



2024-2025 NSSK ESG Report



Nippon Sangyo Suishin Kiko Ltd.

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

In Partnership with Management and Employees



TOKYO SKYTREE / Tokyo



Amami-Oshima Island / Okinawa



Shirakawa-go / Gifu

2024-2025 NSSK ESG Report

INDEX

Commitment

- 03 NSSK's Commitment to ESG
 - 05 CEO Message
 - 11 NSSK's Approach to ESG
 - 17 NSSK's Integration of ESG Policies and Practices

Action

- 19 NSSK's ESG Initiatives in Action
 - 21 NSSK's Fund Platform
 - 27 Regional Impact Funds
 - 29 Commitment to Sustainability
 - 31 NSSK Award – Case Study
 - 39 Social Contribution Activities

Philosophy

- 41 NSSK Philosophy
 - 43 NSSK Philosophy
 - 47 NSSK's ESG Advancement Organization
- 49 Diversity and Inclusion
- 50 ESG Roundtable Discussion
- 53 Company Song / Editor's Postscript
- 54 NSSK Group Overview

Awarded PEI Firm of the Year in Japan 2023

Awarded PEI Mid-Market Firm of the Year in Asia 2023

Nippon Sangyo Suishin Kiko Ltd. (NSSK) has been selected as the 2023 PE Firm of the Year in Japan and the 2023 Mid-Market Firm of the Year in Asia by Private Equity International (PEI). PEI selects firms for these awards that serve as benchmarks in the industry, based on the perspectives of peers and industry stakeholders. This is NSSK's fifth time receiving the award, Firm of the Year in Japan, following wins in 2017, 2018, 2020, and 2022. Additionally, this is the first time NSSK has received the Mid-Market Firm of the Year in Asia award. This honor is given to firms that have shown strong performance in fund management and investment strategies, specifically in the mid-market segment within the Asian region. NSSK has also previously received the PEI Operational Excellence Award in 2020 and 2021. We are deeply honored by this recognition and will continue our efforts to achieve excellent financial and ESG outcomes for our portfolio companies, living up to the prestige of these awards.



PRIVATE EQUITY INTERNATIONAL
AWARDS 2017
Firm of the year
in Japan



PRIVATE EQUITY INTERNATIONAL
AWARDS 2018
Firm of the year
in Japan



PRIVATE EQUITY INTERNATIONAL
AWARDS 2020
operational
excellence
WINNER
ASIA-PACIFIC



PRIVATE EQUITY INTERNATIONAL
AWARDS 2020
Firm of the Year in Japan



PRIVATE EQUITY INTERNATIONAL
AWARDS 2021
operational
excellence
WINNER
ASIA-PACIFIC



PRIVATE EQUITY INTERNATIONAL
AWARDS 2022
Firm of the Year in Japan



PRIVATE EQUITY INTERNATIONAL
AWARDS 2023
Firm of the Year in Japan



PRIVATE EQUITY INTERNATIONAL
AWARDS 2023
Mid-Market Firm of the Year
in Asia

Thank You!

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





Commitment

NSSK's Commitment to ESG

- 05 CEO Message
- 11 NSSK's Approach to ESG
- 17 NSSK's Integration of ESG Policies and Practices

TOKYO SKYTREE / Tokyo

CEO Message



Establishing a Leadership Position in Private Equity Investing in Japan in the First 10 Years

Thanks to your support and the amazing work of our management and employee partners, over the past 10 years, NSSK has established itself as (1) the undisputed leader in business succession investments, (2) the recognized leader in special situation investments with bankruptcy related and complex transaction expertise, (3) a leader in regulated industries like healthcare and education, (4) a role model and advocate for ESG implementation in Japan and in Asia, (5) having built a unique regional financial institution ecosystem for deal sourcing and financing and (6) a generator of superior risk adjusted returns.

At the core of our performance is our commitment to the Environment, Social issues, and Governance matters in the world that we are engaged in. This unwavering dedication is a shared value among all NSSK Group members, who have worked tirelessly and with conviction to make a difference in the lives of people they work with and the communities in which they thrive. We have attempted to capture many of these activities in the 2024-2025 ESG Report and hope you enjoy reading about their contributions to make the world a better place.



10th Anniversary Event Held at Toji Temple in Kyoto (Pictured: The Five-Story Pagoda of Toji Temple)

Dear NSSK Partners, Friends and Families,

It is with great pleasure, tremendous gratitude and appreciation that we write to you on our 10th Anniversary of the Founding of Nippon Sangyo Suishin Kiko (NSSK). With your support, vote of confidence and friendship, NSSK has reached this important milestone. A colossal THANK YOU from the bottom of our hearts!

November 1st marks the 10th Anniversary of the establishment of NSSK and we are hosting an Appreciation Event at TOJI, a World Heritage Site Buddhist Temple in Kyoto that dates back to 796. We hope you will join us in our celebration of our journey to date which has been made possible through your generous support.

Jun Tsusaka

CEO, CIO
and Chairman of ESG Committee

1. Data around Impact

As we mark our 10th Anniversary, we are proud to report that NSSK has fostered growth across numerous industries, enhanced work environments and created opportunities for 20,000 employees. We manage approximately JPY 200 billion in assets for our investment partners, with our portfolio companies generating over JPY 300 billion in annual revenue. Our commitment to diversity is evident: women comprise 74% of our workforce, hold 30% of managerial positions, and occupy 20% of CEO and COO roles. Furthermore, we've pledged to achieve carbon neutrality by 2050 and maintain unwavering dedication to transparent governance across all our companies.

As of September 2024

AUM	approx. JPY 200 billion
Industry	<ul style="list-style-type: none"> • Health Care • Education • B2B Service • Manufacturing etc.
Carbon Neutral Rate of KPI Setup	100%
Governance Rate of KPI Setup	100%

NSSK Group

Revenue	About JPY 300 billion
EBITDA	About JPY 30 billion
Employees *1	About 20,000
% Women *2	74%
% Women Mgrs *2	30%
% Women CEOs/COOs	20%

*1 Including the exit portfolio companies *2 As of June 30, 2024

CEO Message

What we have confirmed over the past 10 years is that empowering women drives better business results, which in turn generates superior financial outcomes. The data speak for itself:

D&I performance and financial outcomes of the graduated companies

Industry	Woman Employees %	Woman Managers %	EBITDA Growth %	Investment Returns
Healthcare	79%	61%	23%	—
Media	57%	29%	42%	—
Healthcare	79%	46%	94%	—
Consumer Service	47%	17%	27%	—
Consumer Service	54%	31%	86%	—
Logistics	26%	0%	8%	—
Leisure	59%	27%	35%	—
Real Estate	65%	12%	136%	—
Average*	58%	28%	56%	4.1x / 44%

* Average of 8 graduated companies

Everyday we see how empowered women drive better outcomes. Please take a look at Page 50 and read the interview with Yukiko Inoue (COO of WEWORLD, formerly ISI Global, which operates Japanese language institute) and Masako Kawata (COO of MeLife, our digital literacy business for seniors) to see how they are impacting our investments on a daily basis in partnership with their employee partners and NSSK.

Having larger percentages of women in the workforce and in leadership roles is critical. As the data suggests, there appears to be strong correlation between engaging and empowering women and business outcomes. These strong business outcomes (as reflected in the EBITDA growth), in turn, are core to generating superior financial returns. We have built in key KPIs into our NSSK Value Up Program playbook and will continue to champion this investment thesis.

Equally important is to have a high level of employee satisfaction measured through a high happiness index. While the data is still limited, we look at improvements in employee retention levels as a key performance indicator for “happiness” and are working through human capital policies that will optimize this KPI.

There is more work to be done around employee happiness (and its correlation with better business outcomes) and the early data is quite promising.


2. Greenhouse Emissions

NSSK remains committed to contributing to carbon neutrality by 2050 and has been working closely with its management and employee partners at its portfolio companies to drive 30% reduction in greenhouse emissions by 2030. While our work is still in its early days, with the support of powerful tools and partner businesses like Zero Board, we continue to work towards the standardization around measuring impact around GHG and creating manuals for carbon reduction implementation across numerous industries across our portfolio.

➔ Please see Page 29 for details

3. What the NSSK team is doing at the grass roots level

We are very pleased to announce the recipients for NSSK Awards covering superior business performance and outstanding outcomes around ESG implementation. Our 2024 NSSK Award recipients are as follows:

-  **Sokan**
(See Page 33)
-  **Takagi**
(See Page 34)
-  **WEWORLD**
(See Page 35) *Former ISI Global
-  **KRAFT**
(See Page 36)
-  **Japan Energy Components**
(See Page 37)
-  **US. Mart**
(See Page 38)



Presented the award to representative director Itayama of Sokan Co., Ltd.

➔ Please see Page 31 for details

4. Wage Increases

One of our key goals in working with management teams is to create a promising future for our employees. That means any business must be organized and funded for growth, human capital policies must be designed with transparency and fairness, management and employees must be united and act as one. And compensation schemes must be fully aligned with objectives and performance. This means that rewarding employees for performance and achieving wage increases is an important KPI for management teams.

At NSSK Group companies, we are very proud of our track record in improving compensation for performance. There has been increase in compensation of 14.3%, for NSSK Group employees (which is significantly higher than the 3.5% increase we have seen in the employment statistics survey conducted by the Ministry of Health Labour and Welfare over the past five years) and employee ownership programs are being designed for greater inclusion. The approach of “when things go well, we all do well” is a must for sustainable success.

