



**2023-2024**  
**NSSK ESG Report**

A NEW SOURCE OF STRENGTH  
FOR THE ECONOMY OF  
JAPAN AND BEYOND

In Partnership with Management and Employees



**Nippon Sangyo Suishin Kiko Ltd.**

Atago Green Hills MORI Tower, 17F 2-5-1, Atago, Minato-ku, Tokyo 105-6217 Japan  
[www.nsskjapan.com](http://www.nsskjapan.com)





Kumiyama-cho / Kyoto



Enoshima / Fujisawa-city



Former Shiba Rikyu Onshi Garden / Tokyo



## 2023-2024 NSSK ESG Report

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## Awarded PEI Private Equity Firm of the Year in Japan 2022

Nippon Sangyo Suishin Kiko (NSSK) was selected for the Firm of the Year in Japan 2022 by Private Equity International (PEI). PEI showcases "the firms that have, in the eyes of their peers and industry professionals, set the benchmark during the year" in this award. This is the fourth time NSSK has received the award, following the 2017, 2018, and 2020 awards. NSSK has also received the Operational Excellence Award from PEI in 2020 and 2021. It is a great honor to receive this recognition, and to live up to this award, NSSK will continue to strive even harder to deliver superior financial and ESG indicator results for our portfolio companies.



# Thank You!

With much appreciation to all of our Partners,  
Friends, Families and Supporters.







Kumiyama-cho / Kyoto

## NSSK's Commitment to ESG

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CEO Message



## Dear NSSK Partners, Friends, and Families,

We hope everyone is doing well in these uncertain times. There is a lot to be thankful for, and we believe that by consistently striving to “do the right thing”—a core tenet of the NSSK Philosophy Program—we have a bright future ahead of us. We have JPY 200 billion in funds under management and we are proud that all of our more than 20,000 NSSK Group employees are dedicated to this mission of building a better world. Their stories and our ongoing efforts to achieve positive ESG outcomes can be found in this report. Join us on this journey and see the difference NSSK Group makes every day.

**Jun Tsusaka**

Chief Executive Officer,  
CIO and Chairman of the ESG Committee

### Reaffirming Our Commitment to ESG Advancement, Empowering Women and Driving “Gender Opportunity”

In the face of renewed dialogue, debate and some skepticism about the merits of incorporating ESG into corporate objectives, we stand firmly on the side of reaffirming our commitment to incorporate environmental, social and governance advancements into our daily activities. In fact, we continue to produce empirical evidence that empowering more women in the work force can contribute greatly to improved business performance which, in turn, drives superior investment returns. Early data suggests a strong correlation between women’s empowerment and financial returns.

#### Our Outcomes as of June 2023 for Invested Portfolio Companies

**71%** of our total employee base of approximately 20,000 are Women

**29%** of the managerial positions are held by Women

**30%** of the companies have CEOs/COOs who are women or from minorities

According to the World Economic Forum Report (2023), Japan ranks 125th among 146 countries in the Gender Gap Survey. The survey examines the position of women across the economy, politics, academia, healthcare and education. As a reference the U.S., UK, China rank 43rd, 15th and 107th, respectively. We have a lot of work to do in Japan. On the other hand, this gender gap represents a “Gender Opportunity”. With a working population of 63.3 million, of which 28.1 million are women of working age, Japan’s workforce has tremendous potential to benefit from the advancement of women in our society. This need is exacerbated by the very low unemployment rate of 2.7% (as of July 2023). We are excited for Claudia Golden’s Nobel Prize and her comments regarding the state of women in Japan’s workforce. While she lauds the dramatic increase in the percentage of women that work in Japan over a 10-15 year timeframe, she still points out the meaningful gender gap that exists for full time jobs, as one measure for equality. We have work to do in this regard.

### The “Baby Boomer” Generation and Foreign Nationals

Another aspect of promoting positive social change and impact revolves around the “re-activation” of the “Baby Boomer” generation. The Baby Boomers are the generation born between 1946 and 1964, and the population of this generation of Japanese is approximately 9.64 million. At least half of this demographic have had some form of substantial prior work experience, and given the longevity typical of Japanese society, we believe there is significant untapped potential to generate more employable people by “re-activating” this demographic.

To this end, we have invested in MeLife, a digital literacy business that teaches the generation over 55 and older (as well as younger inexperienced job seekers) basic computer skills (such as Excel and PowerPoint) and various programs, basic accounting and other skills via an e-learning platform. We are empowering people with education to improve their lives and contribute to society.

➔ Please see pages 27 for details

The Japanese government has also stepped up its commitment to encourage more foreign nationals to come to Japan to join the work force. Since 2020, the government has outlined a plan to increase the number of foreign nationals working in Japan by 345,000. Although the first phase was primarily aimed at blue-collar workers, the focus has since expanded to encompass white-collar roles in fields like finance and programming.

Our investment in International Study Institute (ISI), the market share leader in Japanese language schools, was a direct attempt to play an important role in promoting and developing more foreign nationals who could join the workforce. Since our investment, we have expanded the number of classroom capacity to accommodate more students. We have expanded capacity by 90 percent, cementing ISI’s position as the clear market leader.

➔ Please see pages 28 for details

### 30% Reduction in Carbon Emissions by 2030

We have made a firm-wide commitment to reduce carbon emissions across the NSSK Group by 30% by 2030. With that deadline approaching, we have a lot of work ahead of us and have put in motion concrete plans at each of our investments to achieve their respective targets, established monitoring and measuring approaches and continue to reinforce a company-wide commitment to these KPIs.

➔ Please see pages 25 - 26 for details



## CEO Message

### Asia Regional Chair for the Impact Principles

We are honored to continue in our second year as the Regional Chair for Asia-Pacific region for the Operating Principles for Impact Management driven by the GIIN. We are excited to report that there are now 177 signatories to the Impact Principles globally, including 24 signatories in the Asia-Pacific region.

We also had the opportunity to participate at the Harmonized Indicators for Private Sector Operations (HIPSO) Annual Meeting that took place at the EBRD headquarters in London. Joining a distinguished group of policymakers from member organizations that included the IFC, IDB\*1, ADB\*2, USDFC\*3 among others, we were able to represent the private sector as a practitioner and contribute to the development of improved perspectives around implementing KPIs and the challenges and opportunities that private sector participants face.

\*1 IDB: Inter-American Development Bank \*2 ADB: Asian Development Bank \*3 USDFC: U.S. International Development Finance Corporation

➔ Please see pages 11 for details

### Leading the ESG Initiative at the Japan PE Association

We are also proud of the work that our ESG Committee, led by Kiyomi Matsuda, has done to share best practices in implementing ESG policies and procedures into a private equity business. Specifically, our ESG team contributed to the sharing of best practices around reporting, impact measurement and producing a comprehensive ESG Report. The more we can contribute to ESG advancements as an industry, the better it will be for the overall adoption of policies and procedures across all corporations.

➔ Please see pages 37 - 38 for details

### Our Data

We are thrilled to report that with the continued growth in the NSSK Group, we have been able to deliver strong outcomes in our ESG objectives. The statistics that follow reflect the data for our entire organization across our entire AUM:

AUM	About JPY <b>200</b> billion	Group Employees	About <b>20,000</b>
Group Market Value	About JPY <b>450</b> billion	Group Revenue	About JPY <b>300</b> billion
Number of Group Entities	<b>34</b> companies (Including exit destinations)	(As of September 2023)	

### In Closing

We have so much to share in this ESG report, and while we can only cover a subset of the wonderful initiatives across our businesses, we hope you'll find value and inspiration as you peruse these pages.

I would like to express my deepest gratitude to Ohta CPO and our valued Special Advisors: Yoshihiko Shimizu-san, Professor Cusumano, Takuji Tanaka-san, and Andrew Veerasammy. In addition, a big thank you to our ESG Committee, as well as all the employees of the NSSK Group and their families. Their unwavering commitment to advancing ESG policies and embracing inclusivity within the NSSK Group and beyond is commendable.

## A Message from the NSSK Management Committee

NSSK's Management Committee ensures that the Firm's values and principles are preserved, fostered and applied to everything that we do with ESG implementation a first priority item.

Please meet NSSK's Management Committee.



**Joe Matsunaga**  
Management Committee Member

**Kaz Tokuyama**  
Partner

**Jun Tsusaka**  
Chief Executive Officer

**Aki Ishida**  
Partner, Vice Chairman

**Shohei Akiyama**  
Chief Administrative Officer

## NSSK's Approach to ESG



**NSSK**  
Corporate  
Slogan

**A NEW SOURCE OF STRENGTH  
FOR THE ECONOMY OF  
JAPAN AND BEYOND**

In Partnership with Management and Employees

## ESG POLICY

NSSK believes that implementing an Environmental, Social and Governance (“ESG”) policy is socially responsible and is designed to improve the returns in our investment portfolio. Since the establishment of NSSK, we have embedded the following principles in our investment process:

- 1 Consider ESG issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.
- 2 Seek to engage with relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
- 3 Seek to grow and improve the companies in which we invest for long-term sustainability; work with portfolio companies through representation on their boards or other governance structures, with the goal of improving performance and minimizing adverse impacts in ESG areas.
- 4 Seek to provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and to implement policies that align the interests of investors and management.
- 5 Comply with applicable labor laws in all respects, including those on wages, workplace safety, equal employment opportunities and rights of employees to join unions and collective bargaining, in the countries where we invest.
- 6 Maintain strict policies that prohibit bribery and other improper payments in order to gain commercial advantage.
- 7 Respect the human rights of those affected by our investment activities and seek to confirm that our investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.
- 8 Provide timely information to our limited partners on our commitment to ESG matters.
- 9 Seek ESG disclosure from our portfolio companies, and encourage our portfolio companies and neighboring companies to advance ESG principles.



## NSSK's Approach to ESG

NSSK participates in and supports several initiatives to fulfill social responsibilities and contribute to the realization of a sustainable society in its private equity investment activities.

### Participation in Initiatives

#### NSSK is a signatory to the "Operating Principles for Impact Management" and appointed as the Asia-Pacific Regional Chairman

NSSK is a signatory to the Operating Principles for Impact Management, a global market standard for impact investing developed by the Global Impact Investing Network (GIIN\*). The International Finance Corporation (IFC), a member of the World Bank Group, was selected by GIIN to host the Principles in October 2022.

