends and changes in the business environment surrounding our group. Although we pay close attention to the content of this report, we do not guarantee the accuracy or timing of any update, and we do not assume any responsibility for any losses, or damages arising from the updates to, or errors in, the published information.

### ■ Contact Information

[https://www.trad.co.jp/databox/data.php/contact05\\_en/code](https://www.trad.co.jp/databox/data.php/contact05_en/code)

## Editorial Policy

T.RAD Co., Ltd. (hereafter, "T.RAD") will report on its environmental, social, and governance-related initiatives in this report and on its WEB website. This report is incorporated by reference to GRI Sustainability Reporting Standard. This report has been issued after approval by the relevant departments, the Sustainability Committee, and each activity subcommittee.

## Target organization

Organization: T.RAD Co., Ltd. and domestic and overseas consolidated subsidiaries

## Reporting period

- Reporting period: Domestic: April 2024 to March 2025  
Overseas: January 2024 to December 2024
- Reporting cycle: Annual
- Previous issue date: End of August 2024

## Reference Guidelines

"GRI Sustainability Reporting Standard"

- ISO26000
- Ministry of the Environment's Environmental Reporting Guidelines 2018  
Environmental Accounting Guidelines 2005

## System for disclosing information

### Financial information

### Nonfinancial information

### T.RAD Sustainability Report 2025

- Financial information
- In the financial statement
- Business reports, etc.
- Environmental and Social Initiatives
- Corporate Governance
- Environmental Data, etc.

URL : [https://www.trad.co.jp/index.php/topic/home\\_en](https://www.trad.co.jp/index.php/topic/home_en)

## Corporate Information

### Corporate Profile

[Click here](#)

### Management

[Click here](#)

### History

[Click here](#)

### List of bases

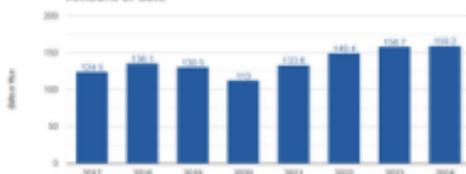
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### IR data

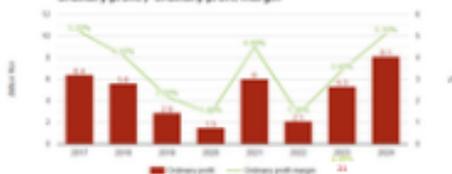
[Click here](#)

As of June 2025

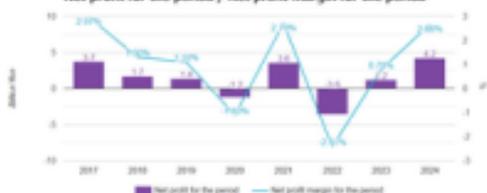
Amount of Sale



Ordinary profit / Ordinary profit margin



Net profit for the period / Net profit margin for the period



ROE



Company's  
History  
**88** years

Since its establishment in 1936, our company has been developing along with Japan's economic growth, as a leading manufacturer of heat exchangers by anticipating future trends ahead of others.

Based in  
**5**  
Hub System  
in the world

We have established a robust global structure, positioning Japan as a development hub and operating in Europe, Asia, China, and North America. Joint ventures in various regions also contribute to the modernization of local industries.

Number of  
employees  
**4000**  
or more

The Group has more than 4000 employees (consolidated). Our operations extend worldwide.

Employees'  
Average Age  
**41.3**  
years old

Employees are entrusted with major projects based on their capabilities, regardless of age. You can work on your dream job with great discretion.

Engineer  
**250**+

More than 250 engineers are engaged in development at T.RAD. Despite this scale, the speed at which employees make proposals and receive responses is overwhelming.

Holidays in a Year  
**121**

In addition to 2 complete weekly holidays, we have various leave-taking programs

Fiscal 2024 was a year in which production was suspended due to issues related to improper certification at the beginning of the year and, at the end of the fiscal year, sudden changes in U.S. trade and tariff policies under the new administration, and other events. Monetary policy by the authorities of each country also entered a turning point, and this was also a year in which changes occurred in the business environment, such as interest rates and foreign exchange rates. Under these circumstances, we made significant progress in improving profitability in the U.S. business by promoting the transfer of production, and our results in Japan and ASEAN were also firm.

Looking at the outlook for fiscal 2025, while the direction of U.S. tariff policy remains uncertain, restructuring the supply chain and optimizing the allocation of production resources will be major challenges. Conflicts in Ukraine and the Middle East are still ongoing, and the outlook for the Chinese economy is uncertain. In this context, we recognize that the global business environment remains unpredictable.

The 4-year medium-term management plan, "T.RAD-12(FY2022-FY2025)" has finished the 3-year period and ROE has reached 9.1%. In fiscal 2024, we also completed the introduction of DOE with the aim of strengthening and stabilizing shareholder returns. The environment surrounding our industry is becoming increasingly rapid year by year. In order to respond flexibly to the pace of change, and based on our judgment that we have achieved a certain level of results in the current medium-term management plan, we have recently completed T.RAD-12 one year ahead of schedule and decided to formulate and launch a new "T.RAD-2025". The new medium-term plan sets out medium- to long-term management targets (2030 targets), but sets and works on management targets based on the environment on a single-year basis. Under the new medium-term management plan, we will focus on improving our capital-efficiency and profitability, and will strive to further improve ROE and improve our price-to-book ratio (PBR) above 1.0.

As part of our efforts to become a company that realizes GX, we will develop and expand sales of heat exchangers that can contribute to GX.

In the multi-pathway age, the need for heat exchangers is becoming more diverse and increasing, so this is an opportunity for us to expand our market. We will make efforts to contribute to a recycling-oriented society by realizing energy-saving factories such as photovoltaic power generation and promoting recycling, including aluminum and resin materials.

Based on our management philosophy of "contributing to the realization of a sustainable society that is friendly to the global environment through the provision of superior thermal energy conversion technologies and services," since our founding in 1936, we have been a pioneer in the manufacture of heat exchangers, providing products for a wide range of applications such as automobiles.

Toward the milestone of the 90th anniversary of our founding in 2026, we will pursue the happiness of our customers, shareholders, employees, business partners, and local communities from the perspectives of manufacturing and environmental contribution.

I would like to ask for the continued understanding and support of our shareholders.



President & CEO & COO

宮崎 富夫

TOMIO MIYAZAKI

# Basic Concept and Policy on Sustainability

## Basic Approach to Sustainability

The sustainability management aimed at by T.RAD Co., Ltd. and T.RAD Group is to achieve both "contributing to a sustainable society" and "long-term sustainable growth." Specifically, we believe that in existing businesses, we will tackle social issues such as reducing CO<sub>2</sub> emissions, preventing global warming, transitioning to a cyclical economy, natural capital/biodiversity, and respect for human rights, and contribute to SDGs.

In addition, in order to contribute to a sustainable society and achieve long-term sustainable growth, we have formulated a basic sustainability policy based on our corporate philosophy and believe that contributing to the sustainable development of society through our business activities is what we define as sustainability.

## Basic Philosophy on Sustainability

T.RAD Co., Ltd. and T.RAD Group have a management philosophy of contributing to the development of a sustainable society that is friendly to the earth and pursuing the well-being of its stakeholders while maintaining harmony with society and the global environment through its business activities.

To achieve this, we will contribute to the resolution of social issues and sustainable development as a company trusted by society under proper corporate governance.

Suppliers are also required to support this policy and act on it.

- ▶ We will comply with international rules and regulations, take measures to prevent corruption, and conduct our business in a fair and sincere manner.
- ▶ We will respect human rights, will not discriminate, and will not engage in forced labor in any form.
- ▶ We value dialogue with stakeholders and disclose information in a timely and appropriate manner.

## Guidelines for Actions on Sustainability

Global Environment	We are committed to developing technologies that contribute to preventing global warming and to promoting environmentally friendly production activities, while striving to minimize our environmental impact. In addition, we are actively engaged in conserving biodiversity and ensuring its sustainable use.	
Business Partners	We are committed to preventing corruption, conducting our business with fairness and integrity, and providing safe and reliable products.	
Employees	We recognize that ensuring the health and safety of our employees is the foundation of the company's growth. We will continue to make efforts to improve the working environment, respect diversity, and uphold the freedom of association and the right to collective bargaining.	
Suppliers	We maintain an open and fair relationship with our suppliers regardless of their country or size, and strive to achieve mutual prosperity from a long-term perspective.	
Shareholders and Investors	We aim to enhance corporate value and deliver returns through long-term and stable growth, based on constructive dialogue with our shareholders and investors.	
Local Communities	We respect the cultures and customs of each country and region, and strive to contribute to the harmony and development of local communities.	

## Sustainability Promotion System

President serves as Chairman for "Contribution to a Sustainable Society" and "Long-term Sustainable Growth"

The Sustainability Council has been established, and the 4 subcommittees under the council and each division are working together to tackle important sustainability issues.



※ For certain material sustainability issues (such as human rights, occupational health and safety, and diversity), responsible departments are designated, and initiatives are implemented company-wide.

## Value creation process

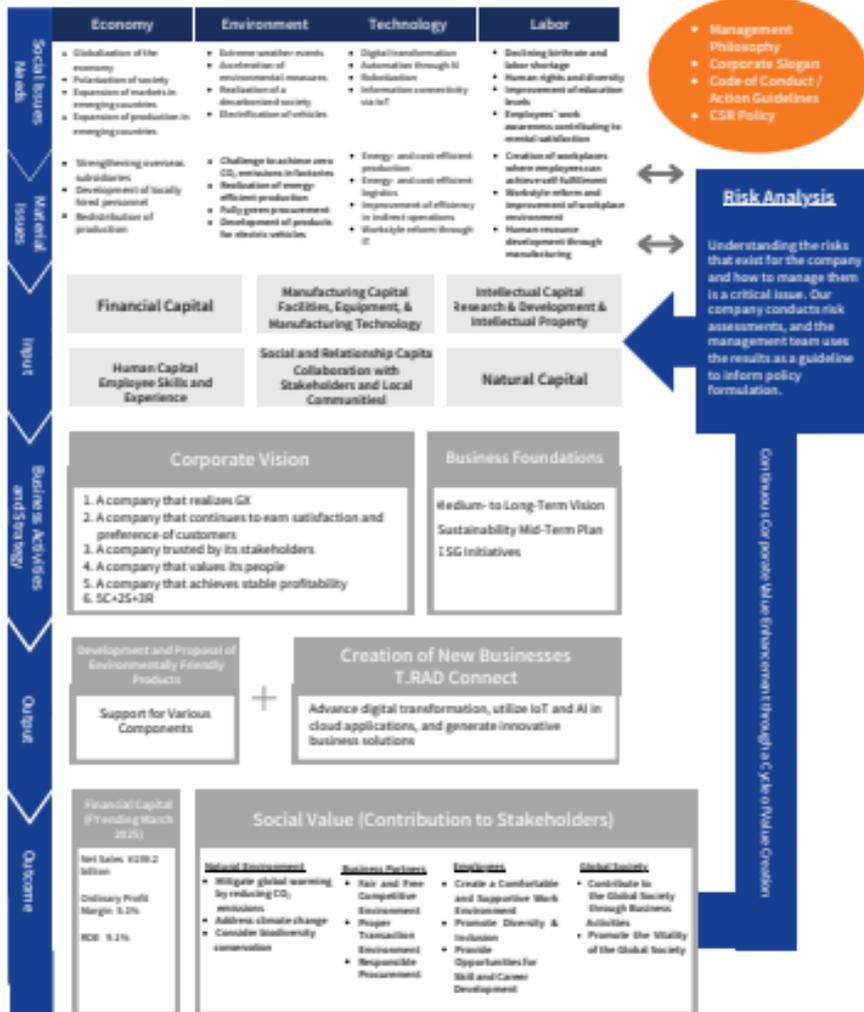
Our Group has defined a business structure that contributes to sustainable development by solving various social issues through our business activities and promoting the creation of common value with society. We will also contribute to the related SDGs goals by resolving selected key issues