5. Regional Offices to Promote Regional Development

As part of our commitment to supporting Japan's regional economy (the Metropolitan Tokyo area represents about 40% of our GDP, which means that 60% is outside of Greater Tokyo), we continue to work closely with our approximately 90 regional financial institution relationships across the country (see Page 22). These institutions represent an aggregate balance sheet of JPY400 trillion and represent over 10,000 branches. In order to further our penetration and collaboration with our local regional partners, the NSSK Management Committee has approved the launch of a multi-year Regional Bank Training Program On Private Equity and the opening of two regional offices. New offices in Nagoya and Osaka will be rolled out during the course of 2025. These offices will not only service NSSK's investment activities, but will serve as important regional offices available to all NSSK Group companies and employees. We will continue to work toward being the private equity firm of choice in Japan's regional markets.

CEO Message

6. Baby and Family Support

The Japanese government continues to work hard to address the declining population through a number of public sector initiatives. At NSSK, we have launched a Family Support Initiative for employees who bring a new life into their families, whether by birth or adoption. We provide a Family Support contribution for each new addition, with an increased amount for each additional family member to help growing families cover a part of their higher household budgets. It's always exciting to see the NSSK extended family grow! We hope this program will help our employees start or build families with less financial burden. We look forward to seeing more smiling children in our NSSK community.

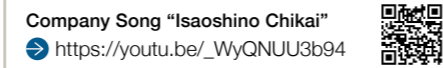
7. World Events

Needless to say, all is not good in the world. Humanity continues to be challenged by the conflicts we see around the globe (with horrific loss of lives, emotional trauma and economic loss), the uphill battle to protect the environment and those less fortunate, and the regional and political conflicts around the world that are not based on dialogue and discourse, but rather on threats and force. But there is always hope. And the forces that are "good" will hopefully create a new pathway for humanity to create and ensure a better future for the generations that follow. We need to realize that this is our issue and must act accordingly to ensure that this path is paved. Our individual and collective actions are critical in these times. We have the facility to make a difference. Let's exercise it to help create a better world and a brighter future.

8. In Closing

NSSK's ten years seems like it happened almost overnight. We wanted to build a business that has staying power, that can make a difference in the world, affect how people view their jobs and their lives in a positive way, provide a basis of hope and a reason to celebrate. As we look to NSSK's next ten years, the only thing that is certain is that we need you as part of our journey. We will continue on our mission to always do what is right as a human being and strive to provide all of our stakeholders with happiness as we seek to become a global leader in the investment business while pursuing ESG advancement in everything that we do.

To commemorate our 10th Anniversary, we have asked a famous Japanese singer song writer (Ogura Kei – see Page 53) to compose a song for NSSK. The title of the song is "Isaoshino Chikai (勲しの誓い)", which means "Pledge to Do Good". The song captures NSSK's Philosophy (see Page 43) and how each of us conduct our lives each day. An excerpt (in Japanese and with a ChatGPT assisted translation in tribute to my wife) from the NSSK Song:



"We will continue to do what is right...with humility and never-ending commitment...our mission to make people's lives better...creating happiness...and with heartfelt gratitude..."

As the lyrics of "Isaoshino Chikai" proclaim, with tireless effort and dedication, we are committed to your happiness and always grateful to be able to do what we do.

**With tremendous thanks, humbly,
Jun Tsusaka, on behalf of the entire NSSK Team**



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.

NSSK's Approach to ESG



Policy 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.

Slogan NSSK Corporate Slogan

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

In Partnership with Management and Employees

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 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.



JPEA (Japan Private Equity Association) ESG Committee

NSSK has been consecutively selected as a member of the ESG Committee, established in January 2023 to promote ESG activities of the Japan Private Equity Association and its members. We support the planning and implementation of ESG initiatives as part of the Private Equity Association's efforts.



Lecture at Hitotsubashi University M&A Course



The scene from a lecture at Hitotsubashi Graduate School

At a lecture on "Sustainable Management" hosted by EY Japan, we gave a presentation on the theme of "ESG Initiatives in PE Funds." The presentation covered ESG initiatives in each phase of private equity (PE) fund operations and included case studies of portfolio companies. Through this session, we explained the relationship between PE funds and ESG, helping students deepen their understanding of the social contributions made by PE funds.



Signing the Operating Principles for Impact Management (the "OPIM") and Reappointment as the Asia-Pacific Regional Chair

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.

*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.



Representative Tsusaka has been reappointed as the Chair for the Asia-Pacific region of the Operating Principles for Impact Management, leading regional members toward the best practices in impact investing. Additionally, in April 2024, we have hosted the "OPIM in Person," gathering domestic signatories to facilitate discussions and exchange ideas.

PEI - Regional Impact Forum in Asia

In October 2024, we will present on the theme "From ESG to Impact" at the Regional Impact Forum in Asia hosted by Private Equity International (PEI), alongside Joohee Rand, the Secretary of the Principles for Impact Investment.

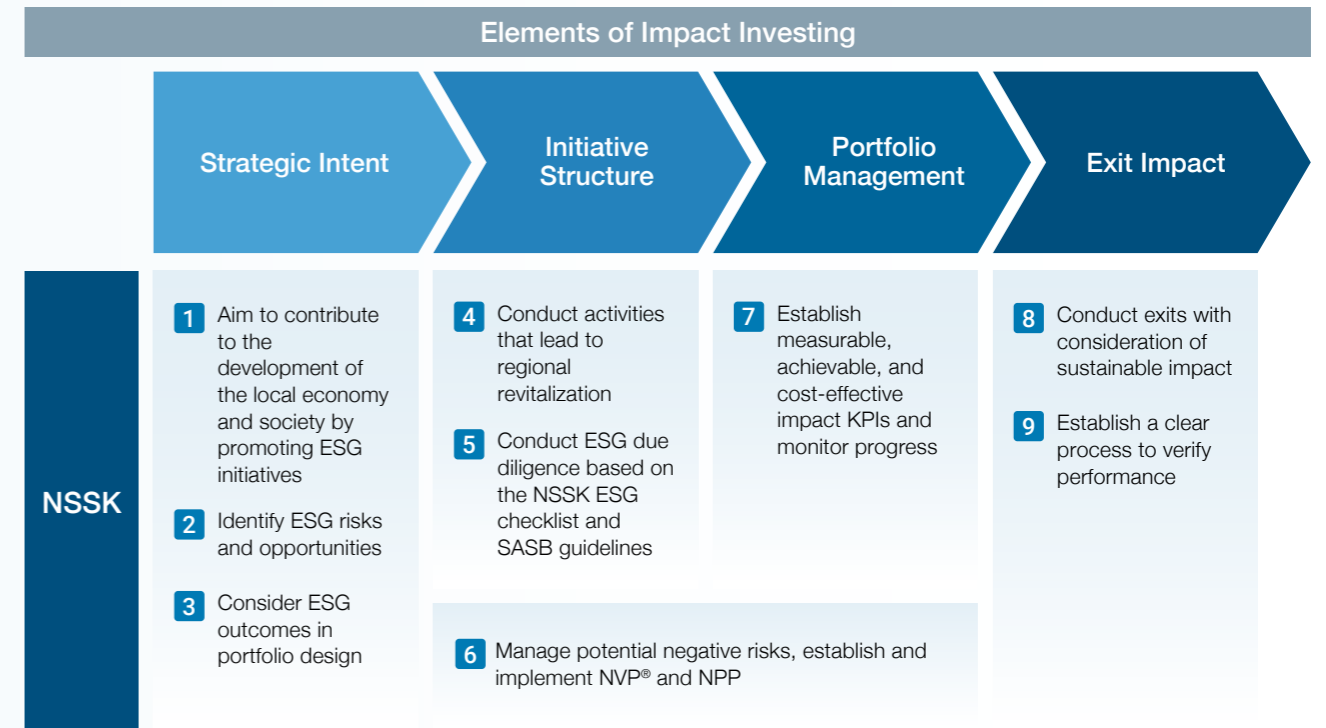


Operating Principles for Impact Management

The Operating Principles for Impact Management bring discipline, transparency, and reliability to the impact investing market. These principles stipulate that signatory organizations must scrutinize and monitor not only the financial benefits but also the developmental effects derived from their investments. By undergoing independent third-party verification of their impact fund operations, signatories can ensure high transparency and are expected to enhance trust from investors.



"The Operating Principles for Impact Management is celebrating its 5th anniversary."



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.



Message

ESG policies and procedures are the foundation of our NSSK Value-Up Program (NVP®). We have pledged to increase the happiness index of our employees, work to have shared values, objectives and alignment with all of our employee partners, and a commitment to always do what is right. We are grateful to all of our management and employees for the amazing contributions they make to their companies, customers, partners, communities and families each day.



Jun Tsusaka
CEO
Chairman of ESG Committee

- 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)

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

Investment Process



Summary		
<ul style="list-style-type: none"> Screening of Investment Opportunities 	<ul style="list-style-type: none"> Preparation of Investment Memo Considering ESG outcomes in portfolio design 	<ul style="list-style-type: none"> Providing a unique management support package (NSSK Value-Up Program = NVP®) to portfolio companies.
ESG Initiatives		
<ul style="list-style-type: none"> Conducting ESG due diligence using external experts Evaluation and categorization using an ESG checklist Identifying ESG issues 	<ul style="list-style-type: none"> Confirmation by the investment committee Identifying risks and improvement measures 	<ul style="list-style-type: none"> Introduction of an ESG framework Setting KPIs for each investment target Continuous monitoring Measurement and evaluation of results Conducting audits by ESG auditors

Fund Process



Summary	
<ul style="list-style-type: none"> Composition of funds procured from government agencies, global corporate pension plans, major financial institutions, regional banks, etc. 	<ul style="list-style-type: none"> Monitoring and disclosure of ESG performance of the investment fund
ESG Initiatives	
<ul style="list-style-type: none"> Briefings on key initiatives and action guidelines around ESG Responding to ESG questionnaires from investors 	<ul style="list-style-type: none"> Regular reporting on ESG performance Providing quantitative and qualitative information Handling ESG-related questions from investors

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.