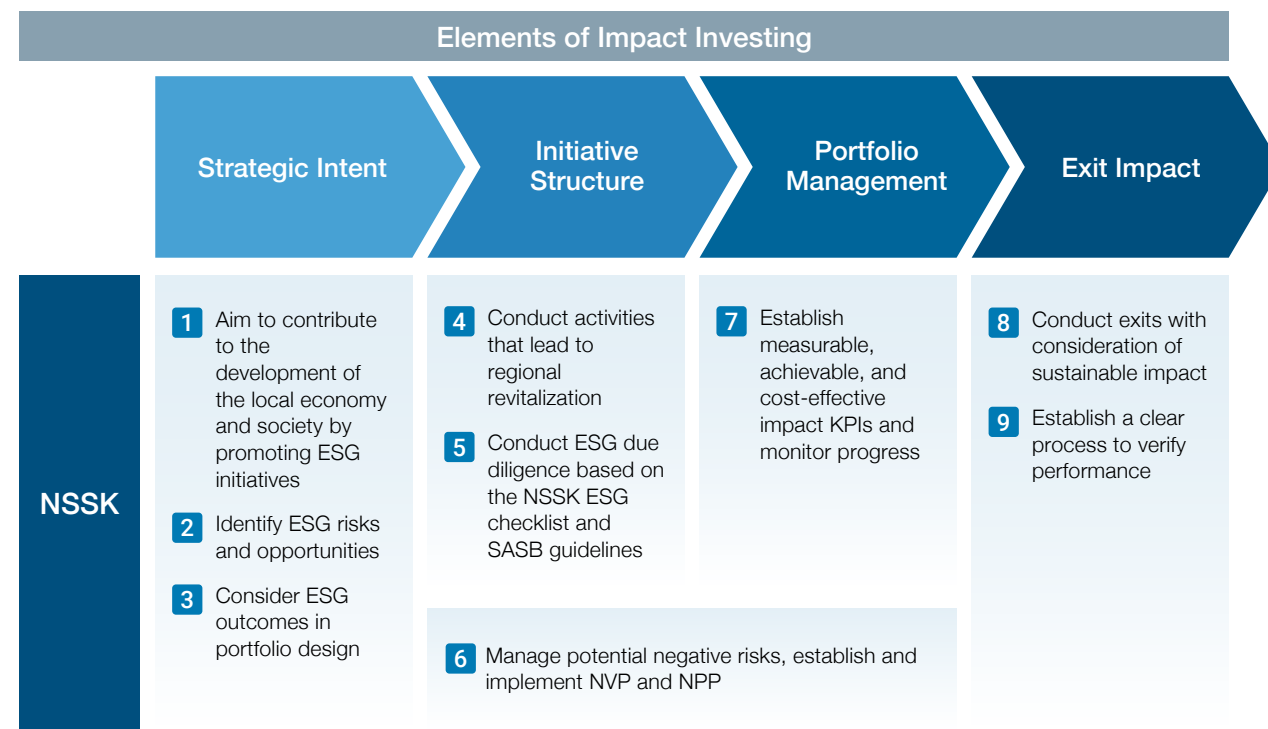


**CEO Tsusaka was appointed as the Asia-Pacific Regional Chair of the Operating Principles for Impact Management in February 2022, leading regional members in the pursuit of best practices in impact investing.**

\*GIIN: An international organization founded by institutional investors, led by the Rockefeller Foundation, to revitalize impact investing. The organization works to expand and ensure the quality of impact investing globally through knowledge sharing, implementation and promotion of the industry's evidence base.

### Operating Principles for Impact Management

The Operating Principles for Impact Management provide the market with the discipline, transparency, and credibility that are important in impact investing. The Principles require signatory institutions to scrutinize and monitor not only economic gains, but also the development impact of investments. Independent verification by signatory institutions is expected to ensure a high level of transparency with regards to impact fund management and to increase investor confidence.



#### NSSK is a PRI signatory

NSSK is a signatory to the United Nations-supported Principles for Responsible Investment to express our commitment towards incorporating ESG principles in our business activities. We participated as a panelist in an international event held in collaboration with the Japan Private Equity Association and PRI.



#### NSSK is a Founding Member of the ESG Committee of JPEA (Japan Private Equity Association)

NSSK joined the ESG Committee, which was established in January 2023 to promote the ESG activities of the Japan Private Equity Association (JPEA) and its members. As a committee member, NSSK supports the planning and formulation of JPEA's ESG activities.



#### NSSK participated in the "Envisioning the Future of Private Equity" project at the NIKKEI SDGs Festival

Following last year, NSSK participated in the "Project Envisioning the Future of Private Equity" at the NIKKEI SDGs Festival organized by the Nikkei and Nikkei Business Publications. NSSK will publicize its ESG initiatives through the media. This year, we had the pleasure of giving a presentation on "The Causal Relationship between NSSK's ESG Activities and Business and Investment Performance."



[https://channel.nikkei.co.jp/202309pe/202309pe\\_1100.html](https://channel.nikkei.co.jp/202309pe/202309pe_1100.html)

#### NSSK attended the annual HIPSO meeting as an observer

In May 2023, NSSK was invited as an observer to the annual meeting of HIPSO and participated as a practitioner.

##### About HIPSO

The Harmonized Indicators Private Sector Operations (HIPSO) is a collaboration of 28 development finance institutions from around the world, including the Asian Development Bank, the U.S. International Development Finance Corporation, and the European Bank for Reconstruction and Development, working together to create and expand a common matrix of investment themes on gender, employment, and climate change, through sharing of knowledge and information. The Joint Impact Indicators (JII), developed by HIPSO in collaboration with GIIN, are comprised of common themes covering gender, employment, and climate change investment.



HIPSO partners (28 agencies in total)



- GENDER** Promotion of women's success (female employment, establishment of businesses by women, increase in the ratio of female executives and managers)
- JOBS** Job creation
- CLIMATE** Reduction of carbon dioxide emissions, water consumption, and energy consumption

## NSSK's Approach to ESG

### Components of NSSK's Approach to ESG

NSSK pursues responsible investment activities and the happiness of its employees with respect to ESG based on awareness of the importance of offering fair opportunities, diversity, employment creation, best governance practice and health/welfare while protecting the environment.



- Putting ESG front and center of what we do
- Driving ESG relevant portfolio construction
- Integrating our mission to promote responsible investing
- Conducting training and coaching led by our Chief Corporate Philosophy Officer (NSSK Philosophy Program)

It is our responsibility to create a workplace that we can be proud of. Ultimately, we believe that NSSK's mission is to contribute to the creation of a bright future for Japan by promoting ESG and ensuring the material and emotional well-being of many people.



Jun Tsusaka  
CEO



## NSSK's Integration of ESG Policies and Practices

### Japan's Economic Environment and NSSK's Purpose

Managers of small and medium-sized companies face numerous challenges, including business succession, human resource shortages, and the need to respond to changes in the market environment. While business is becoming increasingly concentrated in the Kanto region, the overall Japanese economy is in greater need of revitalization. With the globalization of businesses, the implementation of Gen AI (ChatGPT) and the trend toward digitalization, industry must also revise its conventional structures. In an effort to contribute to resolving these important issues, NSSK leverages knowledge and expertise acquired by its members while working for leading global companies. We undertake investment and management support in attractive Japan-based companies with high growth potential, boosting corporate and share value, and contributing to economic development both in Japan and globally, with an emphasis on ESG. ESG is at the center of NSSK's business activities, forming the basis of our investment processes, contributing to the physical and mental well-being of our employees, and driving enhanced returns.

### Business Activities



Overview		
<ul style="list-style-type: none"> <li>Composition of funds procured from government agencies, global corporate pension plans, major financial institutions, regional banks, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Undertaking investment and concrete management support in attractive Japan-based companies with high growth potential to contribute to regional economic development in Japan</li> <li>Consideration of ESG outcomes in portfolio design</li> </ul>	<ul style="list-style-type: none"> <li>Operational improvement support based on our unique expertise (NSSK Value-Up Program = NVP)</li> <li>Investment return through dividends, share offerings, share transfer to strategic investors, etc.</li> </ul>

ESG Initiatives		
<ul style="list-style-type: none"> <li>Briefings on key initiatives and action guidelines around ESG</li> <li>Active promotion of ESG principles through conference participation</li> </ul>	<ul style="list-style-type: none"> <li>Execution of ESG due diligence including Third Party DD</li> <li>Assessment of ESG issues</li> <li>Investment committee deliberation</li> <li>Identification of risks and improvement measures</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of an ESG framework</li> <li>Setting of KPIs for each investment target</li> <li>Continuous monitoring</li> <li>Measurement and evaluation of results</li> <li>Quarterly reporting</li> <li>Compliance and ESG auditing</li> </ul>

## NVP NSSK Value-Up Program



### NSSK's Approach to Management Support

NSSK offers its unique NSSK Value-Up Program (NVP) to businesses for management support. NVP is deployed by excellent companies worldwide, providing expertise for management improvement, human resource development, and financial optimization, organized according to the circumstances of businesses in Japan. It is implemented by NVP support teams comprised of our highly specialized personnel. Furthermore, we offer opportunities to leverage the management instruction of experts with global management experience and extensive networks in North America, Europe and Asia. We thus aim to support or help create more globally competitive Japan-based companies, while striving to strengthen the management foundations of our portfolio companies.





Enoshima / Fujisawa-city

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## NSSK's Fund Platform

### Supporting corporate growth and further contributing to local economies through 200 billion yen in AUM.

The funds contribute to the development of the local economy in Japan and advancement of humanity and society by investing in companies with a high growth potential and providing them with management support through 200 billion yen in assets under management (AUM).

#### NSSK Fund I

NSSK Fund I Investment Limited Partnership was formed in 2015. The partnership is intended to be a long-term shareholder in the companies that it invests in. This allows NSSK and the management teams of the portfolio companies to focus on sustainable long-term value creation. NSSK, through the NSSK Value-Up Program (NVP) provides critical business process improvement measures, balance sheet and cost structure optimization and the addition of management talent. As a result, portfolio companies are doing well.