### T.RAD's Desired State

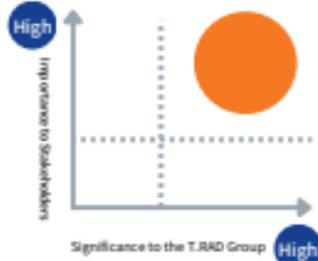
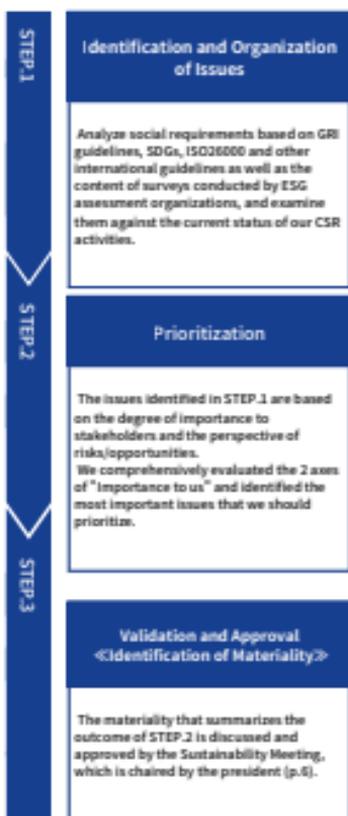


We contribute to addressing global social challenges through our business activities and continue to create new value.

- Management Philosophy
- Corporate Slogan
- Code of Conduct / Action Guidelines
- CSR Policy



## Material Sustainability Issues



### The most important issue for our company

#### (Corresponding SDG goals)

	Ensure healthy lives and promote well-being for all at all ages.	Management of the rate of findings and the rate of follow-up examinations in health checkups.
	Achieve gender equality and empower all women and girls.	Reconstruction of the personnel and wage systems.
	Ensure access to affordable, reliable, sustainable and modern energy for all.	Promotion of solar power installation, Continuous implementation of energy-saving activities, Conversion to energy-efficient equipment.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Management of the rate of findings in health checkups and the rate of follow-up examinations, Utilization of group analysis results from stress checks, Reconstruction of personnel and wage systems, Improvement of labor productivity through IT utilization, Reduction of overtime work, and Promotion of paid leave acquisition.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Increase in the sales ratio of environmentally friendly products.
	Ensure sustainable consumption and production patterns.	improvement of the sales ratio of environmentally friendly products and reduction of industrial waste.
	Take urgent action to combat climate change and its impacts.	Promotion of solar power installation Continuous implementation of energy-saving activities Conversion to energy-efficient equipment.

## Long-Term Vision for 2030

We set a long-term vision for the "Material Sustainability Issues (p. 8)" and defined step-by-step actions through backcasting. These are promoted by the "Working Committees (p. 6)."

### ● Vision for 2030 (Proposed Vision)



## ■ Medium-Term Sustainability Plan

	Activity Goals (Medium- to Long-Term Plan) Long-Term Vision (Toward 2030)
Environment	<ul style="list-style-type: none"> <li>Continue energy-saving activities.</li> <li>Promote initiatives to raise employee awareness.</li> <li>Improve environmentally friendly production equipment.</li> <li>Electrify facilities.</li> <li>Adopt chamberless He leak testing.</li> <li>Start self-generation of electricity using renewable energy.</li> <li>Increase green spaces.</li> <li>Enhance the sales ratio of environmentally friendly products company-wide and promote the expansion of HEV, PHEV, BEV, and FCEV sales.</li> </ul>
Society	<ul style="list-style-type: none"> <li>Strengthen the occupational health and safety activity framework.</li> <li>Enhance support and follow-up for overseas sites.</li> <li>Provide occupational health and safety support to suppliers.</li> <li>Implement measures to improve employee engagement (proactive contribution and work attitude) and enhance work quality, aiming to maximize output.</li> </ul>
Business Continuity	<ul style="list-style-type: none"> <li>Promote volunteer activities.</li> <li>Collaborate with suppliers to advance environmental initiatives and reduce environmental impact.</li> <li>Increase the adoption ratio of renewable energy.</li> <li>Establish a system for dialogue with local communities.</li> <li>Address SDG-related challenges through business activities.</li> <li>Conduct global social contribution activities.</li> </ul>
	<ul style="list-style-type: none"> <li>Conduct risk assessments considering all hazards.</li> <li>Verify MTPD (Maximum Tolerable Period of Disruption) and RTO (Recovery Time Objective) through repeated PDCA cycles.</li> <li>Establish an all-hazards/Business Continuity Management (BCM) system.</li> </ul>

## Management Planning T.RAD-2025 Corporate Vision/Basic Strategy

	Societal Changes and External Challenges by 2030					Contribution to the SDGs
	Emergence of Developing Markets	Extreme Weather/ Instrumental Issues	Rapid Digital Trans-formation	Demographic Decline and Shifts in Work Values	Internal Issues	
<b>1.</b> A company achieving Green Transformation (GX)	○	○	○		○	
<b>2.</b> A company that continues to delight and be chosen by customers	○	○	○	○	○	
<b>3.</b> A company trusted by its stakeholders		○	○		○	
<b>4.</b> A company that values its people	○		○	○	○	
<b>5.</b> A company that achieves stable profitability	○		○	○	○	
<b>6.</b> 5C+2S+3R Challenge, Change, Cooperatio, Cocreation, Connect + Speed, Share + Reduce, Reuse, Recycle		○	○	○	○	

## Adapting Thermal Energy Conversion to the Multi-Pathway Era

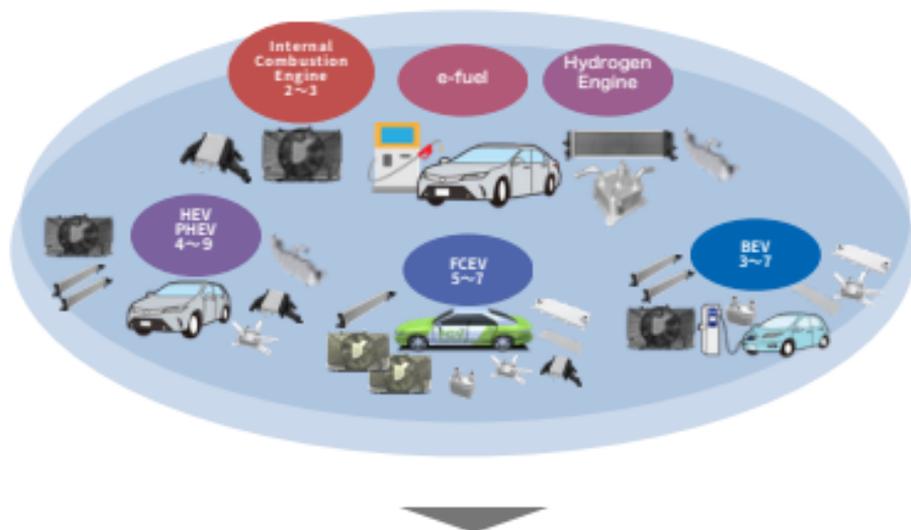
As the electrification of rolling stock advances, the number of installed heat exchangers does not decrease, but rather tends to increase depending on the type of powertrain. We view this as an opportunity to expand our market share.

On the other hand, an increase in the number of units produced causes an increase in the amount of CO<sub>2</sub> emitted during production. We will implement various measures at all domestic and overseas bases to reduce emissions and contribute to the achievement of carbon neutrality.

### Thermal Energy Conversion Technology for the Multi-Pathway Era

In order to realize a decarbonized society, an era of "multi-pathway" where several power sources coexist, such as gasoline-, e-fuel-, hydrogen-engine-, hybrid-, fuel-cell-, and battery EV, is progressing. Heat exchangers are an important component of any power source.

The performance and applications required for heat exchangers vary day by day, and the needs are diversifying. This change is a business opportunity for us, and we will refine our technologies and quality to provide products in order to meet the diverse expectations of society and our customers.

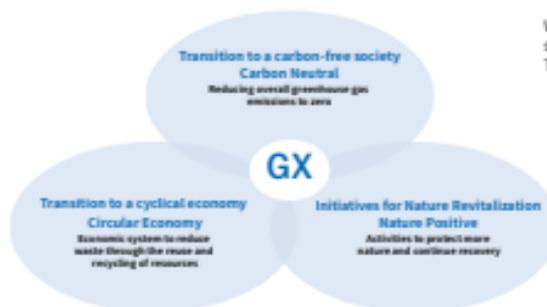


In the multi-pathway era, the demand for heat exchangers will diversify and expand.

This presents an opportunity for us to expand our market.

**There is a growing global recognition that a multi-pathway approach, which provides not only BEVs but also diverse powerplants as options, represents the fastest route to achieving carbon neutrality.**

## GX (Green Transformation) Initiatives



Develop and expand sales of heat exchangers that can contribute to GX

We are promoting Green Transformation (GX) to realize a sustainable society.

The following 3 points are the main initiatives in GX.

### ● Transition to a Carbon-free Society (Carbon Neutral)

We aim to achieve net zero greenhouse gas emissions.

### ● Transition to a cyclical economy (Circular Economy)

We work to reduce waste through the reuse and recycling of resources.

### ● Promotion of nature restoration (Nature Positive)

We continue to protect and recover nature.