Amami-Oshima Island / Okinawa

Action

NSSK's ESG Initiatives in Action

- 21 NSSK's Fund Platform
- 27 Regional Impact Funds
- 29 Commitment to Sustainability
- 31 NSSK Award – Case Study
- 39 Social Contribution Activities

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 was formed in 2015. The fund 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. This fund aims to be a long-term investor in approximately 10 to 15 diversified platform investments. Our targets are well-established companies that demonstrate high profitability and generate stable cash flows, supported by robust management teams. We strive for diversification across our portfolio in terms of region, industry (sector), investment theme, and timing. While succession projects are expected to remain a significant focus, we will also emphasize special situation cases and privatization projects, leveraging the past investment performance and experience of NSSK members, as well as the current market environment in Japan, to build a strong and balanced 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 Region 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 area, 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.

The meticulous work our NVP team does around instilling the NSSK Philosophy in our companies with the leadership of our Chief Corporate Philosophy Officer, Ohta, is a game changer. It sets the basis for productive and sustainable positive change.

Aki Ishida
Senior Partner



Infrastructure and Network of Regional Financial Institutions

(As of September 30, 2024)

Chugoku

- 30 Okayama
The Chugoku Bank, Limited
- 31 Hiroshima
The Hiroshima Bank, Ltd.
- 32 Tottori
The Tottori Bank, Ltd.
- 33 Shimane
The San-In Godo Bank, Ltd.
- 34 Yamaguchi
The Yamaguchi Bank, Ltd.

Hokuriku

- 15 Niigata
Daishi Hokuetsu Bank, Ltd.
- 16 Toyama
The Hokuriku Bank, Ltd.
The First Bank of Toyama, Ltd.
Takaoka Shinkin Bank
- 17 Fukui
The Fukui Bank, Ltd.

Shikoku

- 35 Kagawa
The Hyakujushi Bank, Ltd.
- 36 Tokushima
The Awa Bank, Ltd.
The Tokushima Taisho Bank, Ltd.
- 37 Ehime
The Iyo Bank, Ltd.
- 38 Kochi
The Shikoku Bank, Ltd.
The Bank of Kochi, Ltd.



Kyushu

- 39 Fukuoka
The Bank of Fukuoka, Ltd.
The Nishi-Nippon City Bank, Ltd.
The Kitakyushu Bank, Ltd.
Fukuoka-Hibiki Shinkin Bank
- 40 Saga
The Bank of Saga, Ltd.
- 41 Nagasaki
The Juhachi-Shinwa Bank, Ltd.
- 42 Kumamoto
The Higo Bank, Ltd.
- 43 Miyazaki
The Miyazaki Bank, Ltd.
- 44 Kagoshima
The Kagoshima Bank, Ltd.
Minami Nippon Bank, Ltd.
- 45 Okinawa
Bank of The Ryukyus, Limited

Kinki

- 23 Shiga
The Shiga Bank, Ltd.
- 24 Kyoto
The Bank of Kyoto, Ltd.
- 25 Mie
The Hyakugo Bank, Ltd.
San ju San Bank, Ltd.
Kitaiseueno Shinkin Bank
- 26 Nara
The Nanto Bank, Ltd.
- 27 Osaka
Kansai Mirai Bank, Limited
The Senshu Ikeda Bank, Ltd.
Osaka Shoko Shinkin Bank
- 28 Wakayama
The Kiyo Bank, Ltd.
- 29 Hyogo
The Minato Bank, Ltd.

Hokkaido

- 1 Hokkaido
North Pacific Bank, Ltd.
The Hokkaido Bank, Ltd.

Tohoku

- 2 Aomori
The Michinoku Bank, Ltd.
- 3 Akita
The Akita Bank, Ltd.
- 4 Iwate
The Bank of Iwate, Ltd.
The Kita-Nippon Bank, Ltd.
- 5 Yamagata
The Yamagata Bank, Ltd.
The Shonai Bank, Ltd.
Kirayaka Bank, Ltd.
- 6 Miyagi
The 77 Bank, Ltd.
- 7 Fukushima
The Toho Bank, Ltd.
The Daito Bank, Ltd.

Kanto

- 8 Gunma
The Gunma Bank, Ltd.
The Towa Bank, Ltd.
- 9 Tochigi
The Ashikaga Bank, Ltd.
The Tochigi Bank, Ltd.
- 10 Ibaraki
The Joyo Bank, Ltd.
Tsukuba Bank, Ltd.
- 11 Saitama
Saitama Resona Bank, Limited
The Musashino Bank, Ltd.
- 12 Chiba
The Chiba Bank, Ltd.
The Chiba Kogyo Bank, Ltd.
The Keiyo Bank, Ltd.
- 13 Tokyo
Kiraboshi Bank, Ltd.
The Tokyo Star Bank, Limited
The Higashi-Nippon Bank, Limited
- 14 Kanagawa
The Bank of Yokohama, Ltd.

Chubu

- 18 Yamanashi
The Yamanashi Chuo Bank, Ltd.
- 19 Nagano
The Hachijuni Bank, Ltd.
The Nagano Bank, Ltd.
- 20 Gifu
The Juroku Bank, Ltd.
The Ogaki Kyoritsu Bank, Ltd.
The Gifu Shinkin Bank
- 21 Shizuoka
The Shizuoka Bank, Ltd.
Suruga Bank, Ltd.
- 22 Aichi
The Bank of Nagoya, Ltd.
The Aichi Bank, Ltd.
The Chukyo Bank, Ltd.
Hekikai Shinkin Bank
The Chita Shinkin Bank
Toyokawa Shinkin Bank

NSSK's Fund Platform

NSSK Group Portfolio Companies as of September 2024

West Japan Takagi



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.

▶ <https://www.takagi.co.jp/>

Chubu Niwakyu



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.

▶ <https://www.niwakyu.com/>

East Japan Craftz



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.

▶ <https://www.craftz.co.jp/>

West Japan Bestlife



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.

▶ <https://bestlife-ltd.com/>

Chubu RAY Field



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.

▶ <https://rayfield.jp/>

East Japan Care Medical



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.

▶ <https://care-medical.co.jp/>

West Japan MeLife



MeLife operates PC schools that offer courses in an e-learning format using proprietary teaching materials. It operates 136 schools nationwide.

▶ <https://melife.jp/>

Chubu SORA GROUP



SORA GROUP operates restaurants mainly in Nagoya. It operates a variety of different types of restaurants including Japanese, pizzerias, ramen, and bakeries.

▶ <https://sora-g.jp/>

East Japan The Kamogawa Grand Hotel



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).

▶ <https://www.kamogawagrandhotel.ne.jp/>

West Japan KANTEC Group



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.

▶ <https://www.kantec.net/>

Chubu US. Mart



Operates indoor playground facilities (Kid's LAND US.) in shopping centers and malls. US. Mart has a nationwide store presence across Japan and is a leading player in the industry.

▶ <https://kidslandus.com/>

East Japan mighty myT



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.

▶ <https://www.mighty2.com/>

West Japan ELSONIC



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.

▶ <https://www.elsonic.co.jp/>

East Japan KRAFT



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).

▶ <https://www.kraft-net.co.jp/>

East Japan WEWORLD



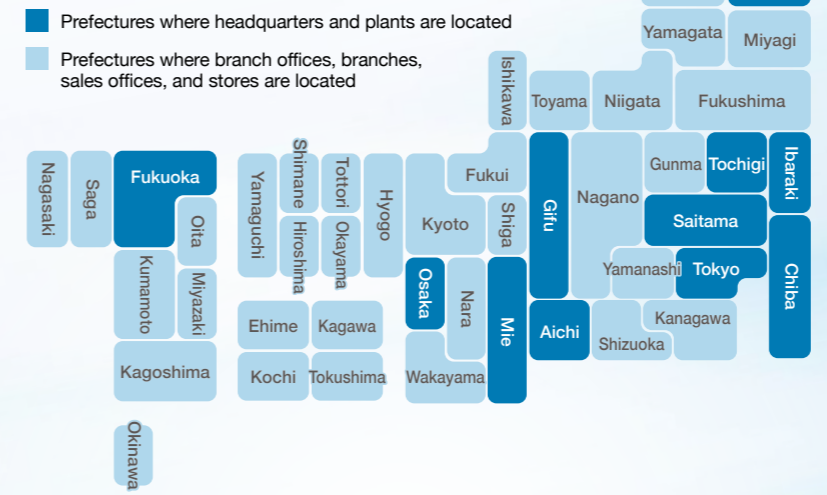
WEWORLD originated from the Shinano Gakuin cram school and now operates Japanese language education and study abroad-related service businesses. It is one of the largest Japanese language schools in Japan and a leading player in the language education industry with over 30 years of business experience.

▶ <https://www.weworld.co.jp/>

For details on our investment performance, please visit our website.



<https://nssk-japan.com/en/portfolio/>



East Japan DNS



DNS develops and sells sports foods and supplements based on sports nutrition, including protein and amino acids, under the brand name DNS.

▶ <https://www.dnszone.jp/>

East Japan Vati



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).

▶ <http://www.vati.co.jp/>

East Japan Japan Energy Components



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).

▶ <https://jecomponents.co.jp/>

East Japan next innovation



Next innovation was founded in 2015 as a fables 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 dryers and digital perm treatment machines.

▶ <https://nxi.co.jp/>

East Japan SOWA PROJECT



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.

▶ <https://www.sowaproject.jp/>

East Japan Sokan



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.

▶ <https://sokan.jp/>

East Japan EdulinX



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.

▶ <https://www.edulinx.co.jp/>

East Japan Kantoku Global Corporation



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.

▶ <https://www.kantoku.co.jp/>

Graduated Companies (Exited Companies)

▶ For details on graduated companies and their ESG achievements, please see Pages 25 to 26.