#### NSSK Fund III

NSSK Fund III was formed in 2021. The partnership is intended to provide a platform investment of around 10 to 15 investees, diversified across various industries. It targets quality medium-sized companies with high profitability, solid cash flow generation capabilities, and established management, aiming at diversification in terms of region, industry (sector), and investment period for the overall portfolio. In terms of investment types, most projects are planned to be business succession projects. However, based on the past investment performance and experience of NSSK members, along with the market environment surrounding Japan in the post-COVID-19 period, NSSK plans to also focus on special situation type projects to build up its portfolio.

#### NSSK Fund II

NSSK Fund II was formed in 2016. The fund invests mainly in Japan-based attractive small to medium-sized companies with high-growth potential that can contribute to the development and the revitalization of the local economy in Japan. With a focus on investing in "good" companies and transforming them into "great" companies, NSSK seeks to generate superior outcomes through its differentiated investment sourcing, highly disciplined pricing approach and implementation of its NSSK Value-Up Program (NVP).

#### Regional Impact Funds (5 funds)

As part of its ESG activities, NSSK's Regional Impact Fund Platform has been active since 2016, with the Chubu/Hokuriku Vitalization Investment L.P. as the first impact fund, in order to bring NSSK's investing and value up platform in a way that contributes to domestic regional communities. With a focus on business succession and attractive small and medium-sized companies with high growth potential in the local area, the Regional Impact Funds aim to contribute to the development of the local economy and society by providing growth capital for operational improvement, reinforcing and development of human capital and supporting business and sales development both in Japan and overseas. This will result in the creation of employment opportunities as well as the improvement of corporate and shareholder value together in partnership with local financial institutions. In addition to the Chubu/Hokuriku Vitalization Investment L.P., NSSK Group has expanded its Regional Impact Fund initiatives to include the Kanto/East Japan, Kinki/West Japan and nationwide areas. As a result, the NSSK Group operates five impact funds, including second generation, focusing on regional vitalization in Japan.

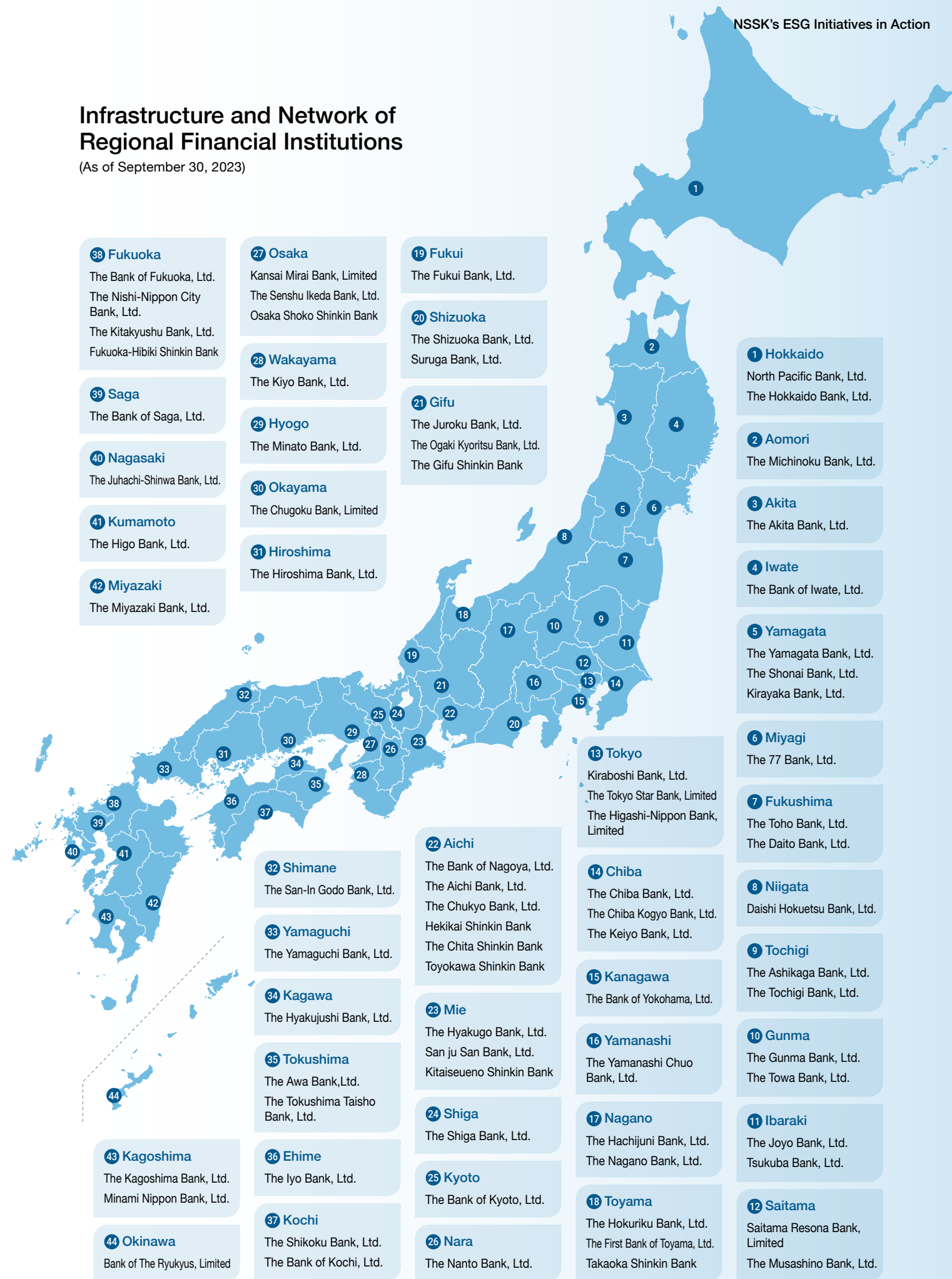
We are committed to giving back to all employees by providing training, guidance and career opportunities that enable them to design and realize promising futures.

Aki Ishida  
Partner



### Infrastructure and Network of Regional Financial Institutions















(As of September 30, 2023)