Target

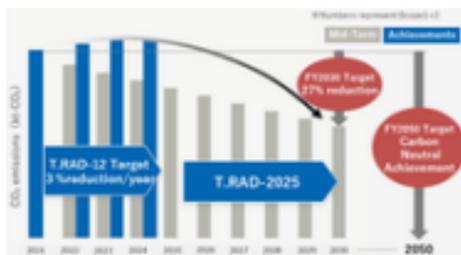
- Reduce CO<sub>2</sub> emissions by 3% annually
- Achieve carbon neutrality by 2050

## Carbon Neutral (CO<sub>2</sub> Reduction) Targets and Activities

CO<sub>2</sub> Emission Reduction Target  
2030 Goal

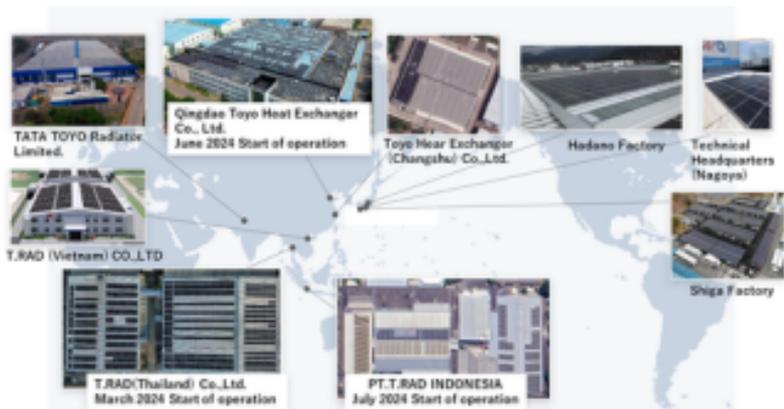
Entire Life Cycle Assessment (LCA)

27% reduction compared to FY2021  
(3% reduction per year)

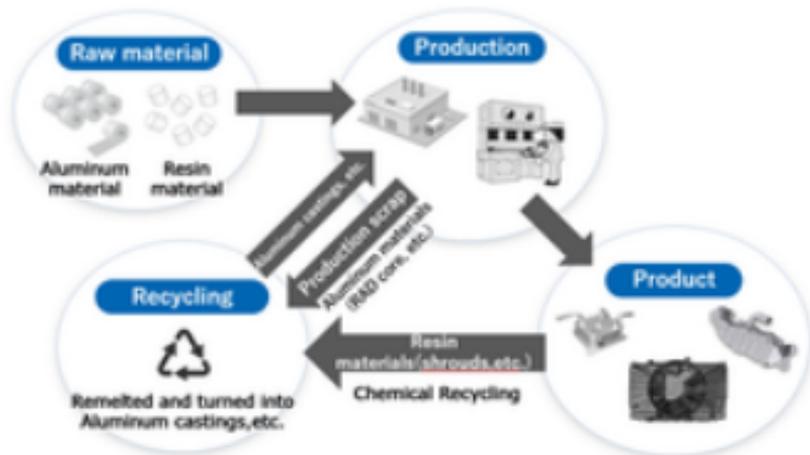


## Carbon Neutral Activities Performance (FY2024 Results)

Realization of an "energy-saving factory" through the use of solar power generation, nitrogen generators, eco-friendly air conditioning systems, etc. - Investment in continuous procurement of competitive, CO2-free electricity.



## Initiatives toward a Circular Economy



Contributing to a recycling-oriented social by promoting recycling of aluminum and resin materials.

## The value chain that underpins sustainable business growth

We are committed to building an ESG-conscious value chain and pursuing sustainable growth in collaboration with all our stakeholders.



## Environmental Management

### Background / Rationale

To help build a sustainable circular society, we implement a basic environmental policy, applying it across all business activities, and operate an environmental management system that drives continuous improvement.

Linkage with the SDGs (Sustainable Development Goals)



#### Key Standards and Guidelines

Various laws and regulations, Environmental Reporting Guidelines 2018 Edition, ISO 14001/26000, and our company regulations

#### Participation and Support

Participation in various certification bodies, support organizations and companies, and attendance at lectures and seminars

### Impact

- Affects trust from international and local communities, decarbonization efforts, and promotion of coexistence with the natural environment

### Challenges

- While continuing our economic activities, we aim to transition toward a circular and symbiotic society.

### Opportunities

- Based on environmental conservation and nature protection activities, we aim to create new environmental value and pursue a sustainable company through continuous improvement initiatives.

### Management

- The activities are discussed and promoted through the Green Business Site Committee and the Product Environmental Committee.

### Evaluation

- Reports and evaluations are conducted by top management through the Management Review and the Sustainability Committee.

## Environmental Policy

### Basic Philosophy (Guiding Principle)

T.RAD Co., Ltd. and T.RAD Group aim to become the world's No.1 heat exchanger manufacturer contributing to the realization of a carbon-neutral society. Each employee prioritizes environmental friendliness and actively engages in the conservation of the environment and biodiversity, as well as the protection of nature, thereby contributing to the development of a prosperous and bright society.

### Basic Policy (Code of Conduct)

To realize the Basic Philosophy, T.RAD Co., Ltd. and T.RAD Group will assess and predict environmental impacts at every stage of the product life cycle, establish objectives and targets for environmental and biodiversity conservation, and promote the utilization and continuous improvement of a company-wide environmental management system. Through these efforts, we will pursue sustainable corporate growth and the well-being of customers, shareholders, employees, business partners, and the local community.

1. Work together with customers and business partners to prevent global warming and achieve carbon neutrality by reducing greenhouse gas emissions.
2. Promote the development and sales of heat exchanger products that meet the needs of diverse power plants in the era of electrification.
3. Suppress the emission of environmental pollutants and strive to prevent environmental pollution.
4. Promote the effective use of resources and reduction of waste, while striving for recycling and resource conservation.
5. Actively engage with local communities and contribute to the conservation of the environment, biodiversity, and nature.
6. Comply with environmental laws, regulations, and other requirements, establish voluntary management standards, and strive to raise the level of environmental conservation.
7. Establish and enhance environmental management, and strengthen environmental education and awareness for all members of the organization.
8. Actively disclose environmental information and promote mutual understanding with stakeholders.

## ISO14001 Certification Acquisition

We strive to improve our environmental performance through the continuous enhancement of our environmental management system. Since 2011, we have been ISO 14001 certified company-wide in Japan, with domestic subsidiaries certified under Green Management and KES\*, and our overseas manufacturing sites also certified under ISO 14001.

\* KES : Kyoto Environmental Management System Standard

Sites		ISO14001	
		Certification date	Next Renewal
JAPAN	T.RAD Co.,Ltd	Oct./2000	Jun./2026
America	T.RAD North America,Inc.	Oct./2001	Oct./2026
America	Tripac International Inc.	Sep./2018	Sep./2027
Czech	T.RAD Czech s.r.o	May/2007	May/2028
China	T.RAD(Zhongshan) Co., Ltd.	Feb./2011	Feb./2026
China	T.RAD(Changshu) Co., Ltd.	Nov./2015	Nov./2026
China	T.RAD(Qingdao) Co., Ltd.	Feb./2010	Oct./2027
Vietnam	T.RAD(VIETNAM)Co.,Ltd.	Jan./2015	Jan./2027
Thailand	T.RAD(THAILAND)Co.,Ltd.	Dec./2010	Apr./2027
Indonesia	PT.T.RAD INDONESIA	Jul./2013	Jul./2025

## Identification of Material Issues in the Environmental Field

In identifying key environmental issues, we consider both stakeholder expectations and their impact and importance to our company. Issues of high relevance in both dimensions are defined as significant, and those most critical are designated as **materiality**, to which we allocate focused management resources.

### Environmental Themes and Approaches

Activity Theme	Coverage	Importance	Response Method	Main Activities
<b>Global Warming/CO<sub>2</sub> Reduction</b>	P	H		Continuous Improvement Activities
	D	H		Development of Environmentally Friendly Products
	SC	M		CO <sub>2</sub> Emissions Survey (to be Expanded to Reduction Activities)
<b>Resource Conservation / Water Use Reduction</b>	P	M		Reduction and Recycling of Water Usage
	SC	L		Promoting Awareness through the Green Procurement Guidelines
<b>Resource Conservation / Reduction of Raw Material Waste</b>	P	H		Activities to Reduce Defective and Scrapped Products
	D	H		Development of Environmentally Friendly Products
	SC	M		Proposals for Specification Changes and Consideration for Adoption
<b>Soil Contamination</b>	VA	L		Monitored through Environmental Compliance Audits
	SC	L		Promoted through the Green Procurement Guidelines
<b>Hazardous Substance Management</b>	VA	H		Establish standards / Investigation & substitution
	SC	H		Substance content survey and substitution across all suppliers
<b>Biodiversity / Conservation Activities</b>	VA	M		Dependency assessment and implementation (e.g., switch to green-compliant products)
	VA	M		Continuing in-house environmental overview training
<b>Awareness Activities</b>	VA	M		Continuing in-house environmental overview training
	SC	M		Awareness activities through the Green Procurement Guidelines

P : Production D : Development V : Voluntary Activities SC : Supply Chain

## Environmental Risk Management

We ensure compliance with environmental laws and the effectiveness of our environmental management system through internal and external audits. By using original checklists, we enhance internal audits and strengthen risk management, including environmental risks.

1. Mutual Compliance Audits – Cross-block audits assess legal compliance and risk management.
2. Management Review – Top management evaluates appropriateness and identifies areas for improvement company-wide.

### T.RAD Risk Management System

#### Re-examination of Compliance Assessment

- ① Advance cross-check of self-inspection results in mutual compliance audits

Starting in FY2015, we introduced mutual cross-checks of self-inspection results before compliance audits, which has led to fewer findings in the main audits.

- ② Integrating labor-related components into cross-compliance audits

From FY2016, labor-related items have been included in peer compliance audits and are being continued.

## Compliance with Environmental Laws and Regulations

FY2024: Environmental Compliance and Accident / Complaint Data (Cases)					
	HQ	Hadano	Nagoya	Shiga	Kasadera
Regulatory Violations	0	0	0	3	0
Fines / Litigation	0	0	0	3	0
Accidents	0	0	0	3	0
Complaints	0	0	0	3	0
Leaks	0	0	0	3	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>
(For reference, FY2023)	3	0	0	0	3

## Information Disclosure Based on the TCFD Framework

Climate change is a key issue impacting our business continuity. In April 2022, we endorsed the TCFD recommendations to help reduce financial market risks arising from climate change. By analyzing related risks and opportunities and integrating them into our strategy and risk management, we will disclose progress transparently, contribute to decarbonization, and drive further growth.

Established in 2015 by the international body, the Financial Stability Board, it recommends assessing business risks and opportunities arising from climate change, understanding their financial impacts, and disclosing related information.

### Governance

Recommended Disclosure	Status of Response
a) Oversight by the Board of Directors regarding climate-related risks and opportunities	A Sustainability Committee has been established as a body to deliberate and make decisions on important matters related to climate change.
b) Role of the executive management in the assessment and management of climate-related risks and opportunities	The Sustainability Committee discusses and decides on key issues concerning environmental management, and matters judged to have significant impacts are further deliberated by the Board of Directors.

We view climate change as a key issue for fulfilling our social responsibility and sustaining growth, and manage it through the Sustainability Committee. Chaired by the President and joined by directors, the committee oversees climate-related risks and opportunities, policies, targets, and progress on initiatives as part of our corporate governance system.

#### Positioning of the Sustainability Committee within Our Company



### Strategy

Recommended Disclosure	Status of Response
a) The climate-related risks and opportunities identified by the organization over the short, medium, and long term	Evaluate medium- to long-term climate-related risks and opportunities across the supply chain.
b) The impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	Assess business and financial impacts of climate-related risks and develop and implement countermeasures.
c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a scenario of 2°C or lower	Analyze transition risks, physical risks, and opportunities under 2°C and 4°C scenarios.