	BUNKASHA		Welfare Suzuran		IIT
	Hakkoden		Ise Meotoiwa Paradise		Vati
	Tokai Tenrei		Hotel Castle Inn Group		

NSSK's Fund Platform

Companies under NSSK's intensive management have achieved remarkable success and are now graduating.

As of the end of September 2024, eight companies from NSSK's portfolio have graduated. For each company, various NVP initiatives were implemented at the time of investment, and NSSK actively promoted ESG efforts, resulting in outstanding investment performance.


Graduated companies

 <p>BUNKASHA</p> <p>The Bunkasha Group is a comprehensive publishing company, with its main products being manga magazines, manga books, and their electronic versions. In addition, it publishes information magazines and general books in both print and digital formats.</p> <p>▶ https://www.bunkasha.co.jp/</p>	 <p>Ise Meotoiwa Paradise</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>▶ https://ise-seaparadise.com/</p>
 <p>Hakkoden</p> <p>The company operates numerous ceremonial halls centered in Yao City, Osaka Prefecture. With the theme of "Emotional Funerals," staff trained for approximately 3,600 hours each provide high-value services. The company holds the top market share in funeral services in Yao City.</p> <p>▶ https://hakkoden.co.jp/</p>	 <p>Hotel Castle Inn Group</p> <p>Under the "Hotel Castle Inn" brand, this hotel group owns and operates six business and resort hotels, with a total of 826 guest rooms.</p> <p>▶ https://www.castleinn.co.jp/</p>
 <p>Tokai Tenrei</p> <p>The company operates numerous ceremonial halls centered in Toyokawa City, Aichi Prefecture. It offers high-quality floral altars through its in-house floral department and holds the top market share for funeral services in Toyokawa City.</p> <p>▶ https://tokaitenrei.com/</p>	 <p>IIT</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>▶ https://www.i-i-t-inc.jp/</p>
 <p>Welfare Suzuran</p> <p>Welfare Suzuran operates seven residential style nursing homes and three group homes for persons with disabilities mainly in Nagoya. It offers high quality nursing care service at an affordable price.</p> <p>▶ http://suzuran-group.jp/</p>	 <p>Vati</p> <p>In January 2020, we completed the exit of Vati 1 & 2 and are currently continuing investments as Vati 3.</p> <p>▶ http://www.vati.co.jp/</p>

The investment pipeline is full of incredible opportunities across a number of attractive industries. Our ability to access these differentiated opportunities comes through the NSSK brand, which stands for doing the right thing in our decision-making and a commitment to make the working environment a better place by providing the tools and ingredients for sustainable success.

(left)
Ryoji Kanamori
Partner

(right)
Makoto Iwami
Partner



ESG achievements of graduated companies

Here are some examples of ESG initiatives by graduated companies that have delivered business success.



BUNKASHA

Investment Period April 2017 (Exited in October 2020)

Relevant SDGs




ESG Initiatives

- Number of Employees: **25% Increase**
- Percentage of Female Employees: **10% Increase**
- Percentage of Female Managers: **7% Increase**

- Appointment of a female CEO
- The digital transformation (DX) of the business improves profitability.
- Tripling the number of full-time employees in the digital department.
- Implementation of an in-house recognition and award system.
- Conducting various training programs (leadership training, data analysis training).

EBITDA Growth Rate


42%



Welfare Suzuran

Investment Period December 2019 (Exit in December 2022)

Relevant SDGs



ESG Initiatives

- Number of Employees: **40% Increase**
- Percentage of Female Employees: **75% Maintained at over**
- Percentage of Female Managers: **45% Maintained at over**

- An increase in the number of facilities (33% increase compared to the time of investment).
- As part of employee training, the development of a caregiving manual.
- Hosting an in-house competition to showcase caregiving skills.
- Conducting internal audits.

EBITDA Growth Rate

94%



Hotel Castle Inn Group

Investment Period August 2018 (Exit in June 2024)

Relevant SDGs




ESG Initiatives

- Number of Employees: **50% Increased by over**
- Percentage of Female Employees: **70% Maintained at around**
- Percentage of Female Managers: **Appointed female managers starting from the 2022 fiscal year.**

- Implementing HR and training programs to provide a comfortable and supportive work environment.
- Enhancing motivation through the implementation of an in-house recognition and award system.
- Promoting part-time employees to full-time positions and appointing women as makeup department leaders.
- Contributing to local development by supporting community sports events held in the region.

EBITDA Growth Rate


136%



Tokai Tenrei

Investment Period June 2019 (Exit in November 2023)

Relevant SDGs



ESG Initiatives

- Number of Employees: **27% Increased by over**
- Waste of Fresh Flowers: **36% Reduced by**

- Reduction in resource consumption per funeral.
- Optimizing purchasing quantities and promoting reuse to reduce the amount of discarded flowers.
- Utilizing digital communication to reduce gasoline waste.
- Building a work environment that is supportive and conducive for women.

EBITDA Growth Rate

86%

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 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.



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.



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"> Regional Impact Funds targeting small and medium-sized companies with investments of up to one billion yen 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
8 DECENT WORK AND ECONOMIC GROWTH	Employment Creation	<ul style="list-style-type: none"> We consider employee numbers as one KPI, striving to create employment while increasing revenue Promoting creation of work-friendly environments and reducing staff turnover through revision of personnel systems, including introduction of performance-linked remuneration and incentive plans
4 QUALITY EDUCATION	Human Resource Education	<ul style="list-style-type: none"> Supporting creation of work environments that are rewarding for employees and provision of necessary professional training <ul style="list-style-type: none"> - NSSK Philosophy Program (NPP) → Please see Page 45 - Building and strengthening education and training systems
9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Digitalization	<ul style="list-style-type: none"> Understanding and applying industry-leading technology and expertise <ul style="list-style-type: none"> - Strengthening digital marketing - Advancement of data-based management decision-making (use of cloud and other systems)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environment	<ul style="list-style-type: none"> Our ESG, Diversity and Inclusion Committee leads pre-investment analysis of ESG issues, and support for post-investment strengthening of ESG <ul style="list-style-type: none"> - Including creation of products developed with awareness of issues such as food waste reduction, power and water conservation, paperless operation, and environmental protection
5 GENDER EQUALITY	Advancement of Women	<ul style="list-style-type: none"> We also actively promote advancement of female employees <ul style="list-style-type: none"> - Providing education on creation of work-friendly environments (including anti-harassment training) - Active promotion of women into management at investment targets
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Compliance Reinforcement	<ul style="list-style-type: none"> Support for strengthening of compliance systems, which are lacking in many small and medium-sized companies <ul style="list-style-type: none"> - Introduction of personnel for internal management positions - Implementation of accounting audits, strengthening internal controls, thorough labor management systems, creation of systems to exclude antisocial forces * All 100% executed
3 GOOD HEALTH AND WELL-BEING	Healthcare Sector	<ul style="list-style-type: none"> We actively consider investment in the healthcare sector as a business field expected to see growth in the future and as our investment theme NSSK Group makes use of its knowledge in the healthcare sector

NSSK ESG Dashboard

	Employee growth rate*1	Percentage of Female Employees	Ratio of female and minority CEOs/COOs*3	Wage growth rate*4,5 (with the time of investment set as 100)
As of June 2024	+15% (20,341 people)*2	74%	20% (4 companies)	14.3%
Target value	+12% to 15%	75% to 80%	30% to 40%	—

*1 Comparison between the time of investment in each company (including exit companies) and June 2024.
 *2 Total number of employees at the investee companies (including exit companies) as of June 2024.
 *3 Ratio of investee companies that have female or foreign executives (CEOs/COOs).
 *4 Average rate of increase or decrease in comparison between the time of investment and the most recent fiscal year for each company.
 *5 According to the Basic Survey on Wage Structure conducted by the Ministry of Health, Labour and Welfare, the wage growth rate from 2019 to 2023 is +3.5%.

Our ESG journey is just beginning. It started with the creation of five separate Impact Funds to assist the vitalization of our regional economies, create jobs and protect the environment, further social justice and increase governance transparency. We now have an ESG Playbook that works, can be customized and implemented across a number of industries.

Joe Matsunaga
Partner



ESG is not only the right thing to do, but it also enhances the value of our businesses. Strategic buyers view having a full complement of ESG policies and procedures, a must have for acquisitions.

Kaz Tokuyama
Senior Partner



Commitment to Sustainability

Efforts to Address Environmental Issues

All Portfolio Companies Aim to Reduce Greenhouse Gas Emissions by 30% by 2030.

At NSSK, we recognize climate change as a global social issue and believe that implementing various initiatives within our portfolio companies to contribute to society is a part of responsible investing.



Approach Toward Achievement



NSSK has signed a comprehensive agreement with Zeroboard Inc., a company that develops and provides cloud services for calculating and visualizing Greenhouse Gas (GHG) emissions, to standardize the measurement of GHG emissions across its portfolio companies.

1. Visualization of GHG Emissions

Scope	GHG	測定対象	ラベル	活動	測定単位	数値	単位	操作
Scope 1	CO2	燃料燃焼	燃料燃焼	燃料燃焼	kg	2,858	kg	
				燃料燃焼	kg	2,619	kg	
				燃料燃焼	kg	2,322	kg	
				燃料燃焼	kg	0	kg	
				燃料燃焼	kg	0	kg	
				燃料燃焼	kg	0	kg	

- CO₂ emissions are automatically calculated when the activity data is entered into the selected fields.
- Select the items that correspond to your company's activities.
- Supports Scope 1 to 3.
- Instantly generates graphs of CO₂ emissions based on the entered data.