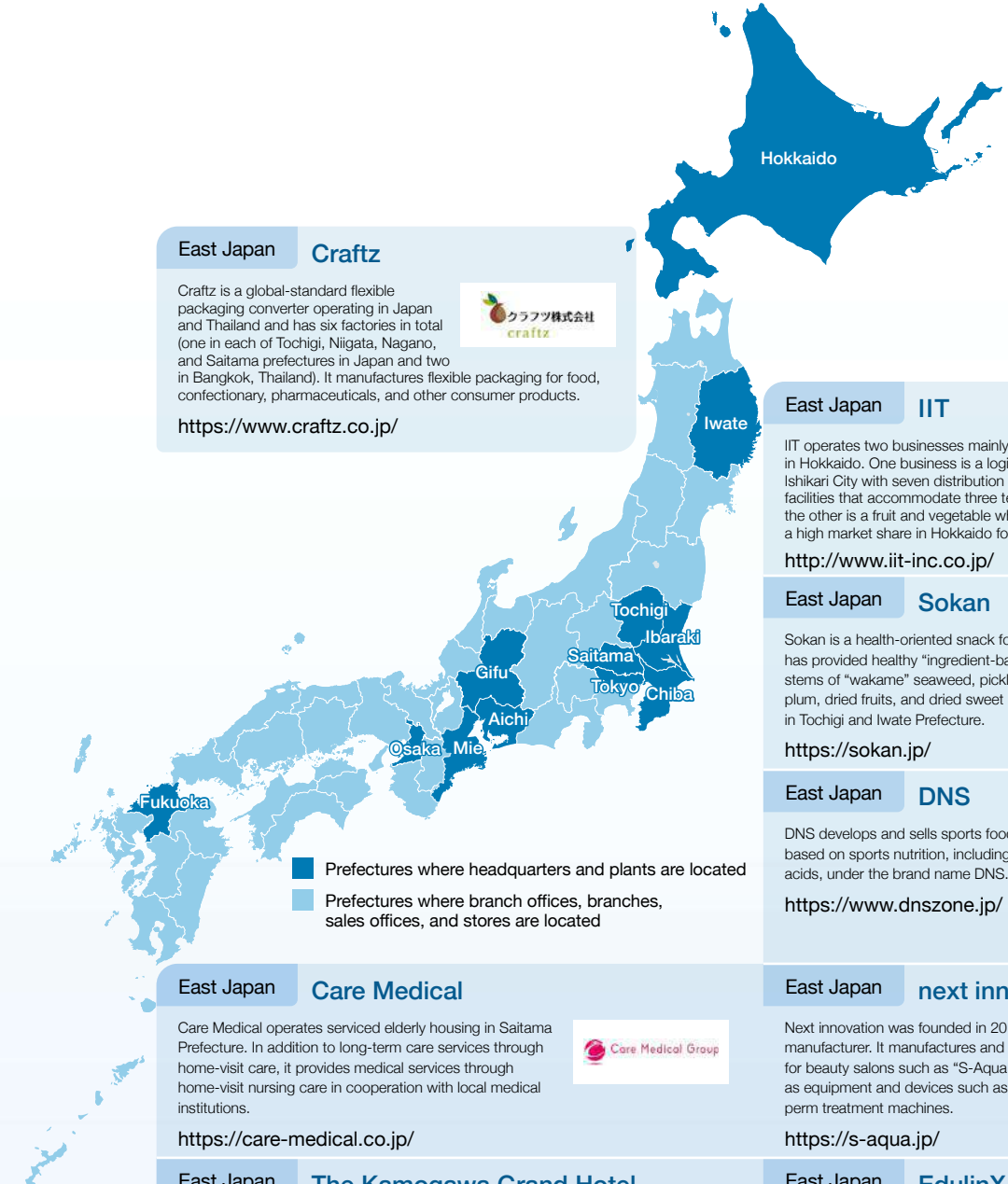




# NSSK's Fund Platform

## NSSK Group Portfolio Companies as of September 2023

<p><b>West Japan Takagi</b></p> <p>Takagi Co., Ltd., is a manufacturer and distributor of faucets, water purifiers, and other water-related products. The company group operates not only in Japan, but also has a manufacturing base in Vietnam and a sales office in Australia.</p> <p><a href="https://www.takagi.co.jp/">https://www.takagi.co.jp/</a></p> 	<p><b>Chubu Niwakyu</b></p> <p>Niwakyu sells baking soda, citric acid, sodium sesquicarbonate, and sodium percarbonate, which are made from natural materials, all as detergents, as well as deodorants and table salt products.</p> <p><a href="https://www.niwakyu.com/">https://www.niwakyu.com/</a></p> 
<p><b>West Japan Bestlife</b></p> <p>Bestlife operates a reuse business, in which it purchases and sells used brand-name goods. It operates a total of 29 purchasing-focused stores in Osaka, Hyogo, Tokyo, Kanagawa, and Saitama.</p> <p><a href="https://bestlife-ltd.com/">https://bestlife-ltd.com/</a></p> 	<p><b>Chubu Hotel Castle Inn Group</b></p> <p>Castle Inn Group owns and operates six hotels located in the Mie Prefecture of the Chubu Region, under the brand name of "Hotel Castle Inn" or "Hotel Resort Inn" and offers 826 guest rooms.</p> <p><a href="https://www.castleinn.co.jp/">https://www.castleinn.co.jp/</a></p> 
<p><b>West Japan MeLife</b></p> <p>MeLife operates PC schools that offer courses in an e-learning format using proprietary teaching materials. It operates 129 schools nationwide.</p> <p><a href="https://melife.jp/">https://melife.jp/</a></p> 	<p><b>Chubu RAY Field</b></p> <p>The RAY Field brand operates as a total beauty salon. It is a chain of beauty salons that operates stores, including franchises, mainly in the Tokai, Kyushu, Hokuriku, and Chugoku regions.</p> <p><a href="https://rayfield.jp/">https://rayfield.jp/</a></p> 
<p><b>West Japan KANTEC Group</b></p> <p>The KANTEC Group operates businesses related to the repair, installation, and sales of natural refrigerant heat pump water heaters (Eco-Cute). With its unique brand and marketing power, the company has a high market share in the Kinki, Hokuriku, and Kanto regions.</p> <p><a href="https://www.kantec.net/">https://www.kantec.net/</a></p> 	<p><b>Chubu SORA GROUP</b></p> <p>SORA GROUP operates restaurants mainly in Nagoya. It operates a variety of different types of restaurants including Japanese, pizzerias, ramen, and bakeries.</p> <p><a href="https://sora-g.jp/">https://sora-g.jp/</a></p> 
<p><b>West Japan Hakkoden</b></p> <p>Hakkoden operates 12 ceremony halls mainly in Yao City, Osaka Prefecture. Under the theme of "Emotional Funerals," it offers high value-added services by staff who have completed approximately 3,600 hours of training per person. It has the largest market share in Yao City in terms of the number of funerals held.</p> <p><a href="https://hakkoden.co.jp/">https://hakkoden.co.jp/</a></p> 	<p><b>Chubu Ise Meotoiwa Paradise</b></p> <p>Operates a tourist destination that includes an aquarium/marine park, gift shops, and restaurants adjacent to a well-known tourist site "meoto iwa" in Mie Prefecture (part of the Ise Shrine complex).</p> <p><a href="https://ise-seaparadise.com/">https://ise-seaparadise.com/</a></p> 
<p><b>West Japan ELSONIC</b></p> <p>ELSONIC operates retail stores throughout Japan under the brand name of "THANK YOU MART." It offers all of its products, including fashionable and cute, want-to-have character products, miscellaneous items and clothing, at 390 yen.</p> <p><a href="https://www.elsonic.co.jp/">https://www.elsonic.co.jp/</a></p> 	<p><b>Chubu US. Mart</b></p> <p>Operates indoor playground facilities (Kid's LAND US. ) in shopping centers and malls throughout Japan with over 3.6mm customers annually.</p> <p><a href="https://kidsusland.com/">https://kidsusland.com/</a></p> 
<p><b>Chubu Tokai Tenrei</b></p> <p>Tokai Tenrei operates 18 ceremony halls mainly in Toyokawa City, Aichi Prefecture. Its in-house flower arrangement team produces high quality altar flower arrangements. It has the largest market share in Toyokawa City in terms of the number of funerals held.</p> <p><a href="https://tokaitenrei.com/">https://tokaitenrei.com/</a></p> 	<p><b>East Japan KRAFT</b></p> <p>Sakura Pharmacy Group is one of the major players in the dispensing pharmacy industry with approximately 900 pharmacies situated mainly in highly populated areas such as the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, Saitama), the Kansai area (Osaka, Hyogo), and the Tokai region (Aichi, Shizuoka).</p> <p><a href="https://www.kraft-net.co.jp/">https://www.kraft-net.co.jp/</a></p> 



<p><b>East Japan Craftz</b></p> <p>Craftz is a global-standard flexible packaging converter operating in Japan and Thailand and has six factories in total (one in each of Tochigi, Niigata, Nagano, and Saitama prefectures in Japan and two in Bangkok, Thailand). It manufactures flexible packaging for food, confectionary, pharmaceuticals, and other consumer products.</p> <p><a href="https://www.craftz.co.jp/">https://www.craftz.co.jp/</a></p> 	
<p><b>East Japan IIT</b></p> <p>IIT operates two businesses mainly serving supermarkets in Hokkaido. One business is a logistics business mainly in Ishikari City with seven distribution centers, including facilities that accommodate three temperature zones, and the other is a fruit and vegetable wholesaling business with a high market share in Hokkaido for specific fruit and vegetable products.</p> <p><a href="http://www.iit-inc.co.jp/">http://www.iit-inc.co.jp/</a></p> 	
<p><b>East Japan Sokan</b></p> <p>Sokan is a health-oriented snack food manufacturer which has provided healthy "ingredient-based snacks" such as stems of "wakame" seaweed, pickled and processed plum, dried fruits, and dried sweet potatoes, manufactured in Tochigi and Iwate Prefecture.</p> <p><a href="https://sokan.jp/">https://sokan.jp/</a></p> 	
<p><b>East Japan DNS</b></p> <p>DNS develops and sells sports foods and supplements based on sports nutrition, including protein and amino acids, under the brand name DNS.</p> <p><a href="https://www.dnszone.jp/">https://www.dnszone.jp/</a></p> 	
<p><b>East Japan Care Medical</b></p> <p>Care Medical operates serviced elderly housing in Saitama Prefecture. In addition to long-term care services through home-visit care, it provides medical services through home-visit nursing care in cooperation with local medical institutions.</p> <p><a href="https://care-medical.co.jp/">https://care-medical.co.jp/</a></p> 	<p><b>East Japan next innovation</b></p> <p>Next innovation was founded in 2015 as a fabless manufacturer. It manufactures and sells hair care products for beauty salons such as "S-Aqua (Science Aqua)" as well as equipment and devices such as hair irons and digital perm treatment machines.</p> <p><a href="https://s-aqua.jp/">https://s-aqua.jp/</a></p> 
<p><b>East Japan The Kamogawa Grand Hotel</b></p> <p>The company operates a total of seven properties, including resort hotels and business hotels. Its flagship hotels, the Kamogawa Grand Hotel and Hotel Nishinagato Resort, are both located along the coast and have attractive open-air baths (large communal bathrooms and in guest rooms).</p> <p><a href="https://www.kamogawagrandhotel.ne.jp/">https://www.kamogawagrandhotel.ne.jp/</a></p> 	<p><b>East Japan EdulinX</b></p> <p>EdulinX provides high-value educational solutions through education and technology. It reshapes learning and transforms the way people learn through intuitive and interactive learning experiences.</p> <p><a href="https://www.edulinx.co.jp/">https://www.edulinx.co.jp/</a></p> 
<p><b>East Japan mighty myT</b></p> <p>mighty myT supports clients in their implementation of DX (Digital Transformation) and digital marketing strategies. It provides services including portal site construction and operation for the pharmaceutical and other industries, web symposium and mail magazine distribution, and administrative functions that work with client marketing departments.</p> <p><a href="https://www.mighty2.com/">https://www.mighty2.com/</a></p> 	<p><b>East Japan SOWA PROJECT</b></p> <p>SOWA PROJECT operates three wedding banquet facilities and one church in Sapporo. It holds roughly 1,000 wedding parties a year positioned as a fully integrated provider of wedding services.</p> <p><a href="https://www.sowaproject.jp/">https://www.sowaproject.jp/</a></p> 
<p><b>East Japan ISI Global</b></p> <p>ISI Global originated from the Shinano Gakuin cram school and now operates Japanese language education and study abroad-related service businesses. It is one of the largest Japanese language schools in Japan and a leading player in the language education industry with over 30 years of business experience.</p> <p><a href="https://www.isi-global.com/">https://www.isi-global.com/</a></p> 	<p><b>East Japan Kantoku Global Corporation</b></p> <p>Kantoku Global Corporation purchases Japanese used trucks and industrial machinery from major Japanese logistics companies and exports them to third parties in emerging markets after de-manufacturing and disassembling them into component parts in its factories.</p> <p><a href="https://www.kantoku.co.jp/">https://www.kantoku.co.jp/</a></p> 
<p><b>East Japan Japan Energy Components</b></p> <p>JEC is one of the leading manufacturers in Japan of power transmission and distribution components and spiral products for electric power companies, as well as quick charger connectors for electric vehicles (EVs) in Ibaraki and Kumamoto Prefectures in Japan and in Taiwan (including subsidiaries).</p> <p><a href="https://jecomponents.co.jp/">https://jecomponents.co.jp/</a></p> 	<p><b>East Japan Vati</b></p> <p>Vati operates serviced elderly housing and private-pay elderly housing with nursing care (Anshin Home and Furusato Home), as well as day care services (Care Station Asahi).</p> <p><a href="http://www.vati.co.jp/">http://www.vati.co.jp/</a></p> 

We contribute to Japan's development through investment and management support for high-potential companies, a diversified portfolio of investments in various industries, and the application of replicable business improvement methods.

Ryoji Kanamori (left)  
Director  
Makoto Iwami (right)  
Director





## Regional Impact Funds

Designed to execute NSSK's SDG commitments with the aim of producing benefits for society.

### Regional Impact Fund Overview

In addition to our core funds, NSSK manages impact funds that invest in and provide concrete management support to attractive Japan-based companies with high growth potential to contribute to regional economic development in Japan. NSSK's Regional Impact Funds execute initiatives based on the 17 Sustainable Development Goals (SDGs), aiming to produce benefits for society through our portfolio companies.