We analyze climate-related scenarios based on IEA and IPCC data to develop our strategies.

xEV\* demand is expected to grow severalfold by 2050. Strengthened fossil-fuel regulations may pose risks to our operations, but appropriate regulations could expand opportunities for our environmentally friendly products.

\*xEV: HEVs, PHEVs, BEVs, and FCEVs

## Information Disclosure Based on the TCFD Framework

### Risk Management

Recommended Disclosure	Status of Response
a) Processes for identifying and assessing climate-related risks	Established the GX Study Group (formerly the TCFD Scenario Study Group) to evaluate climate-related risks and opportunities across relevant internal departments.
b) Processes for managing climate-related risks	Discuss and decide on responses to climate-related risks through the Sustainability Committee.
c) Integration of processes for identifying, assessing, and managing climate-related risks into the organization's overall risk management	Report preventive and mitigating measures for climate-related risks, as discussed and approved by the Sustainability Committee, to the Board of Directors, and incorporate them into management policies.

Climate change presents both transition risks—such as regulations, technologies, and market shifts—and physical risks—such as extreme weather and rising temperatures. We evaluate these risks and opportunities by time horizon (long, medium, short) and business/financial impact (large, medium, small) to identify the most material factors.

Classification	Expected business impact		Time perspective	Business / Financial Impact	Our response
			Short, medium, long	Large, medium, small	
Transition Risk	Climate Change Regulation	<ul style="list-style-type: none"> <li>Increased tax burdens due to carbon pricing (carbon tax, fossil fuel tax, global warming tax)</li> <li>Increased costs of low-carbon materials (green electricity, green materials)</li> <li>Increased costs of complying with regulations</li> </ul>	medium	Large	<ul style="list-style-type: none"> <li>Passing on rising costs to prices</li> <li>Increasing revenues in certain industries by engaging second- and third-tier suppliers with an eye toward in-house production</li> <li>Utilizing renewable energy certificates (non-fossil fuel certificates, green power certificates)</li> <li>Taking advantage of investment tax breaks and other incentives</li> </ul>
	Changes in customer behavior	<ul style="list-style-type: none"> <li>Lost orders due to delays in technological development and sales expansion of environmentally friendly products</li> <li>Reduced price competitiveness due to increased costs in response to the trend toward low-carbon customer ordering conditions</li> </ul>	medium	Large	<ul style="list-style-type: none"> <li>Materials               <ul style="list-style-type: none"> <li>Improve yield and reduce raw material usage through material substitution</li> <li>Lightweighting</li> <li>Technological development and adoption of recycled materials</li> </ul> </li> <li>Energy Conservation               <ul style="list-style-type: none"> <li>Upgrade to energy-efficient furnaces and utilize waste heat</li> </ul> </li> <li>Sales               <ul style="list-style-type: none"> <li>Differentiate through technological development and environmentally friendly products</li> <li>Expand sales through enhanced price competitiveness</li> <li>Utilize renewable energy certificates (non-fossil certificates, green power certificates)</li> </ul> </li> </ul>
	Changes in the procurement market	<ul style="list-style-type: none"> <li>Rising fuel and electricity prices due to rising crude oil prices</li> <li>Increasing material costs due to the trend toward low-carbon customer ordering conditions</li> </ul>	medium	medium	<ul style="list-style-type: none"> <li>Switching to low-cost alternative energy sources</li> <li>Utilizing green electricity and green materials</li> <li>Securing low-cost suppliers</li> </ul>
	Changes in investor reputation	Loss of trust from stakeholders due to delays in responding to climate change and insufficient information disclosure	medium	medium	<ul style="list-style-type: none"> <li>Enhancing information disclosure through sustainability reports, securities reports, and general shareholders' meetings</li> <li>Engaging in dialogue with stakeholders through proactive and strategic information disclosure</li> </ul>

## Information Disclosure Based on the TCFD Framework

Classification	Expected business impact		Time perspective	Business/ Financial impact	Our response
			Short, medium, long	Large, medium, small	
Physical risks (natural disasters, etc.)	Deteriorating working conditions	Reduced labor productivity due to heat stress, increased costs of heatstroke prevention measures	medium	medium	<ul style="list-style-type: none"> <li>Investments to maintain and improve the working environment, including air conditioning equipment and infection control measures</li> </ul>
	Changing weather patterns and more severe extreme weather	<ul style="list-style-type: none"> <li>Disruptions to global supply chains and resource depletion</li> <li>Increased supply outages due to damage to factories and facilities caused by natural disasters</li> <li>Production disruptions due to power shortages</li> </ul>	Short	medium	<ul style="list-style-type: none"> <li>Strengthening crisis management for production backup systems</li> <li>Strengthening facilities to prepare for weather disasters and building and maintaining backup systems</li> </ul>
Opportunities	Product demand	<ul style="list-style-type: none"> <li>Increased customer environmental awareness has led to increased sales of environmentally friendly products (e.g., electric vehicles).</li> <li>Reduction in production costs due to energy- and labor-saving measures.</li> <li>Increased demand for construction vehicles due to reconstruction in disaster-stricken areas and the expansion of disaster prevention facilities.</li> </ul>	medium	medium	<ul style="list-style-type: none"> <li>Information gathering and development of environmentally friendly products (e.g., electric vehicles)</li> <li>Development and production of energy-saving, automated production equipment</li> <li>Increased sales of heat exchangers for disaster recovery and construction machinery</li> <li>Strengthening price competitiveness by promoting production reallocation in response to increased demand</li> </ul>
	Product demand	<ul style="list-style-type: none"> <li>Transition to a recycling-oriented society (CE)</li> </ul>	medium	medium	<ul style="list-style-type: none"> <li>Creating new business areas that realize CE+3R</li> </ul>

[Timeframe]

Short: Up to 2025

Medium: Up to 2030

Long: Up to 2050

[Business/Financial Impact]

Small: Small impact expected (up to 1%)

Medium: Moderate impact expected (1-10%)

Large: Large impact expected (10% or more)

## Metrics and Targets

Recommended Disclosure	Status of Response
a) Indicators the organization uses to evaluate climate-related risks and opportunities within its strategy and risk management process.	Medium-term target (FY2030): <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 27% compared to FY2021 levels.</li> </ul>
b) Scope 1, Scope 2, and, if applicable, Scope 3 GHG emissions, and the related risks.	
c) Targets used by the organization to manage climate-related risks and opportunities, and performance against those targets.	

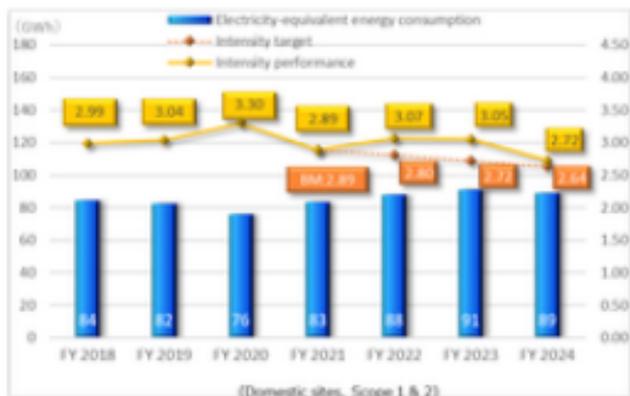
Under T.RAD-2025, we set CO<sub>2</sub> reduction targets and define KPIs for environmental activities, including climate initiatives, with progress tracked. Our Group aims to cut net CO<sub>2</sub> emissions by 27% by 2030 (vs. 2021) and reach net zero by 2050.

## Prevention of Global Warming

### Energy and CO<sub>2</sub> Associated with Business Activities

We monitor electricity-converted energy targets monthly. In FY2024, we achieved a 5.9% reduction (2.72) versus the FY2021 baseline, against a 9.0% target. While furnace consolidation has improved energy intensity, CO<sub>2</sub> reduction measures were insufficient. Starting FY2024, we are stepping up efforts, including introducing solar power.

#### Trends in Power-Equivalent Energy Consumption and Power-Equivalent Energy Consumption Intensity



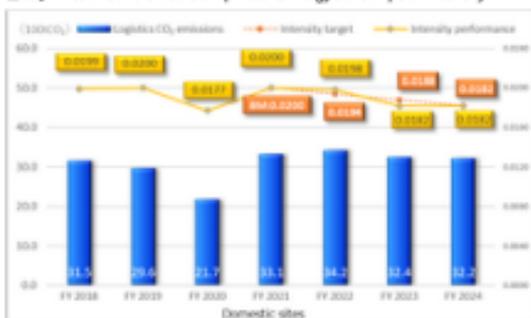
#### Total CO<sub>2</sub> Emissions



## Energy and CO<sub>2</sub> from Logistics Activities

In FY2024, logistics energy intensity remained at 0% (0.0182) versus FY2021, against a -9.0% target. Together with logistics partners and shipping departments, we are working on improvements, focusing on load efficiency, transport routes, and vehicle optimization. Partners also provide eco-driving training for drivers.

■CO<sub>2</sub> Emissions and Crude Oil-Equivalent Energy Consumption Intensity



## Waste Reduction

We promote waste reduction and recycling. In FY2024, waste intensity (excluding iron scrap) improved by 8.7% (57.0) vs. FY2021, exceeding our target of 3.0%.

■Trends in Waste Volume (Excluding Scrap Iron) and Waste Intensity



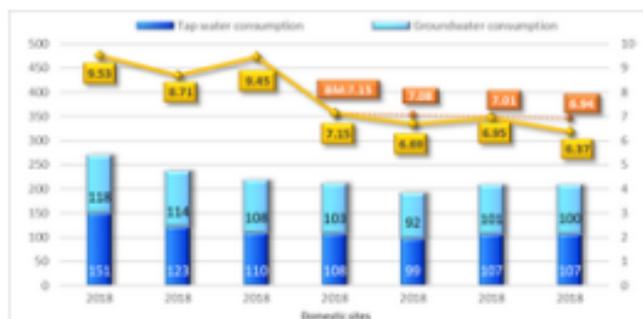
■Recycling Rate



## Reduction of Water Resource Impact

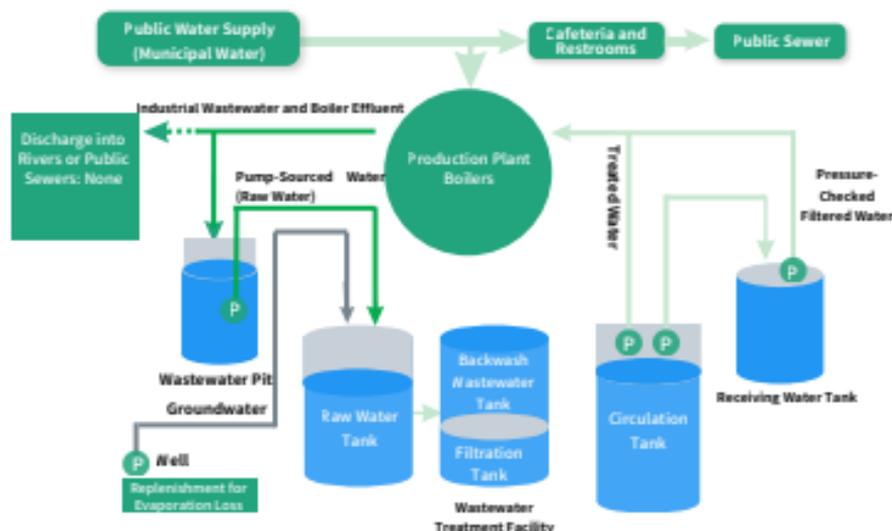
In FY2024, water usage intensity at domestic plants improved by 11.0% (6.37) vs. FY2021, exceeding the -3% target. This was achieved through various water-saving measures, such as reducing water use in pressure testing.