2. Consideration of Reduction Measures



- Use the dashboard to track activities for the entire company, as well as by facility and group.
- Check the status of goal achievement.
- Supports Scope 1 to 3.
- Instantly generates graphs of CO₂ emissions based on entered data.
- Receive reduction measure proposals from vendors.
- Connect with vendors' partner companies.

Environmentally Conscious Business Activities

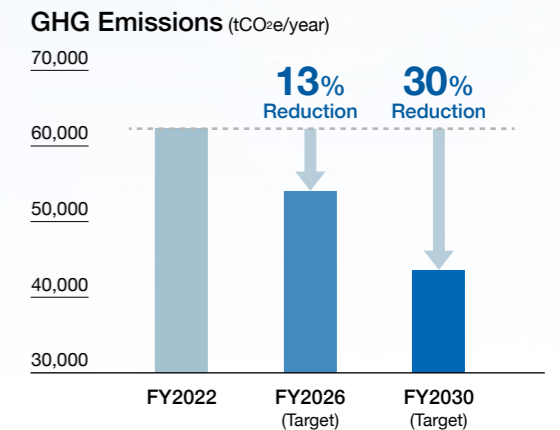


Takagi is actively working towards realizing a carbon-neutral society by accurately measuring GHG emissions across its entire supply chain and advancing its decarbonization initiatives. Since NSSK's involvement, the company has set a target to reduce GHG emissions by 30% by 2030. To achieve this, it has established ESG KPIs and formed an ESG Promotion Committee to regularly monitor its activities. As part of its quality and environmental policy, Takagi has established a comprehensive quality system covering everything from product design and development to after-sales service. The company is committed to providing more reliable products and services to its customers while promoting environmentally friendly business practices. These include expanding its range of eco-friendly products, implementing energy and resource conservation efforts, and reducing waste. In July 2005, the company obtained ISO 9001 and ISO 14001 certifications, which are international standards for quality and environmental management respectively. Additionally, in November 2023, Takagi's manufacturing plant for water purifier cartridges used in integrated faucet-type water purifiers obtained ISO 22000 certification, an international standard for food safety. Moving forward, Takagi will continue to work on improving customer satisfaction and enhancing environmental conservation through initiatives such as GHG reduction, while striving for continuous improvement in its quality and environmental management systems.

A Roadmap for GHG Reduction with Consideration for the Environment

30% Reduction by FY2030 Compared to FY2022.

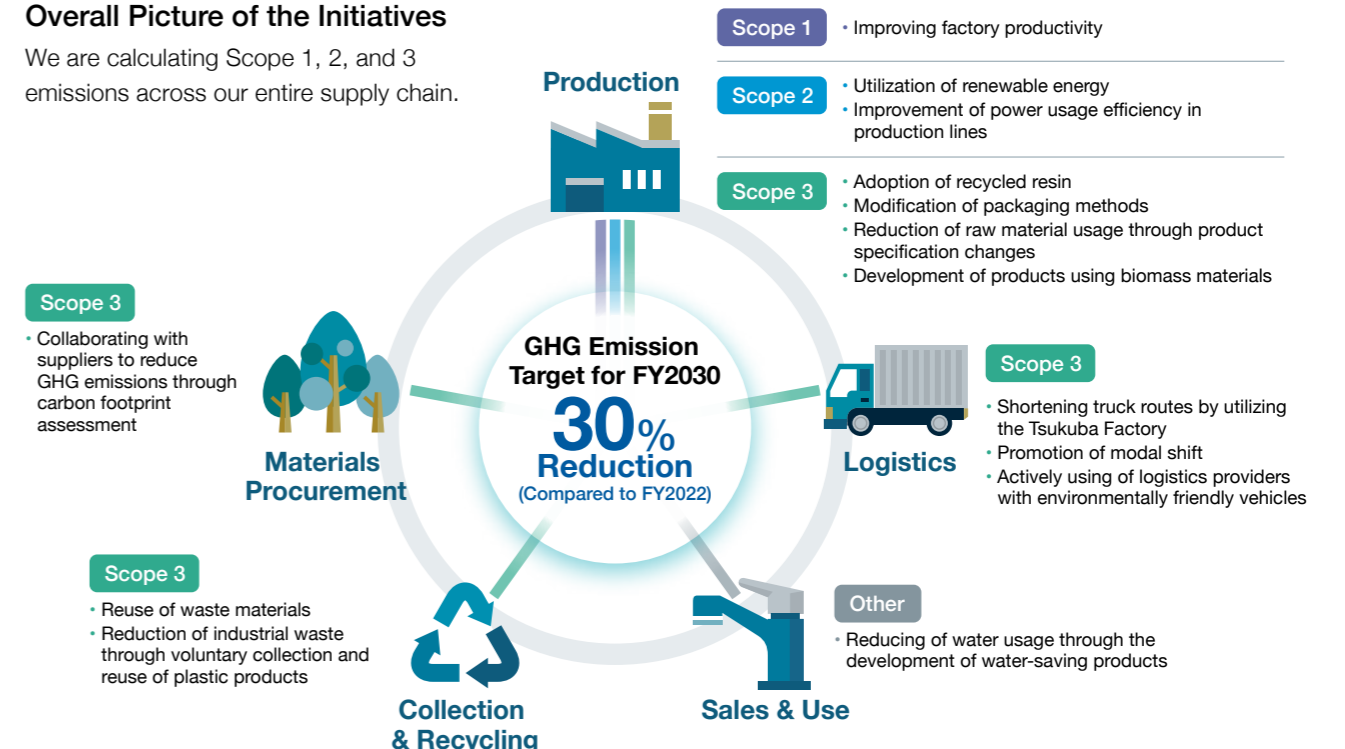
We have set a KPI to reduce GHG emissions by 30% by 2030 and are implementing various initiatives to achieve this goal.



- 1. Renewable Energy and Energy Efficiency Initiatives**
Introduction of energy-efficient equipment, reduction of standby power, and installation of solar panels, among other initiatives.
- 2. Product Specification Changes**
Use of recycled materials, changes in faucet materials, and weight adjustments, among other measures.
- 3. Reform**
Research on biomass materials, and reduction initiatives in collaboration with suppliers, among other efforts.

Overall Picture of the Initiatives

We are calculating Scope 1, 2, and 3 emissions across our entire supply chain.



NSSK Award

NSSK has introduced an awards system this year to recognize portfolio companies that have achieved outstanding performance, with awards based on specific themes. This section introduces this year's award recipients.

NSSK Award FY2024 Winners



Awarded in the Sales Growth Category

Sokan Co., Ltd.
Sales, Marketing, and Production Collaborated, Achieving Steady Revenue Growth.



Awarded in the New Investment Category

Takagi Co., Ltd.
Backed by steady business growth, the company made significant investments in the new headquarters and Tsukuba factory.



Awarded in the Roll-up/ESG Category

WEWORLD Inc.
Contributing to the Development of the International Community with the Philosophy of "Connecting the World, Creating Dreams and People."



Awarded in the Talent Development and Hiring Category

KRAFT Inc.
Aiming to Become a "Pharmacy Open to the Community" Rooted in the Local Area.



Awarded in the Cost Reduction/ESG Category

Japan Energy Components Co., Ltd.
Challenging the Development of the Global Energy Business and Becoming a Bridge to a Prosperous and Happy Future.



Awarded in the Cost Reduction/Rationalization Category

US. Mart Corporation
Expanding Indoor Playgrounds Nationwide to Foster Parent-Child Bonds.

NSSK Award - Case Study



Sokan Co., Ltd.

Delivering Deliciousness and Wellness by Harnessing the Bounty of the Sea and Land.

Sokan is working towards the achievement of the SDGs through its business activities, addressing social issues. It is the No. 1 company in manufacturing and selling healthy, nutritious snacks and food products made from the bounty of the sea and land, such as kuki wakame (stalked seaweed) and karikari ume (crunchy pickled plums). Sokan offers a wide range of products, including its own brand, private label products for retailers, and OEM products for food manufacturers, with a strong presence in convenience stores.

NSSK Award

Awarded in the Sales Growth Category

Sales, Marketing, and Production Collaborated, Achieving Steady Revenue Growth.

- The sales revenue, which was 5.3 billion yen in FY2021, grew at an average annual rate of about +11%, reaching 6.5 billion yen in FY2023. Furthermore, in FY2024, the company is steadily progressing towards achieving even higher sales figures. This achievement in sales growth was recognized, and the company was awarded the 2024 NSSK Award in the "Sales Growth Category."
- The company has been actively promoting efforts to secure product distribution through strengthened sales activities, enhance the Sokan brand using social media and TV commercials, and expand production capacity to meet increasing demand. Sales, marketing, and production are closely collaborating to drive sales growth.

ESG INITIATIVES

- More than 70% of the employees at Sokan are women, supporting the company's performance. (As of June 2024)
- While expanding sales, the company has set KPIs for reducing plastic waste and food loss, and is working towards environmentally friendly, waste-free production.
- The company provides sweet potato food residues generated from dried sweet potato processing to local dairy and livestock farmers to be used as feed for livestock. Additionally, we are promoting initiatives to develop upcycled products that add new value by utilizing these residues.
- By installing solar panels on the roofs of the headquarters factory and the Otsuchi factory, the company expects to reduce electricity usage by approximately 15%.



The company utilizes waste plastics, such as vinyl and film from the factory, as recycled fuel for thermal power generation.



The company is developing initiatives to maximize the utilization of food waste from sweet potatoes.



The solar panels installed on the roof of the headquarters factory.



Takagi Co., Ltd.

Bringing Comfort and Enrichment to People's Lives and Contributing to the Development of Society.

The company, with the vision of "enriching people, enriching the world," manufactures and sells water-related products such as water purifiers and irrigation supplies. The company operates in three main business areas: water purifier business, irrigation business, and mold business. In the water purifier business, the company pioneered the industry in 1999 by launching "Mizu Kobo," a faucet-integrated water purifier. Today, it has become a leading company in water purifiers, boasting the highest adoption rate for new condominiums in the industry.