### Social Benefit through Impact Investment and Funds

**Impact Investment**

Impact investment refers to investment activities that deliver positive and measurable social and environmental results while providing solid financial returns. NSSK executes such investment through its Regional Impact Funds, aiming to produce both social and economic value.

**Social Benefit** & **Financial Return**

**Social Benefit**

In operating the Regional Impact Funds, key targets have been set for the following eight Sustainable Development Goals (SDGs), in an effort to produce social benefit.

Support for Small and Medium-sized Companies	Employment Creation	Human Resource Education	Digitalization
Environment	Advancement of Women	Compliance Reinforcement	Healthcare Sector

### Selected SDGs and Impact Investment

SDG Targets	Social Benefits	NSSK's Initiatives
8 DECENT WORK AND ECONOMIC GROWTH	Support for Small and Medium-sized Companies	<ul style="list-style-type: none"> <li>Regional Impact Funds targeting small and medium-sized companies with investments of up to one billion yen</li> <li>Globally-competent management improvement tools deployed by leading companies worldwide (NSSK Value-Up Program = NVP), targeting small and medium-sized companies and leveraging NSSK's expertise, resources, and network</li> </ul>
8 DECENT WORK AND ECONOMIC GROWTH	Employment Creation	<ul style="list-style-type: none"> <li>We consider employee numbers as one KPI, striving to create employment while increasing revenue</li> <li>Promoting creation of work-friendly environments and reducing staff turnover through revision of personnel systems, including introduction of performance-linked remuneration and incentive plans</li> </ul>
4 QUALITY EDUCATION	Human Resource Education	<ul style="list-style-type: none"> <li>Supporting creation of work environments that are rewarding for employees and provision of necessary professional training</li> <li>NSSK Philosophy Program (NPP) <a href="#">➔ Please see pages 35 - 36</a></li> <li>Building and strengthening education and training systems</li> </ul>
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digitalization	<ul style="list-style-type: none"> <li>Understanding and applying industry-leading technology and expertise</li> <li>Strengthening digital marketing</li> <li>Advancement of data-based management decision-making (use of cloud and other systems)</li> </ul>
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environment	<ul style="list-style-type: none"> <li>Our ESG, Diversity and Inclusion Committee leads pre-investment analysis of ESG issues, and support for post-investment strengthening of ESG</li> <li>Including creation of products developed with awareness of issues such as food waste reduction, power and water conservation, paperless operation, and environmental protection</li> </ul>
5 GENDER EQUALITY	Advancement of Women	<ul style="list-style-type: none"> <li>We also actively promote advancement of female employees</li> <li>Providing education on creation of work-friendly environments (including anti-harassment training)</li> <li>Active promotion of women into management at investment targets</li> </ul>
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Compliance Reinforcement	<ul style="list-style-type: none"> <li>Support for strengthening of compliance systems, which are lacking in many small and medium-sized companies</li> <li>Introduction of personnel for internal management positions</li> <li>Implementation of accounting audits, strengthening internal controls, thorough labor management systems, creation of systems to exclude antisocial forces</li> <li>* All 100% executed</li> </ul>
3 GOOD HEALTH AND WELL-BEING	Healthcare Sector	<ul style="list-style-type: none"> <li>We actively consider investment in the healthcare sector as a business field expected to see growth in the future and as our investment theme</li> <li>NSSK Group makes use of its knowledge in the healthcare sector</li> </ul>

### Correlation between Female Employment and Returns

	% of Women Employees	% of Women Managers	% of Employee growth rate	IRR*
	78%	46%	+36%	+46%
1st, 2nd	79%	68%	+29%	+45%

\* Gross IRR

We are honored that NSSK's ESG initiatives have been recognized both in Japan and internationally. Our goal is to enhance the corporate and shareholder value of promising, high-potential companies throughout Japan, and to focus on the well-being of all employees.

Joe Matsunaga  
Management Committee Member



NSSK's human capital structure aims to actively increase the number of female managers. We are committed to expanding "Gender Opportunity" as harnessing the skills of many women contributes significantly to improving performance.

Kaz Tokuyama  
Partner



## Commitment to Sustainability

### Carbon Neutrality Initiatives

Aiming to reduce greenhouse gas emissions by 30% by 2030 in all portfolio companies.



NSSK recognizes that climate change is a global social issue. We consider that a responsible investment is to contribute to society by implementing a variety of initiatives in the companies in which we invest.

#### Approach toward each Company

(NSSK's portfolio companies are implementing initiatives specific to each company)

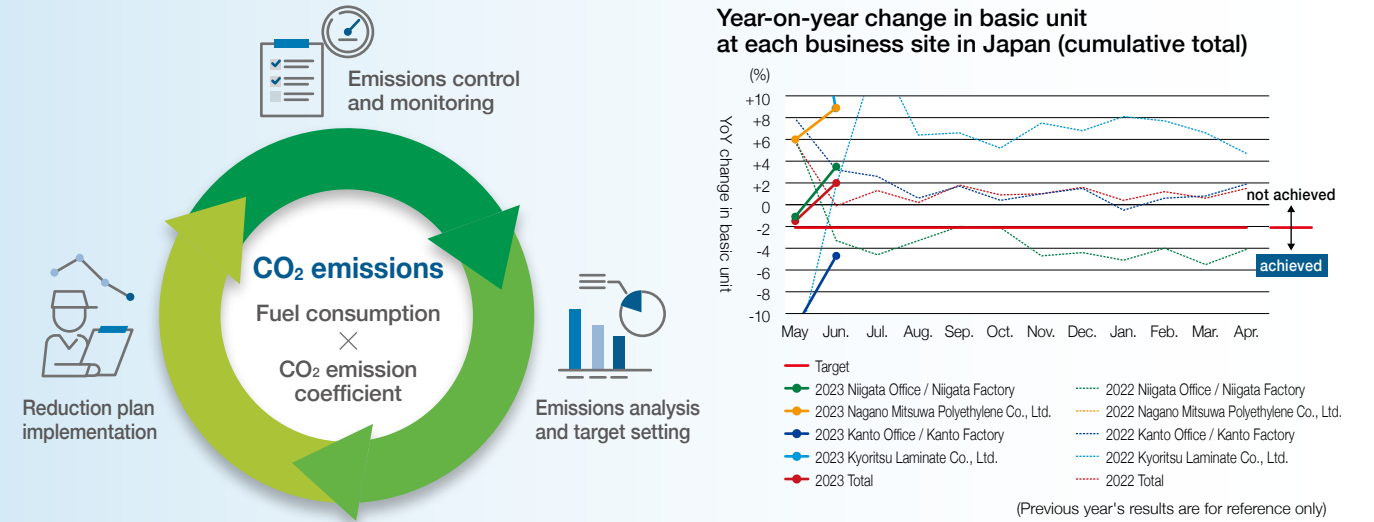
Category/Indicator	Target	Specific Measures	Results			Targets	
			2020	2021	2022	Short-Term	Long-Term
<b>Hotel Castle Inn Group (Hotel chain)</b>							
Natural resources / Electricity consumption	Monitoring and reduction of electricity consumption	Replace air conditioners in guest rooms and common areas with energy-efficient models	14.7 kWh /room	13.1 kWh /room	12.5 kWh /room	12.6 kWh /room	12 kWh /room
Natural resources / Water consumption	Monitoring and reduction of water consumption	Reduce water consumption by installing water-saving devices • Install water-saving devices • Change to water-saving showerheads	0.56 L /person	0.48 L /person	0.49 L /person	0.46 L /person	0.45 L /person
<b>SORA GROUP (Dining establishment chain)</b>							
Natural resources / Utility costs	Reduction of utility costs	Confirm daily power usage by checking meters, input into system	—	5.46%	5.49%	0.5% reduction compared to net sales	1.0% reduction compared to net sales
Disposal / Waste generation	Reduction of waste generated at specific stores *Target reduction by simply reducing the amount of waste and increasing the percentage of food recycling not currently being sorted	Select test stores and install waste disposers to reduce waste; recycle fertilizer generated by waste disposer for vegetable cultivation	Waste generated per 1 yen (at selected stores) is 0.1636 g	Waste generated per 1 yen (at selected stores) is 0.129 g	Waste generated per 1 yen (at selected stores) is 0.114 g	10% reduction of waste generated (at selected stores)	20% reduction of waste generated (at selected stores)
<b>Japan Energy Components (Manufacturer and seller of power distribution components for electric power companies)</b>							
Environmental conservation / Carbon dioxide emissions	Reduction of carbon dioxide emissions	• Appropriately manage air conditioner operation • Optimize equipment timer settings • Appropriately use plant equipment	—	1,520 t /year	1,251 t /year	1,214 t /year	1,210 t /year
Environmental conservation / Industrial waste disposal volume	Reduction of industrial waste disposal volume	• Reduce product disposal • Reduce defect rate	—	53,900 kg /year	34,321 kg /year	33,291 kg /year	33,000 kg /year
<b>Hakkoden (Funeral facilities operator)</b>							
Natural resources / Electricity consumption	Reduction of electricity consumption	Thorough power saving measures	—	481 kWh /instance	521 kWh /instance	450 kWh /instance	400 kWh /instance
Natural resources / Gas consumption	Reduction of gas consumption	Thorough control of gas consumption	—	1.60 m <sup>3</sup> /instance	1.69 m <sup>3</sup> /instance	0.30 m <sup>3</sup> /instance	0.25 m <sup>3</sup> /instance
<b>Tokai Tenrei (Funeral facilities operator)</b>							
Natural resources / Gasoline consumption	Reduction of gasoline consumption	Use of remote and chat consultations	—	28 L /instance	26 L /instance	27 L /instance	26 L /instance
Environmental conservation / Fresh flower waste (number of flowers)	Reduction of waste	Forecast management of supply and demand, thorough minimum purchasing	—	1.5 flowers /instance	1 flowers /instance	1.25 flowers /instance	1 flowers /instance

### Introduction of Carbon Accounting

#### Initiatives Aimed at Balancing Business Growth and ESG



NSSK's portfolio company, Craftz Co., Ltd. is a manufacturer and distributor of a variety of flexible packaging for food, snacks, pet food, pharmaceuticals, and other products. While aiming for significant growth with the goal of becoming "Asia's leading flexible packaging converter group," Craftz continues to make diligent efforts to resolve ESG issues. One such initiative is the introduction of carbon accounting, in which electricity, water, city gas, kerosene, gasoline, and LP gas are measured at each business site and multiplied by a coefficient for each type to calculate the amount of CO<sub>2</sub> emissions.