Trends in Water Usage and Water Usage Intensity



## Environmental Consideration

At Shiga Plant, all wastewater is treated and recycled, with no discharge into rivers or public sewers.



## Management of SOC Reduction for Environmentally Hazardous Substances

We ensure strict control of chemical substances at every stage of our operations, from design and procurement to manufacturing and shipping. Under our original Green Procurement Guidelines, we also require suppliers to implement proper management, thereby promoting both regulatory compliance and the reduction of environmental impact.



\* Details of Controlled Substances and Standard Values Specified in the Procedures

To promptly respond to national regulations and customer requirements, we are strengthening our management systems and promoting the shift to safer materials. Through these efforts, we are working to reduce and eliminate environmentally hazardous substances in our products, thereby contributing to the realization of a sustainable society.

	Regulatory Requirements	Master Transition Schedule		
		FY2022	FY2023	FY2024
Prohibited Substances	<ul style="list-style-type: none"> <li>• RoHS Directive (Including Amended RoHS) / ELV Directive</li> <li>• REACH – Newly Added Substances Requiring Authorization</li> <li>• Prohibited Substances Added by Regulatory Amendments</li> </ul>	<ul style="list-style-type: none"> <li>• Compliant with requirements for the automotive and electrical/electronic industries (with certain exceptions applied)</li> </ul> <p>Reduction/Elimination Actions</p>		2024 0% (Continued compliance with newly added prohibited substances since FY2022)
Monitored Substances	<ul style="list-style-type: none"> <li>• REACH Regulation – SVHC (Substances of Very High Concern) added as appropriate</li> <li>• Chemical substances subject to declaration and monitoring</li> <li>• Chemical substances added under other relevant regulations</li> </ul>	Measures Taken as Needed		

Details of the prohibited and controlled substances managed by our company are available on our website under the Supplier Portal, in the section "Green Procurement Guidelines" → "Standards for the Management of Environmentally Hazardous Substances."

[https://www.trad.co.jp/databox/data.php/supplier\\_benchmark\\_ja/code](https://www.trad.co.jp/databox/data.php/supplier_benchmark_ja/code)

Our company centrally manages information on SOCs (Substances of Concern) through a dedicated database system, enabling efficient utilization across business operations. This system allows us to respond promptly and effectively to various SOC surveys, including IMDS, JAMA, and non-use certificates.

## ▶▶ Initiatives on Human Rights

### // Basic Principles Regarding Human Rights

### // Human Rights Policy

#### Basic Philosophy (Principle)

Based on our management philosophy: T.RAD pursues the continuous prosperity of the company, coupled with happiness of its customers, shareholders, employees, suppliers, and the surrounding community, T.RAD Co., Ltd. and the T.RAD Group recognize and value the individuality and diversity viewpoints of each employee and are committed to fostering a workplace environment where diverse talents can excel.

#### Scope of Application

This policy is applicable to all officers and employees within T.RAD Co., Ltd. and the T.RAD Group, including but not limited to contract workers, part-time staff, and temporary employees.

We also expect all business partners and other stakeholders to understand and support the policy.

#### Human Rights Due Diligence

Through the mechanism of human rights due diligence, we will strive to understand and mitigate the negative impact of our business activities, including the supply chain, on stakeholders' human rights.

#### Correction and Remediation

If it becomes clear that there has been or contributed to a negative impact on human rights, we will take appropriate measures to correct it. We will also work to prevent whistleblowers from being at a disadvantage.

#### Progress Monitoring and Information Disclosure

We will continuously monitor compliance with the human rights policy and make improvements as necessary. We will appropriately disclose information about initiatives and progress toward the dissemination of the human rights policy through official websites and other communication channels.

#### Education

We will provide all officers and employees with the necessary education and training to practice the policy.

#### Disclosure of Information and Dialogues

Through the disclosure of information related to respecting human rights and dialogue with stakeholders, we will strive to improve and enhance our initiatives.

#### Protection of Human Rights and Improvement of Labor Conditions

##### (1) Respect for Human Rights and Elimination of Discrimination

- We respect human rights, and do not discriminate based on personal attributes such as gender, disability, nationality, race, age, sexual orientation, etc.
- We will respect human rights and will not tolerate discrimination based on individual attributes or any form of harassment.

##### (2) Prohibition of Forced Labor and Child Labor

- Regardless of any employment status, we will not engage in forced labor or child labor.

**(3) Wages and Working Hours**

- Labor conditions such as wages and working hours will comply with the laws and regulations of Japan and relevant countries (including minimum wages, overtime allowances, annual working days, annual paid leave, etc.).

**(4) Building a Workplace with Communication**

- We engage in sincere and two-way discussions and dialogues with employee representatives or each employee.
- We aim to deepen communication and create a comfortable workplace with mutual trust.
- We aim to create a workplace where individuality, abilities, and achievements are respected and where each person's growth and self-realization are possible.

**(5) Safety and Health**

- Ensuring the safety and health of employees is our top priority, and we strive to prevent accidents and disasters.
- Keeping human life as the top priority, we conduct recovery activities in the event of a disaster.
- We make efforts to promote physical and mental health on a daily basis, implement health and mental health measures, and maintain a comfortable workplace environment.

**Efforts toward Respect for Human Rights**

We will proceed with efforts to respect human rights for all individuals involved in T.RAD's business activities in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPR), which are international standards for codes of conduct that all countries and companies should respect.

## // Initiatives on Human Rights

**1) Human Rights Due Diligence**

We are working to establish a human rights due diligence framework. Our efforts focus on identifying the potential impacts of our business activities on human rights and developing mechanisms to prevent and mitigate such impacts. Going forward, we will assess and identify human rights risks, implement corrective measures as necessary, and continue these initiatives on an ongoing basis. In addition, we will regularly disclose information on our progress and outcomes.

**2) Human Rights Education and Awareness Raising****For Executives**

In FY2024, we invited external experts to deliver a lecture on the objectives and practical methods of human rights due diligence to all executives, including the President and CEO. This session provided an opportunity for management to reaffirm our current status and deepen their understanding of the initiatives we need to undertake going forward.

**For Employees**

Starting in FY2025, we launched a basic human rights training program for all employees. The program aims to deepen understanding of the importance of respecting human rights in corporate activities and to foster the ability to proactively consider how their own work may impact human rights.

**3) Establishment of Consultation Desk**

We have established a consultation desk covering all areas of compliance, including human rights, and introduced a whistleblowing system to ensure early detection and resolution of any misconduct. Employees may report concerns through multiple channels: to compliance officers in each department, directly to the President or the Internal Audit Office via a dedicated website accessible from PCs and smartphones, or to an external channel through our legal counsel. Anonymous reporting is accepted, and our internal regulations explicitly stipulate protection for whistleblowers to ensure that no disadvantage is incurred under any circumstances.

**4) Deployment to Suppliers (Supply Chain)**

As part of our commitment to respecting human rights, we have established the "Supplier CSR Guidelines" and rolled them out to our major domestic suppliers. At the same time, we request each supplier to comply with these guidelines. We also regularly monitor the status of compliance and, based on the results, continuously take necessary actions.

## // Diversity, Equity & Inclusion (DEI)

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### ■ Fundamental Concept

Our company upholds the principle of fairness in our human resources philosophy, ensuring that there is no discrimination based on age, gender, academic background, beliefs, nationality, or other factors. We recognize and respect the diversity and individuality of our workforce, rewarding those who strive to realize the corporate philosophy and management policies and achieve results. We believe that enabling each individual to fully demonstrate their abilities is essential for the sustainable growth of the company.

### ■ Promotion of Women's Participation

Our company faces the challenge that the proportion of female employees is still low, and there are few women in managerial positions, making it difficult for women to envision their own career paths. To create a work environment where women can thrive, we have developed an action plan through the end of March 2026. This plan aims to ensure that women make up at least 30% of new hires and to establish systems that promote employees' career advancement.

### ■ Employment Promotion for People with Disabilities

Our company is committed to employing people with disabilities in order to create a society where they can fully utilize their abilities and aptitudes and thrive in roles suited to their individual characteristics. In fiscal year 2025, we will continue our recruitment efforts while also strengthening our support systems for employees with disabilities and assigning tasks that align with their specific needs. Through these initiatives, we will work toward achieving the legally mandated employment rate.

### ■ Support for Diverse Work Styles

To enable our employees to work with a sense of fulfillment while also leading healthy and enriched lives—balancing time for childcare, nursing care, family, community, and self-development—we are enhancing and expanding various systems. These include the Family Care Leave System, Maternity Health Management System, Childcare Leave System, Volunteer Leave System, and the Half-Day Paid Leave System.

## // Human Resource Development

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In order to respect our employees as the "assets" of the company, we refer to them as "human assets." We are committed to fostering each employee's well-rounded character, enhancing the essential knowledge required for their positions and levels, and developing their specialized expertise, thereby cultivating the human assets necessary for the company's management and growth. Within the Human Resources Department, we have established a division dedicated to promoting in-house education. This division has developed a "training system by job level and function," under which we conduct training programs and manage training records.

## Labor Practices

### Occupational Health and Safety Policy

#### Basic Philosophy (Principle)

T.RAD Co., Ltd. and the T.RAD Group uphold the fundamental principle that "safety and health are the highest priority in all activities," and aim to be a company that values people by striving for the well-being of our employees and their families.

#### Basic Policy (Code of Conduct)

Through safety and health activities based on the principles of "5C + 2S + 3R," we pursue "safe and reliable production activities" and "zero accidents."

1. Create a safe and well-organized workplace through thorough 5S activities, enabling employees to work with peace of mind.
2. Utilize the Safety and Health Committee and other forums to promote effective communication among all personnel.  
\*Personnel include employees (including management), visitors, and contractors performing on-site work.
3. Promote activities that support daily mental and physical well-being and improve and maintain a comfortable working environment.
4. Implement education and related activities to prevent workplace accidents and incidents.
5. Clarify roles and responsibilities related to safety and health within the company.
6. Reduce the risk of occupational accidents by establishing clear safety standards for equipment and conducting risk assessments.
7. In the event of an occupational accident, conduct root-cause investigation, identify issues, and implement and reinforce corrective measures.
8. Ensure compliance with occupational safety and health laws, regulations, and internal rules.
9. Continuously improve the Occupational Safety and Health Management System (OSHMS).  
\*OSHMS = Occupational Safety and Health Management System

### Safety Initiatives

#### Reform of the Safety Promotion Framework

Based on the principle that "safety and health take top priority in all activities," we are committed to creating a safety-first workplace and achieving zero accidents through safe production and employee well-being.