NSSK Award

Awarded in the New Investment Category

Backed by steady business growth, the company made significant investments in the new headquarters and Tsukuba factory.

- As the business continues to grow steadily, we made a large-scale capital investment of approximately 30 billion yen, with the support of NSSK, to respond to the needs of 2 million households nationwide for regular cartridge replacement and to create a better workplace environment aimed at realizing a "people-centered company." This investment includes a major overhaul of the company's production facilities.
- The Tsukuba factory, the company's first manufacturing base in the Kanto region, was completed in January 2024, and in May 2024, the long-awaited new headquarters factory for Takagi employees was completed.

ESG INITIATIVES

- Solar panels have been installed on the roofs of the new factory and the Tsukuba factory to provide clean energy for manufacturing, contributing to the reduction of GHG emissions. (Targeting a 30% reduction in GHG emissions by FY2030)
- Takagi promotes diversity and inclusion based on its fundamental philosophy of providing "a workplace where everyone can work happily," which is the founding purpose of the company. This initiative has been recognized, and we received the "Encouragement Award" in the corporate and organizational category of the 15th Kitakyushu City Women's Empowerment and Work-Life Balance Awards.
- The company is actively promoting support for balancing work and family life, and to encourage male employees' participation in childcare, it revamped the existing childcare leave system into the "Childcare Training System" (Ikutore) in October 2021. As a result, the childcare leave acquisition rate among male employees dramatically improved to 95% in FY2023, compared to just 3% in FY2020 before the system was introduced. Additionally, the new headquarters factory includes the Takagi Kids Nursery, supporting employees who are raising children.
- As part of its employee career support, the company has introduced a career self-declaration system and is advancing the development of a structure that respects and supports each employee's career plan and its realization.



An Aerial View of the New Headquarters Factory

The new headquarters factory is located on a vast 135,000m² site in the Kokura area of Kitakyushu, housing the headquarters, factory, mold building, R&D center, and a nursery.



Takagi Kids Nursery

The company established a nursery that meets Cabinet Office standards to create a workplace where employees with children can work comfortably.



NSSK Award - Case Study

WEWORLD

WEWORLD Inc.

Contributing to International Development with the Philosophy of "Connecting the World, Creating Dreams and People."

This is an educational platform company that operates various businesses, including ISI, Japan's leading Japanese language school, universities, vocational schools, New Line (a preparatory school for Chinese students), and ISI Global Reach, which offers foreign talent placement services. Through the creation of educational environments that foster global talent, the company contributes to the realization of people's dreams and the development of the international community.

NSSK Award

Awarded in the Roll-up/ ESG Category

Successfully Strengthened Existing Businesses and Entered New Markets through Three Roll-Up M&As.

Since WEWORLD joined NSSK, it has conducted roll-up M&As with TIJ Tokyo Japanese Language Institute, the Togen Group, and the New Line Group, resulting in a significant increase in the capacity of Japanese language schools and entry into the new preparatory school business. The Japanese language schools TIJ and Togen were rebranded under ISI, greatly increasing their capacity. Additionally, the Chinese-oriented preparatory school New Line has generated significant synergy through its collaboration with ISI. As a result, the capacity has increased 2.5 times over the past three years, and the company successfully expanded into new businesses. These efforts were recognized with the NSSK Award.

ESG INITIATIVES

- The company aims to create a workplace that promotes diversity by increasing the ratio of female employees and managers. In FY2023, we achieved the set KPIs, with the ratio of female employees at 72.7% and the ratio of female managers at 51.5%, creating an ideal environment.
- The company is committed to environmentally conscious business operations by tracking paper and electricity usage per student. The company successfully reduced paper usage per student by 10% in FY2023 compared to the previous year and electricity usage by 8% compared to FY2019.
- Since 2022, WEWORLD has been conducting refugee support activities with the assistance of UNHCR. To date, we have provided free Japanese language education to 46 individuals who have sought refuge in Japan.



In 2024, the company joined the "Welcome Japan CxO Council."



The company hosted a trash-picking event.

さくら薬局グループ

KRAFT Inc.

Aiming to Become a "Pharmacy Open to the Community" Rooted in the Local Area.

Through the operation of "Sakura Pharmacy," the company supports people's health and self-medication as a trusted advisor for medication and well-being. We place particular emphasis on home healthcare. By collaborating with doctors, nurses, and care managers, we visit patients' homes to provide medication guidance and check for leftover medicines, contributing to improving the quality of team-based medical care.

NSSK Award

Awarded in the Talent Development and Hiring Category

Strengthened Recruitment Capabilities, Increasing the Number of Mid-Career Hires by 30% Compared to the Previous Year.

The NSSK Award was received in recognition of increasing mid-career hires by approximately 30% compared to the previous year through the following initiatives: (1) Expanding the internal referral system and return program, (2) Increasing the referral fees for external agents and holding meetings with executives, (3) Revamping the company's website and refining the content, (4) Expanding training programs for recruitment staff, (5) Accelerating and managing the selection process, (6) Internally soliciting mid-career recruitment strategies, and (7) Increasing media exposure.

ESG INITIATIVES

- The company is working on installing solar power generation systems and energy storage systems at its stores, as well as generating its own electricity.
- The company has been continuously engaged in the "Pink Ribbon Campaign" for 14 years, raising awareness about the importance of early detection and early treatment of breast cancer.
- Turnover Rate: The turnover rate for FY2023 (ending March 2024) was 13.2%, a reduction of more than 3% compared to FY2022. To further reduce the turnover rate, we are promoting the following initiatives.
 - To alleviate employees' concerns following the ADR, multiple briefing sessions were held by NSSK and the management team to explain the company's situation.
 - The company paid out its first-ever financial year-end bonus since its establishment.
 - The company identified the reasons for employee turnover through exit surveys and implemented countermeasures.
 - The company actively promoted internal social gatherings by increasing its contribution to cover costs.



Solar panels installed on store rooftops.



Pink Ribbon Campaign guidebooks.

NSSK Award - Case Study



Japan Energy Components Co., Ltd.

Challenging the Development of the Global Energy Business and Becoming a Bridge to a Prosperous and Happy Future.

As an energy infrastructure company that plays a key role in the stable supply of electricity, the company provides a wide range of products to society, including distribution products, renewable energy products, EV charging products, and spiral products. As a niche top manufacturer with high rare value that supports the achievement of carbon neutrality behind the scenes, the company aims to become a "trusted company" that satisfies all its customers.

NSSK Award

Awarded in the Cost Reduction/ ESG Category

Reduced Labor, Logistics, and Inventory Management Costs While Executing Major Investments.

Through initiatives related to improving factory operations and employee mindset reform, productivity has significantly increased. Labor costs were reduced, and overtime hours per employee were greatly improved. While working to cut costs such as logistics and inventory management expenses, necessary investments were made steadily, and large-scale investments were efficiently executed by utilizing subsidies. As a result of these measures, while revenue grew at an annual rate of 8.8%, the EBITDA margin improved from 12.0% in FY2021 to 14.9% in FY2023. This achievement was recognized with the NSSK Award.

ESG INITIATIVES

- By installing solar panels and improving factory equipment, the company is reducing energy consumption.
- The company has achieved a comfortable working environment with an average tenure of around 20 years and a turnover rate of 6.5%. Recently, we have been certified with the Youth Yell Certification*1 and the Kurumin Certification*2.
- From the perspective of regional development, the company is sponsoring the "Ishioka Tsukubane Half Marathon," which starts this fiscal year, contributing to the revitalization of the local economy.

*1 The Youth Yell System is a certification program by the Minister of Health, Labour, and Welfare, which recognizes small and medium-sized enterprises that are proactive in hiring and training young people and have excellent employment management for young workers.

*2 The Kurumin Certification is awarded by the Minister of Health, Labour, and Welfare to companies that have planned and implemented activities supporting the balance between work and childcare, based on the Act on Advancement of Measures to Support Raising Next-Generation Children. JEC has been recognized as a company that supports child-rearing.



The company was awarded the Youth Yell Certification in recognition of its efforts in hiring and developing young talent.



US. Mart Corporation

Expanding Indoor Playgrounds Nationwide to Foster Parent-Child Bonds.

US. Mart operates and manages indoor playgrounds in shopping malls across Japan. With hundreds of square meters of space filled with various play equipment, the company regularly updates its facilities to maintain high standards, ensuring that these attractive spaces are loved by customers nationwide. US. Mart is a leading player in the industry.

NSSK Award

Awarded in the Cost Reduction/ Rationalization Category

Doubled Profitability Compared to Pre-COVID Levels Through a Strategy That Increases the Replicability of High-Profit Stores.

By thoroughly analyzing the profitability of each store and devising a store development strategy to increase the replicability of high-profit stores, the company promoted the streamlining and rationalization of store expansion, as well as new developments. Additionally, by revising the store management system through the use of a remote monitoring system, the company achieved optimization in store operations. As a result of these efforts, store profitability has more than doubled compared to pre-COVID levels. As of FY2024, the company is on track to achieve even higher profitability. This success in cost reduction and rationalization was recognized with the NSSK Award in the Cost Reduction and Rationalization Category.