#### Environmental Initiatives

##### 1 Reduction of CO<sub>2</sub> emissions (energy)

- Improvement of plant facility utilization rate by consolidating production facilities  
> Significant reduction of energy load by centralizing compressors.
- Improvement of the percentage of acceptable products per unit of energy used by strengthening line management capabilities  
> Improved efficiency by introducing new units, integrating production schedules, and coordinating within sections.

##### 2 CO<sub>2</sub> emissions reduction (industrial waste)

- Reduction of waste during production through yield improvement activities  
> PDCA cycle for quality maintenance and quality improvement activities, and review of processing procedures, in addition to the above energy efficiency improvements
- Reduction of industrial waste by promoting recyclable products  
> Strengthened sorting and recycling efforts by reducing waste products, etc., and introduction of sorting equipment

##### 3 Results for 2022

- Energy (8.37 kg-CO<sub>2</sub> /1,000 m<sup>3</sup>)
- Industrial waste (8.30 kg-CO<sub>2</sub> /1,000 m<sup>3</sup>)

##### 4 Target for FY2023

Reduction target of ≈2.2% in total CO<sub>2</sub> emissions for the entire Craftz Group (Japan) (basic unit/1,000 m<sup>3</sup>)



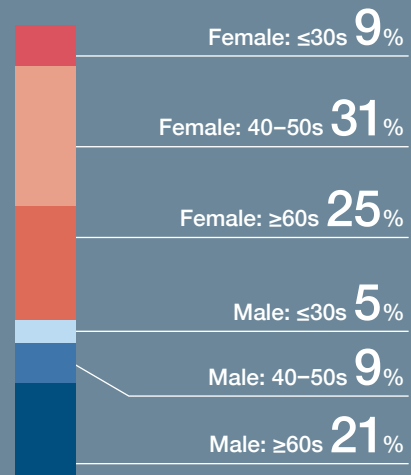
# CASE STUDY 1



## ESG Initiatives

- Improving yield through streamlining the manufacturing process for paper-based textbooks (execution of capital investment)
- Exploring the use of digital textbooks (on tablets) to reduce the amount of paper-based materials manufactured.
- Using recycled resources for interior materials when opening new schools.

Gender and age distribution of students



### Related SDGs



# MeLife

## MeLife Inc.

### Business Description

MeLife is committed to contributing to the local community through PC and IT education.

MeLife operates PC schools nationwide (from Hokkaido to Okinawa) in an e-learning format for the beginner PC users under the management of female CEO and COO. In addition to developing original content for teaching materials, MeLife also handles the printing and binding of textbooks and other necessary materials. By partnering with chambers of commerce and industry to open schools, MeLife achieves high profitability.



All course materials are developed in-house, directly reflecting students' feedback and with the utmost dedication to ease of learning.



With a personal tutor on each student's screen, even beginner users can take the course with confidence.

# CASE STUDY 2



## ISI Global Inc.

### Business Description

ISI provides free Japanese language education to Ukrainian refugees.

ISI provides free Japanese language education to support Ukrainian refugees who have fled to Japan. To date, ISI has accepted 21 students, providing them with education to acquire the Japanese language skills necessary for living and working in Japan, and to understand the lifestyle and culture of Japan. ISI also assists students who wish to pursue higher education or find employment in the future by providing career guidance and visa application support. To accommodate the students' desire to return to their normal lives in Japan as soon as possible by utilizing their experiences in their home country, ISI will continue to provide support with its responsibility as a hosting institution.

Under its philosophy, ISI aims to help people achieve their dreams and to help foster a global society, in a way of creating an educational environment for the development of global human resources. Based on this idea, ISI provides free Japanese language education to those who face insecurities that limit access to education and employment in their countries of residence due to war or conflict, to support the bright future of people.



## ESG Initiatives

- Working to solve the social issue of Japan's declining workforce by welcoming and helping retain talented young foreign human resources in Japan through the provision of Japanese language education
- Improving the quality of student services and create a more comfortable working environment by actively recruiting foreigners and women and promoting them to senior management positions, as well as incorporating diverse cultures and ideas into management
- Supporting Ukrainian refugees by providing free Japanese language education to help them build a foundation for life in Japan
- Constantly striving to protect environmental resources by reducing electricity and paper consumption in normal business operations

Contributing to the Japanese economy through the production of foreign talent

Accepts over **34,000** international students

From over **120** countries and regions around the world

Through over **30** years of business experience

Promoting employee diversity through improvement of the working environment

Foreign nationals account for about **18%** Female employees in management positions account for about **46%**

### Related SDGs





## CASE STUDY 3

### ESG Initiatives

- BestLife's reuse business directly contributes to the reduction of environmental impact, and through the reuse of items, it is possible to reduce CO2 emissions and water consumption generated during the disposal of products and the manufacturing and distribution process of new items. BestLife raises the alarm against the socio-economic system of mass production, mass consumption, and mass disposal, and aims to create a sustainable, recycling-oriented society with "optimum production, optimum consumption, and minimum disposal" and to solve social and environmental issues through reuse business activities.
- To promote Zero Waste Day on May 30, BestLife holds an annual Children's Drawing Contest and Upcycling Contest for elementary through junior high school students on the theme of reuse. The local community also participates and enjoys the activities to promote reuse. BestLife aims to stay involved in the local community and continue to contribute to its development.
- As part of its reuse business, BestLife participates in the JobBon activity, in which it sets up book posts in its stores to collect books that are no longer needed for free and deliver them to those who want them through online shopping. The collected books are transported to the JobBon project, where they are used to provide employment for people with disabilities. Through these activities, BestLife is working to reuse books and support the employment and independence of people with disabilities.

#### Related SDGs



### BestLife Co., Ltd.

#### Business Description

**Bridging the gap between clients looking to sell and those looking to buy through reuse business.**

BestLife's core business is the product reuse business, which involves the purchase and sale of pre-owned brand goods and other items. More specifically, BestLife operates a consignment store BestLife, specializing in the purchase of used brand products, such as luxury bags and watches, in the Osaka and Tokyo areas, with a "buy anything" policy. As a supporter of an environmentally friendly, recycling-oriented society, BestLife aims to be a consignment store that is loved by the community.



Customer service at a BestLife consignment store. The store plays a part in a recycling-oriented society by engaging in the purchase and reuse of used brand goods.



Artwork by Mirei Sato, which won the highest award in the upper elementary division of the Children's Drawing Contest on May 30, 2022, the "Zero Waste Day."

## CASE STUDY 4



### KRAFT Inc.

#### Business Description

**An "open" pharmacy with a strong foundation in the community**

Sakura Pharmacy Group supports the health and well-being of its customers through the operation of Sakura Pharmacy, which serves as a trusted advisor for medications and health care. The Group places a strong emphasis on home medical care. In collaboration with physicians, nurses and care managers, staff visit patients' homes to provide medication counseling and review remaining medications. During these visits, staff closely monitor the effects and side effects of medications and provide valuable feedback to healthcare partners to ensure high-quality medical care. Operating nationwide, Sakura Pharmacy Group is committed to being the go-to pharmacy for local residents and aims to continue providing safe and reliable medical care and health support.



As a go-to pharmacy for the community, the company is committed to health promotion, self-medication, and home medical care.



The company has introduced the SPITS system, a dispensing system developed in-house. By linking a series of dispensing operations, it aims to improve convenience and operational efficiency.

### ESG Initiatives

#### Advancement of Women

Female employees account for **86%** (as of June 2023)  
Female employees in management positions account for **27%**

- For 13 years, the company has been involved in the Pink Ribbon Campaign to raise awareness of the importance of early detection and early treatment of breast cancer.
- The company is working to install photovoltaic power generation and energy storage facilities in its stores and to generate its own electricity.
- The company is working to reduce pharmaceutical waste through initiatives, such as exchanging pharmaceuticals between its own stores and other companies.

#### Related SDGs







Former Shiba Rikyu Onshi Garden / Tokyo

## NSSK Philosophy and NSSK's ESG Advancement Organization

- 33 NSSK Philosophy
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## NSSK Philosophy

At NSSK, we not only pursue profits through our investment activities, but also consider contributing to society through our activities, with a greater emphasis on doing what is right as a human being. To this end, NSSK members have worked together to establish the "NSSK Philosophy" after considering what should be our guiding principles on a daily basis. We share this philosophy with the management and employees of our investee companies and pledge to live up to the trust and expectations of all stakeholders.

## NSSK Mission

**We will continue to do what is right as a human being, build a world class investment management company and dedicate ourselves to the promotion of ESG values.**

## NSSK Values

- 1 Prioritize altruism: Make decisions based on what is ethically right
- 2 Always be humble and avoid excess
- 3 Exercise moral courage
- 4 Strive relentlessly
- 5 Constantly strive for ambitious goals
- 6 Maintain a positive and open-minded attitude
- 7 Success formula for Life and Work = Ability × Effort × Attitude
- 8 Foster a fair, transparent and family-like organizational culture

## 5 Management Principles of NSSK Group Companies

~To make a GOOD company into a GREAT company~

### 1 Social significance as a business

Appealing the social significance of one's business will be intrinsically motivational. Being involved in a socially meaningful business makes it more rewarding, which in turn increases satisfaction levels and enables one to be proud of their work for their families, friends, and others around them.

### 2 Maximize sustainable profits

A highly profitable business model will create a financial foundation that can overcome unprecedented circumstances and major changes in the business environment, and protect the livelihood of each and every employee.

### 3 Management mindset with a sense of ownership

We will better achieve our goals if everyone has a management or ownership mindset.

### 4 Data driven management

It is important to achieve data driven management at an early stage so that not only financial figures but also key management indicators (KPIs) in each business unit can be properly grasped. Early detection of small changes that do not show up in timely financial figures will enable us to properly prepare in advance for difficulties that may come one day.