In 2022, we restructured our organization so that the Production Division leads our safety and health activities. These initiatives center on three pillars:

1. safety promotion with a clear chain of command,
2. safety and health committees in each area with participation from all departments, and
3. company-wide education and practical activities to strengthen safety awareness.

Through these efforts, we are promoting more unified and effective safety and health activities across the organization.

#### Elimination of Hazards through Special Safety Patrols

Under the new structure led by the Production Division's Safety Promotion Group, we analyzed past accidents and identified key issues. Non-routine work accounted for 74% of incidents, and abnormal conditions for 67%. The most frequent accident types were "caught-in/entanglement" and "cut/abrasion."

To prevent these incidents, we conduct quarterly "Special Safety Patrols" targeting each high-risk category and share the resulting improvements across the company, including subsidiaries.

#### Utilization of Information Tools for Safety and Health Activities

All employees can access the "T.RAD Connect" portal via company-issued PCs and smartphones, allowing anytime access to safety materials and rapid communication of safety information. The portal's "Occupational Accident Dashboard" enables real-time global monitoring of accidents and near-misses, supporting analysis and preventive actions.

## Initiatives for Human Resource Development

We provide ongoing annual in-house training to ensure that employees acquire the essential skills required to perform their tasks effectively.

### Deployment of the Pre-Assignment Training Curriculum to All Domestic Levels

The pre-overseas assignment training, which had previously been conducted independently, has now been integrated into our hierarchical education framework and is provided to employees from managerial to supervisory levels.

<Voices of Participants>

- Helpful in providing guidance to subordinates within my team.
- Enhanced my understanding of effective communication points and their practical application.
- Increased my awareness of the need to respond appropriately to differing circumstances between Japan and other countries.



● Overseas Communication Training

### Training Programs for Developing Communication and Leadership Skills

For new employees, training is provided at the time of joining and again six months later. Along with learning the fundamental knowledge required for each role, they experience the importance of communication and leadership through group work. At the same time, they practice anticipating potential risks and preparing responses as much as possible, while also learning the importance of "H5-Ren-Sō" (reporting, informing, and consulting).

<Participants' Feedback>

- I personally felt the importance of leadership.
- I was able to learn actively through group work.
- I want to strengthen my risk management practices.



● Leadership Training for Young Employees

### Overseas Subsidiary Employee Web Training

In fiscal year 2019, we conducted training for managers at our subsidiary in China using a web conferencing system for the first time, covering "CSR" and "Policy Deployment" from Japan T.RAD. Since the following year, we have continued to provide online instructor training for supervisors at our subsidiary in the United States. Going forward, we plan to utilize this method to deliver necessary training in a timely manner.

<Participants' Feedback>

- This was my first time participating in CSR training, and I gained many valuable insights.
- I hope more related training will be planned in the future to further enhance the management level of those involved.

## Enhancing Employee Well-being

To promote the mental and physical health of our employees, we implement the following initiatives.

- Industrial nurses stationed at all domestic sites; Health Management Office established**  
 At the Health Management Office, we provide health management services for employees, including general and specialized medical examinations. We also offer consultations on mental and physical health, striving to maintain and promote overall well-being. Similar initiatives are being promoted in certain overseas locations as well.
- Expanded follow-up interviews after health checkups in collaboration with industrial physicians and the Health Management Office**  
 By having on-site nursing staff support areas that cannot be fully addressed by occupational physicians alone, we ensure follow-up interviews after health examinations and expand the scope of these interviews to provide careful, individualized care. We also collaborate with governmental authorities to promote disease prevention among employees.
- Health and hygiene education by industrial nurses**  
 In cooperation with the Occupational Health and Safety Office, industrial nurses systematically conduct training on mental health as well as on maintaining and promoting overall health. By having industrial nurses serve as instructors, these sessions not only provide expert explanations on specialized topics but also serve to raise awareness of the consultation services available for both mental and physical health concerns.
- Mental Health Promotion Led by the Mental Health Committee**  
 We have established a company-wide "Mental Health Committee" as a forum for addressing mental health. This committee promotes mental well-being across the organization and strengthens mental health initiatives. Nursing staff serve as committee members and take the lead in specialized activities, while administrative personnel who serve on the committee receive planned training to enhance the overall effectiveness of mental health activities. Stress checks are also conducted under the guidance of the Mental Health Committee, and we utilize group analysis results to inform follow-up actions. Additionally, instructors continually refine their skills to improve the quality of educational sessions.
- Enhanced Mental Health Support Services**  
 In addition to nursing staff, we have established an external mental health consultation service by partnering with a specialized mental care company. Within the company, we also enhance our internal consultation services by training and educating members of the Mental Health Committee.

## Stakeholder Engagement



## Supply Chain

### Green Procurement Policy

Our company positions “the protection of the global environment and contributing to a prosperous and bright society” as a key management priority. With this in mind, we are actively promoting environmental initiatives aimed at the development and production of environmentally friendly green products.

To meet society’s growing demand for products with reduced environmental impact, it is essential to utilize environmentally conscious parts and materials. Achieving this goal cannot be accomplished by our company alone; the cooperation of our suppliers is indispensable. We therefore place great importance on building strong partnerships with our suppliers and promoting green procurement together.

#### Purpose of Green Procurement

The purpose of our Green Procurement initiative is to promote environmentally conscious manufacturing by procuring materials with minimal environmental impact. Through partnerships with suppliers who are actively engaged in environmental conservation activities, we aim to contribute to the development of a sustainable society.

#### Scope of Green Procurement

This policy applies to materials (raw and auxiliary), as well as parts (purchased and subcontracted) procured for our production activities.

#### Objectives of Green Procurement

In order to minimize the environmental impact throughout the entire product life cycle—covering all business activities from product development, design, materials and parts procurement, manufacturing, transportation, and use—we recognize the necessity of “Green Procurement.” This means not only promoting environmentally friendly production activities and developing products with lower environmental impact during use and disposal, but also procuring materials and parts with minimal environmental burden.



### Developing a Green Procurement System to Promote the SDGs

As part of our Social and Environmental Vision 2030, we carry out environmental awareness activities for our suppliers to support SDGs initiatives—including COVID-19 measures—and to build a sustainable risk reduction framework together. Key initiatives include:

- Revision of the Green Procurement Guidelines, explanation of changes, and publication of e-learning materials on our website.
- Preparation and publication of annual environmental law self-check sheets.
- Provision of original texts and e-learning materials to assist suppliers in completing the self-check sheets.
- Revision of Environmental Substance Management Standards and publication of related e-learning materials.
- Submission of supplier surveys on environmentally regulated substances.
- Submission of supplier self-inspection check sheets for compliance with environmental laws.
- Evaluation of suppliers and selection of audit targets for the following fiscal year:
  - a. Suppliers with third-party certification: selected based on reports, regulated substances, and past nonconformities.
  - b. T.RAD-certified suppliers: annual submission of manuals/documents and formal review every four years.
  - c. Other suppliers: audited annually.
- Remote audits and corrective actions, including preparation of documents for remote auditing.

## Product Liability

### Quality Philosophy and Policy

#### Basic Philosophy (Guideline)

T.RAD and T.RAD Group are committed to producing the safest and most reliable products in the industry, ensuring customer trust and satisfaction.

#### Basic Policy (Code of Conduct)

To realize the basic philosophy, T.RAD and T.RAD Group actively implement the following measures while utilizing and continuously improving a quality management system that meets applicable standards: Based on the principle of "Quality First," we strive to develop, design, and manufacture products that meet customer requirements and provide products that satisfy our customers.

### ISO9001/IATF16949 Certification

Our company strives to improve quality performance and continuously enhance our quality management system.

Our overseas subsidiaries have also obtained certification.

Location		ISO9001		IATF16949	
		Certification date	Next Renewal	Certification date	Next Renewal
Japan	T.RAD Co.,Ltd	Mar./2001	May/2027	May/2018	Mar./2027
America	T.RAD North America, Inc.	Jan./2003	Oct./2026	Oct./2017	Oct./2026
America	Tripac International Inc.	Aug./2004	Aug./2025	--- *1	--- *1
Czech	T.RAD Czech s.r.o	May/2007	May/2027	May/2018	Apr./2027
China	T.RAD(Zhongshan) Co., Ltd.	Feb./2011	Feb./2026	Apr./2018	Apr./2027
China	T.RAD(Changshu) Co., Ltd.	Sep./2014	Sep./2026	Jan./2025	Jan./2028
China	T.RAD(Qingdao) Co., Ltd.	---	---	Dec./2026	Feb./2027
Vietnam	T.RAD(VIETNAM)Co.,Ltd.	Jan./2015	Jan./2027	--- *1	--- *1
Thailand	T.RAD(THAILAND)Co.,Ltd.	Aug./2009	May/2027	May/2018	May/2027
Indonesia	PT.T.RAD INDONESIA	Jul./2018	Jun./2027	Jun./2018	Jun./2027

\* 1 -- IATF 16949: Not obtained, since no products are subject to the automotive sector standard.

## // Award from customer

We received a Certificate of Commendation from Toyota Industries Corporation, Toyota L&F Company.



We received the Excellence in Quality Management Award from Toyota Motor Corporation.



We received the 2024 QUALITY AWARD from Honda Italia Industriale S.p.A..



We received the Best Performance Delivery Award from P.T. Astra Daihatsu Motor.



## Basic Approach to Corporate Governance

Our corporate philosophy is defined as follows:

"Through the provision of superior thermal energy conversion technologies and services, we contribute to the realization of an environmentally friendly and sustainable society. At the same time, we pursue the enduring prosperity of the company, along with the happiness of our customers, shareholders, employees, business partners, and local communities."

Guided by this philosophy, and with our corporate vision of becoming "a company trusted by stakeholders," we have established our management objective of enhancing corporate value while ensuring sustainable growth. To achieve this, we are strengthening our corporate management framework, enhancing auditing and supervisory functions, improving transparency in management activities, and, above all, embedding compliance as a core element of our corporate culture. We are proactively implementing various initiatives to further reinforce corporate governance.

As part of these efforts, and to demonstrate our commitment to compliance, we have established and disseminated the "T.RAD Code of Conduct" as a behavioral standard for all employees across the T.RAD Group in their daily activities.

## Corporate Governance Framework

### ■ Board of Directors

The Board of Directors, in accordance with the Board of Directors Regulations, deliberates and resolves important matters of the Company, including those stipulated by laws and the Articles of Incorporation, while also supervising the execution of duties. Chaired by the Representative Director, the Board comprises two internal directors and three outside directors, thereby reinforcing the Company's governance and oversight framework.

All directors, including the Representative Director, as well as all Audit & Supervisory Board Members, attend Board of Directors meetings, which are convened monthly in principle and on an ad hoc basis as necessary. At these meetings, Audit & Supervisory Board Members receive reports on key matters such as compliance, management strategy, business risks, and financial conditions. They also directly verify the execution of operations by requesting explanations and information from directors and executive officers.