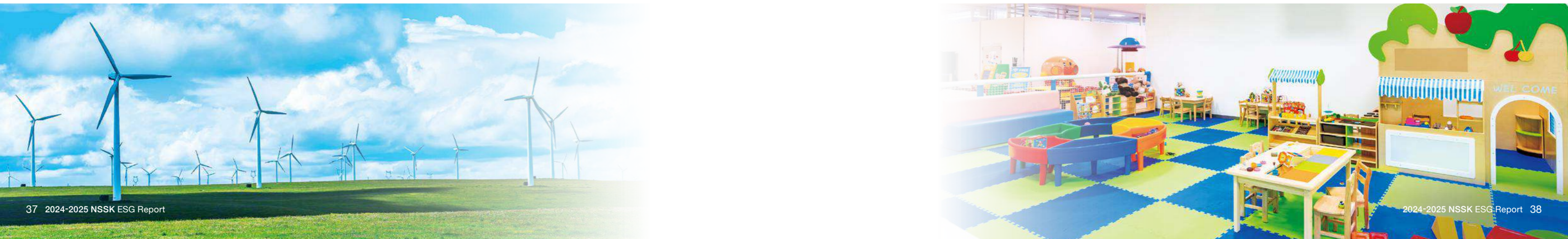
ESG INITIATIVES

- As of July 2024, women account for more than 77% of all employees, and this ratio continues to rise.
- To ensure optimal store operations, we continually improve customer service, replace playground equipment, carry out rebranding and renovations, and review layouts. As a result, customer satisfaction has been increasing year by year.
- The company is focusing on eliminating store accidents, and thanks to the continuous efforts to raise awareness among all employees and share past accidents and areas for improvement across all stores, the number of accidents is on the decline.



Number of Accidents Occurring

FY2022	FY2023	FY2024
25	15	5



Social Contribution Activities

NSSK's portfolio companies contribute to local communities and address social issues through various social contribution activities.

The NSSK Group actively engages in activities that contribute to society and local communities. Below are some examples of these efforts.

SORA GROUP

SORA GROUP

Social Contribution Activities Such as Disaster Recovery and Charity Efforts

In FY2024, as part of our social contribution activities, we sponsored a charity fundraiser organized by CBC. Additionally, as part of the recovery support for the Noto Peninsula earthquake at the beginning of the year, we purchased "Hokke no Ishiru Boshi," a local specialty, from local vendors and offered it as a special recovery support menu at "Umami Sakana ga Tabetakute." For each meal sold, 50 yen is donated to support earthquake recovery efforts.



さくら薬局グループ

KRAFT Inc.

Donation of Proceeds from Paid Plastic Bags

Since July 2020, Sakura Pharmacy Group has been providing biomass material-infused plastic bags for a fee to those who need them. From October 2023 to March 2024, the sales revenue from these bags totaled 281,172 yen. The proceeds were donated to the Japan Environment Association's "Children's Eco Club" to support environmental conservation activities. Sakura Pharmacy Group will continue to actively promote initiatives for environmental protection.



* Donated the profits from plastic bags to environmental conservation activities.

Our approach to onboarding our new investments has been crafted over the last ten years. We have learned much from our management and employee partners and now have a trademarked value creation toolkit (NVP®) that works, is embraced by the companies and becomes their own for sustainable value creation.

Shohei Akiyama
Partner



elsonic

ELSONIC Co., Ltd.

Signed a Partnership Agreement with the Setouchi Olive Foundation



At Elsonic Co., Ltd., we support the environmental conservation activities of the Setouchi Olive Foundation through in-store collection of donations. The Setouchi Olive Foundation was established in response to the illegal industrial waste dumping incident known as the "Teshima Incident." The foundation aims to protect, restore, and pass on the beautiful natural environment of Teshima and the Seto Inland Sea area to future generations.

素材で、にっこり。

Sokan

Sokan Co., Ltd.

Providing Products and Support to Children's Cafeterias

At Sokan Co., Ltd., we donate products to "children's cafeterias" and local events within Tochigi Prefecture, supporting children and reducing food waste.



Nippon Sangyo Suishin Kiko Ltd.

Participated in the "FIT For Charity Run 2024"

On September 16, 2024, the "20th FIT Charity Run 2024" was held at the National Stadium in Tokyo. The FIT Charity Run was established in 2005 by Tokyo's financial industry companies with the aim of supporting Japanese nonprofit organizations. More than 4,000 participants from 103 domestic and international financial institutions, including NSSK, took part in the event. After a rigorous screening process, it was decided that the donations would go to organizations involved in various fields, such as promoting women's empowerment, supporting people with disabilities, childcare support, and eldercare support. From the NSSK Group, Nippon Sangyo Suishin Kiko Ltd. and the portfolio company, DNS sponsored the event.



Nippon Sangyo Suishin Kiko Ltd.

Conducting Training for Regional Banks on Global Top-Class Best Practices

At NSSK, we provided regional banks with both theoretical and practical training on the overall operations of private equity funds. This comprehensive training, based on global top-class best practices, covers deal sourcing, new investments, business improvement, exits, and the entire workflow and manuals.



Philosophy

NSSK Philosophy

- 43 NSSK Philosophy
- 47 NSSK's ESG Advancement Organization



Shirakawa-go / Gifu

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.

Mission NSSK's 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.

Values NSSK Code of Conduct

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

Management 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.



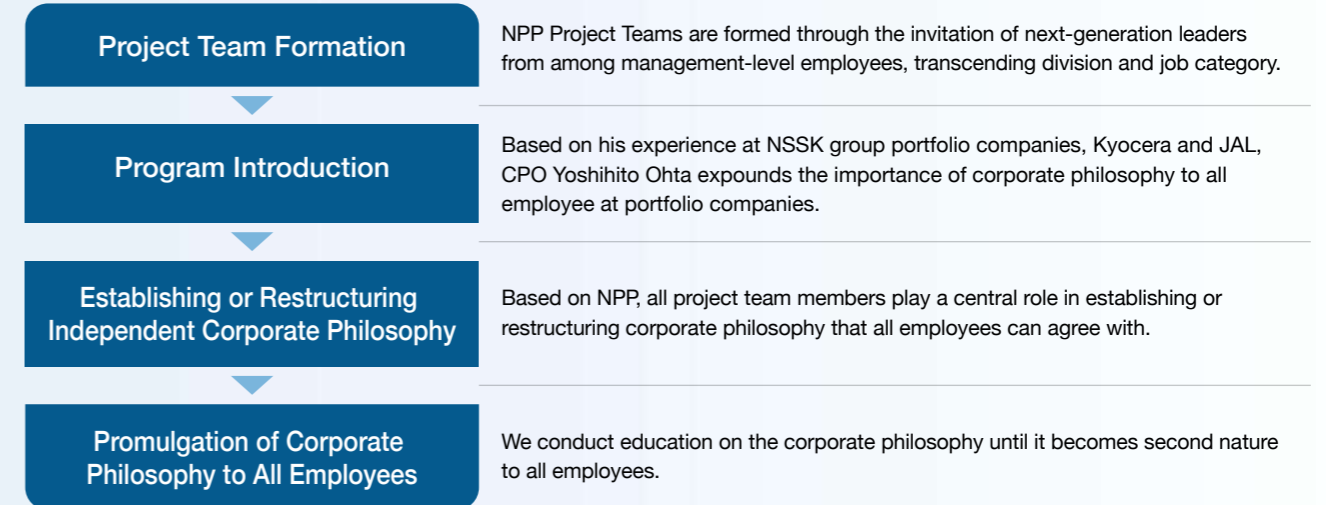
NSSK supports the education of employees and human resource development based on its NSSK Philosophy Program (NPP).

Kurama Sato
Senior Manager



NSSK Philosophy Program Aims

NSSK's Approach



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



An NPP lecture given by CPO Yoshihito Ohta (mighty myT, Inc.)

Message Chief Corporate Philosophy Officer Comment

Creating a Corporate Culture Where All Employees Can Work with Vitality.

According to a survey by Gallup, only 5% of employees in Japanese companies are engaged, the lowest rate in the world and only one-seventh of the 34% seen in the United States. If a company has 100 employees, and only five of them are truly engaged, it is impossible to expect an increase in productivity or competitiveness. How then can we increase employee engagement? The first thing needed is for managers to have an altruistic mindset, genuinely wishing for the happiness of their employees. Research from the U.S. shows that when employees are happy, creativity triples and productivity increases by 30%. Additionally, if a company seeks to foster a sense of unity and aims for healthy growth, it is also necessary for all employees to adopt the right mindset as human beings. This principle lies at the heart of Kazuo Inamori's management philosophy, known as the "God of Management," and was proven to be universal through the miraculous turnaround of Japan Airlines.

NPP, based on my experience at Japan Airlines, is designed to work with portfolio companies' management teams to increase employee engagement. It has already produced significant results in many companies. I am confident that if leaders sincerely commit to practicing NPP, it will lead to management improvements and the realization of an all-participatory management model.



Yoshihito Ohta
Executive Advisor
Chief Corporate Philosophy Officer (CPO)

Supported Kazuo Inamori, Kyocera Corporation's founder, for nearly 30 years as close aide. During JAL's restructuring, served as Inamori's assistant, leading mindset reform. Recently rebuilt MTG Co., Ltd. (ReFa brand) amid a management crisis. Past roles include Director of Kyocera, Executive VP of Japan Airlines, Chairman of Kyocera Communication Systems and MTG. Authored "The Miracle of JAL," "Kazuo Inamori: 15 Words for Immediate Use," and "Life Notes for Shaping Your Destiny."