### 5 Adaptation to changes

In order to respond to changes in the environment, it is essential to constantly change and adapt oneself, as in Darwin's "Theory of Evolution." In order for a company to survive in perpetuity, it must constantly evolve its products and services, its organization, and its way of thinking.



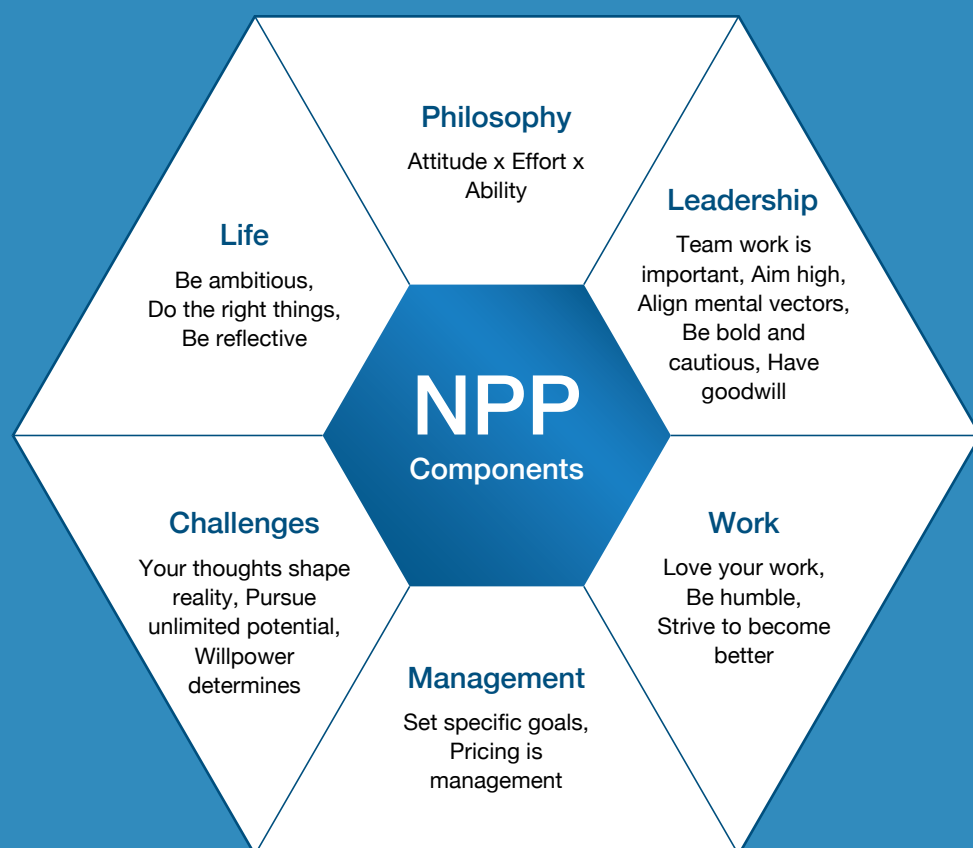
## NSSK Philosophy

### NSSK Philosophy Program Ideals

NSSK has established its NSSK Philosophy Program (NPP) as an approach to support the education of employees and human resource development. One ideal of NPP is to do what is right in life. All employees connected to NSSK are encouraged to follow this life philosophy, which we believe leads to the happiness of all employees and prosperity for the company.

### NSSK Philosophy Program Details

The NPP was developed based on six elements by, among others, Yoshihito Ohta, Chief Corporate Philosophy Officer (CPO) of NSSK, who supported Kyocera Corp. founder Kazuo Inamori for over 30 years. It describes the importance of corporate philosophy and how to form and promulgate it and supports the establishment of independent corporate philosophies at portfolio companies.



NSSK supports the education of employees and human resource development based on its NSSK Philosophy Program (NPP).



Kurama Sato  
Senior Manager

### NSSK Philosophy Program Aims

#### NSSK's Approach

<b>Project Team Formation</b>	NPP Project Teams are formed through the invitation of next-generation leaders from among management-level employees, transcending division and job category.
<b>Program Introduction</b>	Based on his experience at NSSK group portfolio companies, Kyocera and JAL, CPO Yoshihito Ohta expounds the importance of corporate philosophy to all employee at portfolio companies.
<b>Establishing or Restructuring Independent Corporate Philosophy</b>	Based on NPP, all project team members play a central role in establishing or restructuring corporate philosophy that all employees can agree with.
<b>Promulgation of Corporate Philosophy to All Employees</b>	We conduct education on the corporate philosophy until it becomes second nature to all employees.



An NPP lecture given by CPO Yoshihito Ohta (Bestlife Co., Ltd.)



An NPP lecture given by CPO Yoshihito Ohta (Japan Energy Components Co., Ltd.)

#### Chief Corporate Philosophy Officer Comment

### Aiming for Management with All-Member Participation

It goes without saying that a business is ultimately just a gathering of people: In recent years it has been referred to as "human capital", but people are its most valuable asset. There is no doubt that work is extremely important for employees to earn a living and for their self-realization.

Consequently, it is beneficial for employees, and for management, to create a workplace environment that provides job satisfaction to the majority of employees. But many companies are unable to create such an environment, and consequently, fail to increase productivity or improve their results: essentially, employees are unable to exercise their full capabilities. Because a business is a social entity, in such cases, it is a social loss.

NPP is a program based upon specific cases such as the restructuring of JAL. It teaches the approach and methods for management to communicate with employees in order to facilitate enthusiastic engagement in work. I believe that if management sincerely implements NPP, it can motivate employees and significantly contribute to management reform.



**Yoshihito Ohta**  
Executive Advisor  
Chief Corporate Philosophy Officer (CPO)

- Former Chairman of Kyocera Communication Systems Co., Ltd.
- Engaged in corporate restructuring as Aide to the Chairman and Senior Managing Executive Officer at Japan Airlines Co., Ltd. (JAL)
- Supported Mr. Kazuo Inamori for many years as General Manager of Secretary's Office and served as Director and Managing Executive Officer of Kyocera Corporation.

## NSSK's ESG Advancement Organization

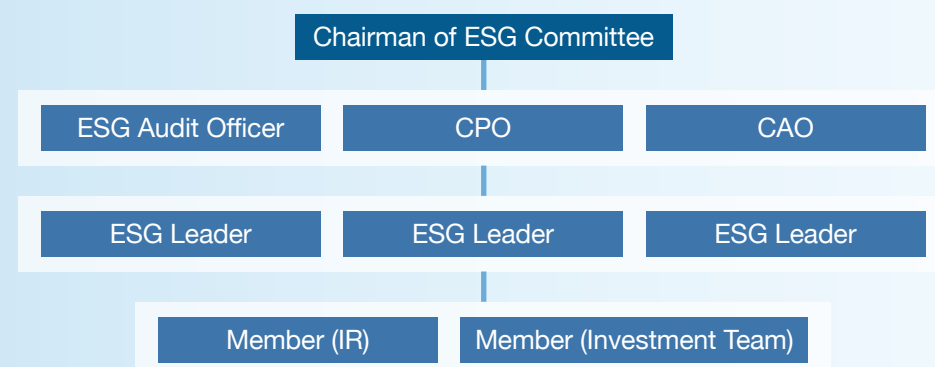
### Establishment of ESG, Diversity and Inclusion Committee

NSSK has established the ESG, Diversity and Inclusion Committee as an organization to promote ESG. The committee establishes key ESG-related policies and conducts ongoing reviews of issues. In addition, it shares ESG information in-house, monitors handling of issues, continuously updates the ESG checklist used at portfolio companies, and regularly updates stakeholders about ESG initiatives.



### ESG, Diversity and Inclusion Committee Structure

The ESG, Diversity and Inclusion Committee is comprised of nine members, including CEO Jun Tsusaka acting as Chairman, together with members from various divisions (Investment, IR and Business Support Teams), together with the Chief Corporate Philosophy Officer and ESG Audit Officer. This Committee deliberates ESG issues at NSSK, portfolio companies and prospective investment targets. Takaharu Itoh, who has extensive experience as CFO in global businesses, is ESG Audit Officer, overseeing ESG-related activities at NSSK.



#### Details of Specific Activities

- Once a month, the ESG Committee deliberates ESG strategy for NSSK and its portfolio companies, as well as initiatives for ESG promotion
- Auditing of investment target businesses by the ESG Officer
- Reporting on ESG KPIs at monthly management meetings of portfolio companies
- ESG training for management and employees at portfolio companies
- Arrangement of disclosure documentation for signatories

### NSSK ESG Committee Members



**Jun Tsusaka**  
CEO  
Chairman of ESG Committee



**Takaharu Itoh**  
HR Advisor / ESG Officer



**Yoshihito Ohta**  
Executive Advisor  
Chief Corporate Philosophy Officer (CPO)



**Shohei Akiyama**  
Director  
Chief Administrative Officer (CAO)



**Kiyomi Matsuda**  
Finance Director  
ESG Leader



**Kurama Sato**  
Senior Manager  
ESG Leader



**Hitomi Ideguchi**  
Senior Analyst  
ESG Leader



**Kengo Ishii**  
Director  
Member (IR)



**Makoto Iwami**  
Director  
Member (Investment Team)

#### HR Advisor / ESG Officer Comments

NSSK sincerely recognizes the importance and necessity of ESG. We believe that our commitment to ESG initiatives has become a part of our corporate culture, company values, and even our worldview.

ESG is now a new benchmark for corporate investment and can also be the foundation for sustainable corporate growth. We also understand that ESG raises the questions of whether companies are fully aware of risks and opportunities and how they should address social issues through their business. Through ESG audits, we will contribute to ensure that portfolio companies can grow as leading ESG companies, and believe we have made significant progress this year.

**Takaharu Itoh**  
HR Advisor /  
ESG Officer





## Local development and community revitalization through sports

NSSK's portfolio companies are playing a role in local development and community revitalization via their involvement in sports. A range of those activities are introduced below.



Sokan Co., Ltd.

### Supporting Professional Sports Teams in Tochigi for Regional Revitalization

Tochigi Prefecture is home to a number of community-based professional sports teams, and Sokan, as a company rooted in the same local community, supports their activities by serving as an official sponsor. Sokan hopes to help revitalize the local community through various sports that give dreams, hopes, and inspiration to many people and have a great impact on society.