### ■ Audit & Supervisory Board

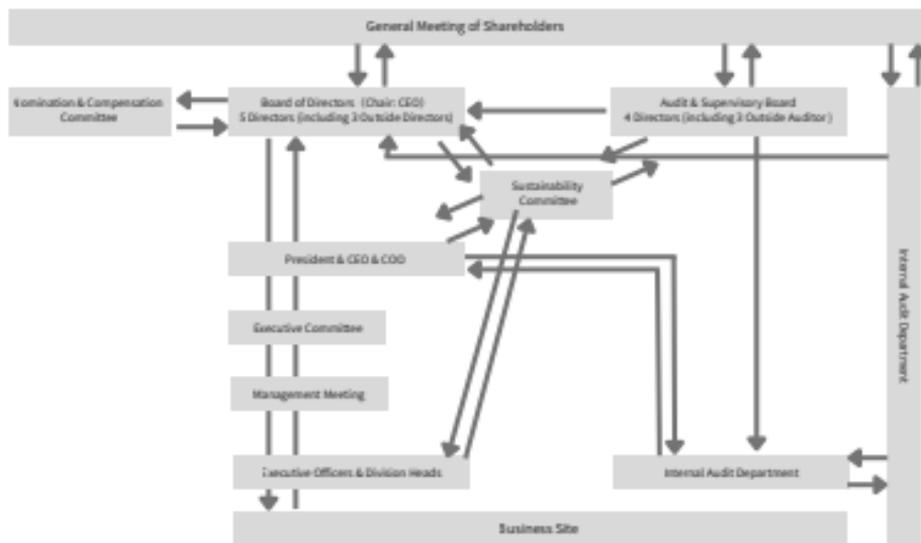
The Audit & Supervisory Board maintains close collaboration with the Internal Audit Department to ensure the timely receipt of information necessary to understand and monitor internal controls and related matters, and has established a framework to discuss issues as they arise. Furthermore, in order to conduct independent and impartial audits, two of the four Audit & Supervisory Board Members are appointed from outside the Company.

## ■ Executive Committee

The Executive Committee, in accordance with the Executive Committee Regulations, establishes the Company's overall management policies and makes decisions on important matters. The Committee is composed of full-time Directors and Senior Executive Officers, with relevant members participating as necessary, and is convened in principle once a week.

## ■ Nomination and Compensation Committee

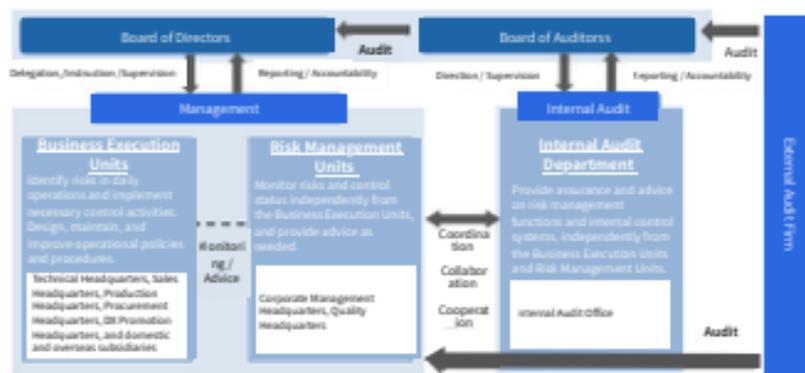
As an advisory body to the Board of Directors, the Company has established the Nomination and Compensation Committee, the majority of which consists of Outside Directors. With respect to the nomination of Directors and Executive Officers as well as the remuneration of Directors, matters are first referred to the Committee for deliberation prior to discussion by the Board of Directors, thereby ensuring fair and appropriate decision-making.



## Internal Control System

Internal control serves as a mechanism to support the maintenance and enhancement of management quality, and can be regarded as an essential element of corporate management itself. As a foundation of corporate governance, our Company promotes the development of an internal control system across the entire Group, including subsidiaries and affiliates, in order to ensure the legality, rationality, and efficiency of business operations. For overseas subsidiaries, we conduct company-wide control evaluations and business process control evaluations in accordance with the Financial Instruments and Exchange Act.

We are committed to advancing the development of internal control systems for each subsidiary, with the aim of further strengthening corporate governance. In line with the globalization of our business, we seek to appropriately manage risks to enhance the Group's corporate value over the medium to long term. To this end, we operate our internal control system based on the "Three Lines Model," consisting of business execution divisions, administrative divisions, and the internal audit division.



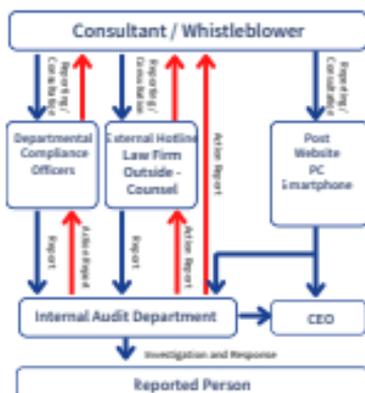
## Overview of the Whistleblower System

The Company has introduced a whistleblowing system under its internal regulations (Compliance Regulations and Compliance Management Rules) in order to facilitate the early detection and resolution of illegal or improper activities. In addition to reporting to Compliance Promoters within each department, employees may also make direct reports at any time via a dedicated website accessible by PC or smartphone to the President and the Internal Audit Office. Furthermore, an external contact channel has been established through the Company's legal counsel.

Anonymous reporting is permitted, and the Company's regulations stipulate that no disadvantage or retaliation shall be imposed on whistleblowers under any circumstances.

To ensure awareness and accessibility, information regarding the whistleblowing system is posted on the Company's intranet (Compliance Information) and included in the HANDBOOK distributed annually to employees. In addition, details of the system are explained and reinforced through compliance training programs.

### ● Process for Resolving Whistleblowing Reports



## Compliance

### Compliance Initiatives

#### T.RAD Code of Conduct

We believe that the faithful implementation of the "T.RAD Corporate Philosophy" is the very means by which our Company fulfills its social responsibilities. In putting this philosophy into practice, our employees are expected to fully understand the Code of Conduct in advance and regard it as the highest priority in their actions. Through such conduct, we are confident that the value of our Company and the outcomes of our business activities will be further enhanced, thereby earning the trust of all our stakeholders.

#### Compliance Training Initiatives

##### Compliance Education and Training

At our Company, compliance-related training is provided to new graduates and mid-career employees upon joining the Company and again after six months. The training covers a wide range of topics, starting from general concepts such as compliance and adherence to rules, to specific legal and regulatory matters including information management, the Subcontract Act, internal controls, J-SOX, and intellectual property management. Each training session is continuously improved based on feedback from participant surveys.

For our corporate officers and presidents of overseas subsidiaries, compliance training is conducted by legal professionals, enabling management to stay up to date with the latest compliance-related information and further strengthen their awareness and commitment to compliance.

#### Ensuring Compliance with Labor Regulations through Mutual Audits

##### Labor Compliance Audits

In accordance with internal regulations, each site conducts a self-assessment of its compliance status using the "Labor-Related Legal Compliance Evaluation Sheet." Following this, cross-audits are carried out by General Affairs Managers and responsible staff members. Across all sites, no significant non-conformities have been identified. For any issues for improvement, follow-up audits are conducted within the same fiscal year and continued annually until corrective actions are completed.

To further strengthen our compliance framework, we will continue to advance these initiatives going forward.

### Fair Transactions

- Promote Growth Together with Our Suppliers
- Select Competitive Suppliers
- Promote Streamlining and Integration of Parts Procurement, and Standardization of Components
- Establish a Global Procurement System and Develop Global Talent

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#### Supplier Engagement under Procurement Policy

Based on the above procurement policy, we are committed to strengthening the supply chain together with our suppliers by ensuring safety, promoting legal compliance (through supplier compliance audits), supporting quality improvement activities (holding monthly supplier quality meetings at each plant), and conducting disaster-mitigation initiatives (such as audits based on questionnaire surveys). Through these efforts, we aim to build trust with our suppliers and promote mutual growth.

To ensure fair business opportunities, we provide a supplier contact portal on our website, where we disclose procurement items, accept proposals related to green procurement, and receive suggestions aligned with our Supplier CSR Guidelines. In addition, for suppliers and contractors subject to the Subcontract Act, we provide training to our employees in relevant departments, conduct departmental audits, and strive to enhance compliance, thereby promoting fair and transparent transactions with our suppliers.

## // Risk Management

### ■ Basic Philosophy (Principles)

In order to realize its corporate philosophy, T.RAD Co., Ltd. and T.RAD Group appropriately manage the wide range of risks that may arise in the course of business activities, including economic, social, and environmental risks. We strive to eliminate risks as much as possible, and in the event that a risk does occur, we will promptly implement appropriate countermeasures tailored to the characteristics of the risk. Furthermore, we will continue to provide education and awareness-raising activities so that each and every employee is able to take timely, appropriate, and accurate action when risks arise.

### ■ Basic Policy (Code of Conduct)

1. Ensure the safety of human life and health, and respect human rights.
2. Comply with all applicable laws and internal regulations, and promote transparent and sound management and business operations.
3. Strive to ensure the quality and safety of products and services, as well as their stable supply.
4. Act in good faith to eliminate or mitigate factors that may hinder the interests of stakeholders surrounding the Company.
5. Each employee shall take responsible action in addressing risks.

## // Risks related to business activities

We conduct a comprehensive risk analysis once a year to identify risks related to our management and business activities, and to categorize them into critical risks and significant risks. These risks are visualized for clarity and prioritization.

Risk mitigation activities for critical and significant risks are incorporated into our medium-term management plan and annual business policies. The progress of these activities, as well as the outcomes, are monitored under the Business Continuity Subcommittee of the Sustainability Committee to ensure effective implementation and tangible results.



### ■ Risks from Climate Change

The risks posed by climate change that may impact our Group's business include both transition risks associated with the shift to a decarbonized society and physical risks.

The primary transition risks involve the possibility of reduced sales if our products fail to adequately respond to increasingly stringent fuel efficiency and emission regulations, as well as the accelerating shift toward electrification.

Physical risks include potential disruptions to production activities caused by intensified and more frequent extreme weather events, such as floods, which could lead to factory shutdowns or interruptions in our supply chain.

To address these risks, we are conducting specific scenario analyses related to climate change. Based on these analyses, we implement appropriate countermeasures and disclose relevant information in a transparent manner.

## ■ Cybersecurity Measures

Our Group leverages a variety of information technology systems to improve operational efficiency, and we are strengthening measures against external cyberattacks (prevention and detection), as well as awareness and training programs for employees to respond to such threats.

We are advancing a global response framework, reviewing our security levels on an ongoing basis, and working to establish a resilient system that ensures uninterrupted value delivery to our customers, even as cyberattacks are expected to increase in both frequency and sophistication.