#### Primary Support in Sports

- Basketball Utsunomiya Brex
- Ice Hockey H.C. Tochigi Nikko Icebucks
- Road bicycle racing Utsunomiya Blitzen
- Soccer Vertfee Yaita
- Road bicycle racing Yaita Kataoka Road Race
- Community event Yaita City Kataoka District New Year's Marathon



Takagi Co., Ltd.

### Engaging in Community Contribution Activities Based on the Management Philosophy of "Contributing to the Development of Society"

#### Takagi Women's Softball Club

Takagi's management philosophy is "to contribute to the development of society." Based on this management philosophy, the Takagi Kitakyushu Water Wave women's softball team was founded on February 1, 2017, and has been competing in the JD League since 2022, aiming to win the championship. The "Kitakyushu" in the team's name not only reflects the team's love for its hometown of Kitakyushu, but also represents the team's heritage from its two predecessor teams, "Toshiba Kitakyushu" and "CLUB Kitakyushu."

#### Kitakyushu Marathon

Takagi has been a sponsor of the Kitakyushu Marathon since the first event in 2014, with the aim of contributing to the local community as a local company. In addition, approximately 50 employees participate as volunteers at water stations every year.



Hotel Castle Inn Group

### Supporting Local Sporting Events Ranging from Soccer to Auto Racing

#### Supporting Group Use for Sports, Training, etc.

Hotel Castle Inn Group supports group use by providing rooms according to the number of guests ranging from elementary school students to adults, arranging meals, and providing transportation to and from sports facilities. With easy access to nearby sports facilities, it has hosted a wide variety of groups, for events such as training camps, out-of-prefecture matches, tournaments, corporate training programs, and student trips.

#### Convenient Location with Easy Access to Suzuka Circuit

The group owns two hotels in convenient locations, less than ten minutes' drive from the Suzuka Circuit. In addition to promoting Suzuka as the city known for its circuit by displaying race tires and related goods in the lobby, the hotels also actively introduce recommended restaurants in the neighborhood to domestic and international guests involved in races, thereby contributing to the local community.



#### Social effects on the community

- Externally branded as a sports town
- Attracting tourists seasonally and year-round
- Increase in local population who participate in and are interested in sports

Sustainable community development and regional revitalization through sports

#### Economic effects on the community

- Contribution to raising awareness of the company and its products through sponsorship of products
- Promotion of recruitment by increasing the recognition of the company

The NSSK Group employs approximately 20,000 people across all prefectures of Japan and, including their families, touches the lives of 60,000 to 70,000 people. Creating a better future adds value and meaning to our work and lives!

Shohei Akiyama  
Chief Administrative Officer



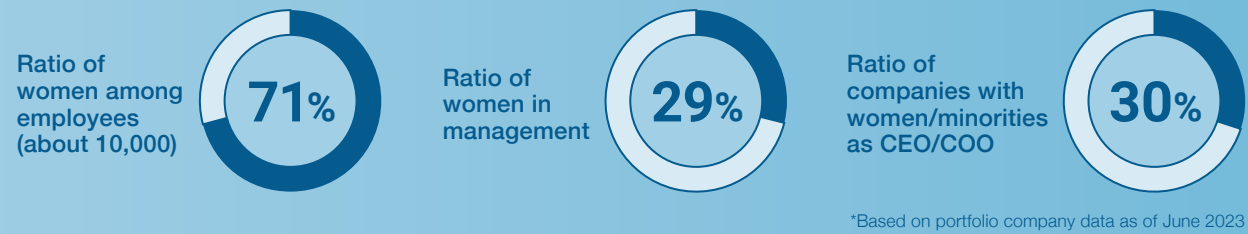




# DIVERSITY & INCLUSION

NSSK has made progress in diversity and inclusion initiatives, already achieving excellent results.

In its investment activities, NSSK focuses especially upon diversity and inclusion, among all of the aspects of ESG. The great opportunity facing Japanese society today is "Gender Opportunity," and there are many things we can work on to bridge the gap between men and women. NSSK considers diversity and inclusion improvement among its missions. It actively promotes advancement of female employees at investment targets, with numerous achievements to date.



## ESG Dialogue



**Makoto Iwami** Director, Investment Team  
Nippon Sangyo Suishin Kiko Group

**Izumi Takagi** President  
Takagi Co., Ltd.

## Creating a Company That Puts People at the Center to Become the Choice of Customers and Society

Takagi is a company based in Kitakyushu City, Fukuoka Prefecture, that focuses on community contribution, D&I promotion, and environmental conservation through its business activities, besides its main operations. Makoto Iwami, Director of NSSK's Investment Team, spoke with President Izumi Takagi about the company's stance on ESG initiatives.

**Iwami** What values do you consider important in running a company?

**Takagi** I place great importance on creating a "company that puts people at the center." Takagi's operations are supported by roughly 1,800 employees, including those at our overseas locations. I believe that creating a workplace where everyone can feel safe, a sense of growth, and pride, will lead to more sustainable corporate growth. I also believe that such a company will be the choice not only of employees, but also of a diverse range of stakeholders, customers, and society.

**Iwami** That is a concept that I can relate to deeply. More specifically, what kind of activities is Takagi engaged in?

**Takagi** One of our major initiatives is our efforts in diversity and inclusion. We launched the D&I promotion project three years ago, and have implemented a number of measures to ensure that employees can work with peace of mind without being affected by life events. Those measures include the introduction of a childcare training program to encourage male employees to take childcare leave, the establishment of a childcare community, and the operation of Takagi Kids Daycare Center on the company's premises.

**Iwami** Those are very progressive and great initiatives. How are they received and what have been the outcomes?

**Takagi** Employee questionnaire surveys show that D&I's efforts have been very well received and have led to increased satisfaction level. For example, prior to the introduction of the childcare leave system, only 3% of male employees took childcare leave, but today the rate has dramatically improved to 92%. We have also received high evaluations from outside the company, receiving an encouragement award in the "15th City of Kitakyushu Award for Women's Success and Work-Life Balance," being selected as a "Best Practice Company" by the Fukuoka Labour Bureau, and our

sales staff making it to the finals of the "Ikumen Speech Koshien" held by the Ministry of Health, Labour and Welfare.

**Iwami** Takagi is conducting very extensive initiatives. Besides D&I, are there any other ESG aspects that you focus on?

**Takagi** As someone who runs a business, I feel that global warming, which is an international issue, is a critical international issue for which we are responsible. Our water purifiers are eco-friendly products that contribute to reducing plastic use and logistics costs, as they can utilize existing water and sewage facilities to deliver clean and safe water throughout Japan. In order to further reduce our GHG emissions in the future, our new medium-term management plan sets an ambitious goal of a 30% reduction from current levels by 2030, and we are working to achieve this goal.

**Iwami** Now, as a company representing the city of Kitakyushu, what are your thoughts and contributions to the community?

**Takagi** We were founded in the City of Kitakyushu and have grown with the support of the local community. We have a very strong commitment to the community and will continue to contribute to it with pride as a company representing Kitakyushu. We are involved in sponsoring the Kitakyushu Marathon and the Kitakyushu International Film Festival, cleaning activities in the community, and managing our own women's softball team, Water Wave. We will continue to strive to be "a company that puts people at the center" and to be an extremely positive force as company.

**Iwami** NSSK will also support Takagi to further promote the ongoing progressive activities. I believe that we have already put in place a mechanism to jump-start Takagi's ESG initiatives through the introduction of ESG KPIs, monitoring, and the establishment of a promotion system. I look forward to us working together to strengthen those initiatives.



## NSSK Group Overview



### Editor's Postscript

The NSSK ESG Report began in 2021 and this is the third edition. This report was initiated out of a desire by the members of the NSSK Group to share our ESG initiatives and perspectives; NSSK has had a basic ESG policy since its inception and recognizes ESG as a very important part of our mission. As part of this, we consider the ESG report to be a valuable tool to demonstrate to investors and other stakeholders the results of the various activities and initiatives that NSSK has implemented in cooperation with our portfolio companies. In preparing this report, the members of the ESG Committee spent several months discussing and preparing the details of the ESG report, including its content and layout, at our monthly ESG Committee meetings.

One of the most important parts of the ESG report is the presentation of case studies and best practices from portfolio companies. In this report, we present ESG case studies from four of our new investments in 2022-2023, including MeLife Co., Ltd., Kraft Inc., and Best Life Co., Ltd., as well as the carbon neutrality efforts made by Craftz Co., Ltd. From Takagi Co., Ltd. in which we invested in June 2023, we presented a discussion between Ms. Takagi, CEO, and Makoto Iwami, Director of our Investment Team. NSSK's ESG reports are the result of collaboration with the management and employees of our portfolio companies. We would like to thank all of our portfolio companies for their cooperation.

We will continue to improve the quality and content of our ESG reporting to satisfy all stakeholders.

### NSSK ESG Committee Members

#### Flexible Packaging for the Future of a Sustainable Society

We will continue to realize the three values of "Environmental Value, Social Value, and Corporate Value" and make further efforts to contribute to a sustainable society.

Crafts Corporation  
**Mr. Shigeki Yamamoto**  
President and Representative Director

#### Shaping Policies around Behavioral Change, Environmental Enhancement, and Career Paths

Using a bottom-up approach to incorporate employee feedback into our systems, we are committed to realizing our founding goal of "a workplace where everyone can work happily," to suit today's world.

Takagi Corporation  
**Ms. Rie Matsuda**  
Diversity Promotion Officer

**Name** Nippon Sangyo Suishin Kiko Group

**Established** September 3, 2014

**Representative** Jun Tsusaka

**Address** Atago Green Hills MORI Tower, 17F 2-5-1, Atago, Minato-ku, Tokyo 105-6217 Japan

**Website** [www.nsskjapan.com](http://www.nsskjapan.com)

Located close to noted landmarks such as Zojoji Temple, Tokyo Tower and the Atago Shrine, we are situated in a building that features a stylish restaurant and bar on the 42nd floor with a great view. If you are ever in the neighborhood, please stop by and visit.

From all of us of NSSK



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[www.zojoji.or.jp/takara](http://www.zojoji.or.jp/takara)



Tokyo Tower  
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