## ■ Anti-Corruption

We recognize corruption and bribery as serious risk factors that can significantly undermine corporate trust. To maintain sound relationships with our stakeholders and to avoid engaging in any entertainment, gifts, or other activities that could invite suspicion or distrust from society, we have clearly set forth the following principles in our Code of Conduct and ensure thorough awareness among all employees

- Donations and contributions are made in compliance with the laws and regulations of Japan and relevant countries, while we strive to build transparent and fair relationships with political, governmental, and public institutions and organizations.
- We strictly prohibit offering bribes or any other improper benefits to public officials (including foreign public officials and those deemed as such), and we do not engage in entertainment, gifts, or the giving or receiving of money or other benefits for the purpose of obtaining or maintaining any undue advantage or preferential treatment with any party.

## // Business Continuity Plan (BCP)

At our company, we regard not only "manufacturing" but also emergency preparedness as an essential aspect of quality. To this end, we focus on the following three pillars to ensure business continuity and minimize losses to our stakeholders in the event of any emergency:

1. Implementation of the PDCA cycle centered on training (spiral-up improvement through continuous enhancement)
2. Promotion of disaster-mitigation measures at factories, offices, and in IT-related areas
3. Strengthening of supply chain systems and information sharing

## ■ Systematic Execution of Emergency Response Training

Our company prepares not only for natural disasters but also for various emergencies such as equipment failures, fires, and disruptions in distribution routes. Each site formulates and implements annual plans tailored to its specific risks. In addition, we utilize hazard maps published by local governments to identify potential regional disaster risks, thereby enhancing awareness and strengthening preparedness on a daily basis.

## ■ Promotion of Disaster Mitigation Initiatives

### 1. Disaster Risk Reduction Measures for Plants, Offices, and Facilities by Location

At both our factories and offices, we identify hazardous areas requiring measures against falling, toppling, or scattering objects. Based on the level of priority, we develop multi-year roadmaps, allocate budgets, and implement corrective actions.

For facilities, each site prepares annual plans addressing issues such as aging equipment, anti-toppling measures, and removal of unnecessary items, and steadily carries out the necessary improvements.

## 2. Safety Assessment of Buildings

In line with the Guidelines for Emergency Inspections of Buildings by Facility Managers Immediately After a Major Earthquake issued by the Cabinet Office in 2015, we conduct regular safety patrols to identify hazardous areas and implement improvements.

We also prepare lists of restricted zones to be designated during disasters, thereby reinforcing measures to ensure the safety of our employees.

## 3. Promotion of Earthquake Countermeasures for IT Systems

### • Power Switching Drills in the Event of a Power Outage

We conduct regular training to ensure that emergency power supplies operate reliably in the event of a power outage and that critical systems can be maintained.

In addition, we have secured backup power sources for production systems, enabling us to prevent system downtime and ensure uninterrupted access to essential information.

### • Backup of File Servers

We back up critical data on a daily basis to protect against damage, storage errors, or other potential issues.

In addition, our file servers are stored redundantly across two separate locations, ensuring data security and business continuity even in the event of an unexpected disruption.

## 4. Preparation and Management of Emergency Supplies

In accordance with national and local government guidelines, we maintain a stockpile of essential food, daily necessities, and sanitary supplies. Looking ahead, we plan to expand these reserves with consideration for coexistence with local communities in times of disaster.

Since FY2019, we have also introduced a program to donate stockpiled goods to NPOs and municipalities before their expiration dates through a matching system. This initiative helps reduce waste and contributes to addressing issues such as food loss and poverty.



## Environmental Accounting

Scope: April 1, 2024 to March 31, 2025 (FY2024)

Scope of Accounting: Headquarters, three domestic factories (Hadano, Nagoya, Shiga), Sales Headquarters, Technology Headquarters, and Procurement Headquarters (herein after referred to as Kasadera)

The calculation items are based on the Ministry of the Environment's Environmental Accounting Guidelines 2005, and do not include travel expenses.

Environmental conservation costs Unit: million yen (scope of calculation: Head office, three domestic manufacturing plants, Kasadera)				
classification		main initiatives	investment amount	cost amount
(1) Business area costs	(1)-1 Pollution prevention costs	Improvement, inspection, and testing of pollution prevention equipment	0	100
	(1)-2 Global environmental conservation costs	Installing LED lighting and upgrading to energy-saving equipment	302	308
	(1)-3 Resource circulation costs	Waste disposal costs	0	69
(2) Upstream and downstream costs		---	0	0
(3) Activity management costs		Examination fees, report preparation, education, greening, etc.	0	23
(4) Research and development costs		Research and development costs for environmentally friendly products	0	89
(5) Social activity costs		Donations to environmental conservation organizations	0	0
(6) Environmental damage response costs		---	0	0
		Total	302	589

Environmental conservation effects (scope of calculation: Head office, three domestic manufacturing plants, Kasadera)				
classification	environmental performance indicators	FY2023	FY2024	Conservation effect
Environmental conservation effects related to resources used in business activities	Total energy input (GJ)	886,575	788,631	(▲)97,944
	Input by type: electricity (MWh)	81,368	77,489	(▲)3,879
	Kerosene (kl)	62	61	(▲)1
	Gasoline (kl)	2	2	0
	City gas (1,000 m)	2,665	2,544	(▲)121
	liquefied petroleum gas (t)	47	46	(▲)1
Environmental conservation effects related to environmental impacts and emissions from business activities	Water usage (ml)	207,142	190,154	(▲)16,988
	CO <sub>2</sub> emissions (tCO <sub>2</sub> e)	36,678	37,574	896
	CO <sub>2</sub> emissions per unit of production (tCO <sub>2</sub> e/Processing amount million yen)	1.23	1.20	(▲)0.03
	PRTR substance emission/transfer amount (t)	35	38	3
Other environmental conservation effects	Amount of waste (t)	4,552	4,343	(▲)209
	Final disposal volume (t)	191	330	139
	Noise (dB) (maximum value)	69	68	(▲)1
	Vibration (dB) (maximum value)	45	45	0

Economic benefits of environmental conservation measures Unit: million yen (scope of calculation: Head office, three domestic manufacturing plants, Kasadera)		
Contents of the effect		Effect amount
revenue	Profit from sales of valuables	669
cost reduction	Reduce energy costs through energy conservation	60
	Total	729

Factory name (location)		Hakutsu Factory (Iwatsubo City, Kanagawa Prefecture)	Nagoya Factory (Nagapohara-cho, Chikago, Aichi Prefecture)
<b>Comprehensive environmental data</b>			
input	Energy consumption (GJ)	101.54	81.13
	Water intake (t)	119.94	11.03
	Amount of chemical substances handled (t)	119.3	11.03
greenhouse gas	CO <sub>2</sub> (t)	1,150	8.12
	CH <sub>4</sub> (t)	0.28	0.2
	N <sub>2</sub> O (t)	0.00	0.00
air	particulate matter (t)	—	0.0
	SO <sub>x</sub> (t)	—	0.02
	NO <sub>x</sub> (t)	—	0.0
water	Wastewater (t)	117.80	7.80
	Wastewater treatment	Inside River (Domestic River system)	40%
	WQI (t)	0.12	0.08
output	CO <sub>2</sub> (t)	0.42	0.208
	Nitrogen (t)	0.64	0.09
	phosphorus (t)	0.02	0.00
water quality	Amount of chemical substances released and transferred (t)	38.1	0.1
	Water amount of waste (t)	1.72	1.2
	Water disposal volume of waste (t)	0.2	0.2

\*The amounts of chemical substances handled, released, and transferred include those other than the 12 substances for which reduction targets have been set. (Attached Page 30)

ND means not detectable due to low value.

Factory name (location)		Hakutsu Factory (Iwatsubo City, Kanagawa Prefecture)	Nagoya Factory (Nagapohara-cho, Chikago, Aichi Prefecture)		
<b>Wastage</b>					
Item	unit	Regulation value	Achievements minimum maximum	Regulation value	Achievements minimum maximum
Hydrogen ion concentration	ppm	3.0-4.0	7.2 7.0	3.0-4.0	7.1 7.0
Amount of suspended solids (SS)	mg/L or less	70	2 2	30	2 20
Biochemical Oxygen Demand(BOD)	mg/L or less	20	2 1.0	30	2.0 3.0
inorganic oils	mg/L or less	5	0 0	—	—
animal and vegetable oils	mg/L or less	—	—	—	—
Chemical oxygen demand(COD)	mg/L or less	25	3.0 0	30	4.0 20
Normal hexane extractable substance content	mg/L or less	5	0 0	—	—
Nitrogen content(T-N)	Less than mg/L	100	4.4 7	120	0.3 70
Phosphorus content(T-P)	Less than mg/L	100	0.10 0.20	30	1.2 0.5
Cadmium and its compounds	mg/L or less	0.1	0.10 0.10	—	—
Copper and its compounds	mg/L or less	0.1	0.05 0.05	—	—
Zinc and its compounds	mg/L or less	0.1	0.05 0.05	—	—
Soluble Manganese Content	mg/L or less	0.1	0.05 0.05	—	—
Cyanide and its compounds (soluble)	mg/L or less	0.1	0.02 0.02	—	—

Factory name (location)		Hakutsu Factory (Iwatsubo City, Kanagawa Prefecture)	Nagoya Factory (Nagapohara-cho, Chikago, Aichi Prefecture)		
<b>Atmosphere</b>					
Item	unit	Regulation value	Achievements minimum maximum	Regulation value	Achievements minimum maximum
venting booth	benzene	ppm	—	—	—
	toluene	ppm	—	—	—
	xylene	ppm	—	—	—
boiler	particulate matter amount	g/h	—	—	—
	SO <sub>2</sub> oxide amount	mg/h	—	—	—
	NO <sub>x</sub> oxide amount	mg/h	—	—	—
M/TAG furnace	SO <sub>2</sub> oxide concentration	ppm	—	—	—
	NO <sub>x</sub> oxide concentration	ppm	—	—	—
	NO <sub>x</sub> equivalent value of SO <sub>2</sub> concentration	ppm	Under 100	2.0 40	Under 100
Phosgene compound concentration	mg-ppm	2.5 or less	0.5 1.0	Under 10	Less than 0.2 1.4

Factory name (location)		Hakutsu Factory (Iwatsubo City, Kanagawa Prefecture)	Nagoya Factory (Nagapohara-cho, Chikago, Aichi Prefecture)		
<b>PM10</b>					
Item	unit	Regulation value	Achievements minimum maximum	Regulation value	Achievements minimum maximum
Water soluble PM compounds	—	—	—	—	—
nitrobenzene	—	—	—	—	—
styrene	—	—	—	—	—
Chlorobenzene	—	—	—	—	—
Chlorobenzene and treated chlorobenzene compounds	—	—	—	—	—
Chlorofluorobenzene	—	—	—	—	—
1,1-Dichloro-2,2-Difluoroethane	—	—	—	—	—
toluene	—	—	—	—	—
Lead and its compounds	—	—	—	—	—
nickel	—	—	—	—	—
Benzene (gasoline)	—	—	—	—	—
1,1,2-trimethylbenzene	—	—	—	—	—