NSSK's ESG Advancement Organization

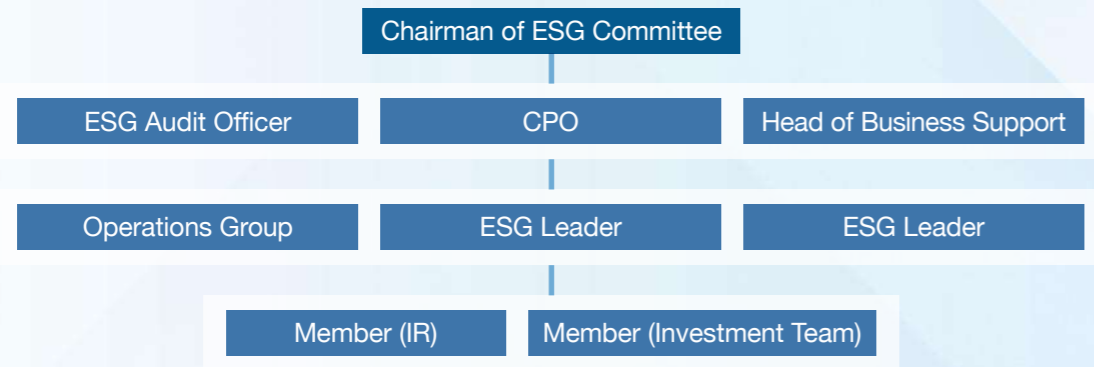
Establishment of ESG, Diversity and Inclusion Committee



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
ESG Officer



Yoshihito Ohta
Executive Advisor
Chief Corporate Philosophy Officer (CPO)



Shohei Akiyama
Partner
Head of NVP and Business Support Team



Kiyomi Matsuda
Finance Director
ESG Leader



Kurama Sato
Senior Manager
ESG Leader



Kengo Ishii
Director
Head of Investor Relations



Makoto Iwami
Partner
Co-Head of Investment Team



Noriko Ito
Associate & Manager
Operations Group

Message

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
ESG Officer

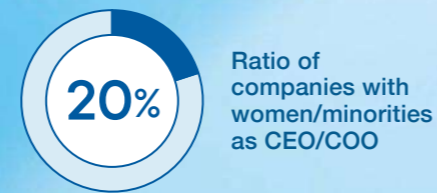
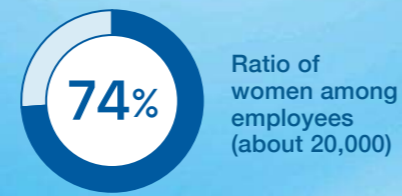




DIVERSITY & INCLUSION

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

In its investment activities, NSSK focuses especially upon diversity and inclusion, among all of the aspects of ESG. A significant 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 improving diversity and inclusion as one of its core missions. It actively promotes advancement of female employees at investment targets, with numerous achievements to date.



*Based on portfolio company data as of June 2024



Masako Kawata
Director and COO
MeLife Co., Ltd.

Yukiko Inoue
Director and COO
WEWORLD Inc.

Shunsuke Ohashi
Senior Manager, Investment Team
Nippon Sangyo Suishin Kiko Group

Shunsuke Sakai
Manager, Investment Team
Nippon Sangyo Suishin Kiko Group

ESG Roundtable Discussion

Providing Growth Opportunities and Contributing to Local Communities while Achieving Sustainable Development.

The WEWORLD Group (WEWORLD) operates Japanese language schools and foreign language vocational schools, with a philosophy of contributing to the realization of people's dreams and the development of the international community by creating educational environments that nurture global talent. Meanwhile, MeLife Corporation (MeLife), which focuses on computer education, runs over 136 classrooms across Japan, from Hokkaido to Okinawa, offering various educational courses, primarily computer-related. We spoke with Ms. Yukiko Inoue and Ms. Masako Kawata, both of whom hold key positions at these companies, about their efforts in ESG initiatives.

Contributing to a diverse and enriched society through language and IT education.

Ohashi Both WEWORLD and MeLife are engaged in "education" businesses. Education is crucial for both individuals and society. How do you each aim to contribute to society through your work? Let's start with Mr. Inoue from WEWORLD, which focuses on language education.

Inoue In today's global society, language education is more than just learning a language—it's a key tool for understanding and respecting diversity. At our Japanese language school, we

help students experience various cultures and communicate effectively with people from different backgrounds. This fosters understanding, helps overcome biases, and promotes respect for diversity, contributing to a multicultural society.

Language skills also enhance international career prospects and personal growth, improving cognitive abilities and problem-solving. I believe the importance of language education will continue to grow as it benefits both individuals and society.



Sakai Ms. Kawata from MeLife, which primarily operates in the IT education business, what are your thoughts?

Kawata In modern society, utilizing digital tools like computers and smartphones has become essential for every generation. Our main customer base consists of middle-aged and older individuals, primarily between their 40s and 70s. There is strong demand for acquiring basic IT skills, such as using computers and office software like Word and Excel. This may seem surprising in an era where computers and smartphones are so widespread, but the demand for these fundamental skills remains steady. Mastering Word and Excel for both work and personal tasks continues to hold significant value, and we support this by regularly updating our content.

At the same time, we also recognize the emergence of new needs, such as the use of AI and internet services. We constantly gather new course ideas from both top-down initiatives led by our development team and bottom-up feedback from the field, ensuring we stay ahead of evolving trends.

Sakai Given societal changes, isn't it becoming increasingly crucial to develop and train talent responsible for creating and managing new courses?

Kawata You are absolutely right. In the current environment, where basic, unchanging courses coexist with those evolving alongside societal shifts, I feel that the development of on-site personnel has become the most critical theme in the education business. Through continuous refinement, we are enhancing instructor skills efficiently by leveraging our e-learning programs—a key asset—and advancing initiatives

such as designing effective training systems and implementing mentorship programs.

Strengthening Efforts to Achieve Mutual Growth and Prosperity with Local Communities

Ohashi Coexistence and mutual prosperity with local communities are essential for a company's sustainable development. This is also a key point from an ESG perspective. How does MeLife approach business operations to further contribute to local communities?

Kawata Our business model is based on coexistence and mutual prosperity with the local chambers of commerce, which means we are deeply connected to the local community. Our services are primarily B2C, directly contributing to improving the digital literacy of local residents. However, moving forward, we plan to expand into the B2B space by offering e-learning courses aimed at small and medium-sized enterprises in the region, addressing the growing demand for reskilling. In doing so, we hope to broadly expand our education business, rooted in the local community.

Sakai At WEWORLD, how do you engage with the local community through your business, and what kind of value do you provide?

Inoue WEWORLD engages in various activities to help international students connect deeply with local communities and enrich their study abroad experiences. Our cultural experience programs provide opportunities for students to enhance their Japanese language skills through interactions



with the local community. In cities like Tokyo, Osaka, and Kyoto, students can enjoy seasonal activities such as wearing yukata and skiing. We also frequently organize events where international and Japanese students can interact, promoting cross-cultural understanding.

Additionally, we facilitate strong connections between international students and local communities through volunteer work and school lectures and exchanges. These efforts create an environment where international students can integrate into Japanese society, deepening their learning and personal growth.

Continuing to Promote ESG Activities to Further Enhance Corporate Value

Ohashi What kind of ESG activities would you like to focus on moving forward to further enhance corporate value and ensure the company remains essential to society?

Kawata First and foremost, I believe that expanding our current business directly contributes to improving the digital literacy of our students across Japan. This, in turn, can lead to longer healthy life expectancy and more convenient, healthy living, ultimately maximizing ESG value. As for more direct initiatives, we aim to contribute to society, particularly in the environmental aspect. Specifically, we've already begun initiatives like replacing classroom tile carpets with products made from recycled materials. Moving forward, we're also considering transitioning printed materials to digital formats and reducing paper usage by streamlining daily operations. These efforts are currently under review.

Inoue As part of WEWORLD's future ESG activities, we are planning to strengthen "refugee support" and provide "free schools to help foreigners integrate into Japanese society." At these free schools, we will teach foreigners about Japanese history, culture, and manners, helping them adapt to society.

In our refugee support activities, we offer free Japanese language education to those who have fled to Japan to escape wars, conflicts, or persecution. In addition to teaching Japanese language skills and Japanese culture, we also provide support for employment and further education. This initiative is supported by the UNHCR (United Nations High Commissioner for Refugees). As of January 2024, we have accepted 36 students, and we plan to expand our support in the future.

Sakai Lastly, could each of you share a message for your stakeholders from your respective positions?

Kawata MeLife will continue to contribute to local communities through IT education. We warmly invite you to visit any of our PC classrooms at Chambers of Commerce across the country, where we are eager to assist you in improving your digital skills.

Inoue WEWORLD's corporate philosophy is to "contribute to the development of the international community through nurturing global talent." Guided by this mission, we will continue to support those in challenging situations.

Ohashi Thank you very much for sharing your valuable insights with us today. We are committed to further supporting the growth and prosperity of our partners moving forward.



Company Song

koko ni tsudoite family to nashi	kenkyo doryoku wo tada tsune to nashi
oshinabete mina shiawase dukuri	dare kare to nai shiawase dukuri
kanboku dake no yaseta tochi sae	kakawaru hito no nayami tomadoi
megumi yutakana midori no mori he	yoseru miken ni fuku wo yobi yose
sugata wo kaeru isaoshi chikau	egao ni kaeru isaoshi chikau
tadashiki koto wo tsukitosu	manazashi haruka sekai wo misue
kokorozashi nao kyou mo atarashi	hito no yorokobi waga mono to shite
hokori wo mune ni NSSK	kansya wo mune ni NSSK

Isaoshino Chikai

Lyrics and Composition
by Kei Ogura



Mr. Kei Ogura PROFILE

Born in Ueno, Tokyo, in January 1944. After graduating from the University of Tokyo's Faculty of Law in 1967, he joined the Bank of Industry (now Mizuho Bank). He worked at the bank for nearly a quarter of a century, holding positions such as branch manager of the Hamamatsu branch and head of the Financial Services Department at the head office, before retiring in 1993. In 1994, he re-enrolled at the University of Tokyo's Faculty of Law and later studied philosophy at the Department of Thought and Culture, where he obtained a master's degree in 2000.

During this time, in 1971, he released his first album, Seishun: Sabaku no Shonen (Youth: Boy of the Desert). His third album, Houkou (Wandering), sold over a million copies. Since then, he has worked as a songwriter, providing compositions for numerous artists such as Akira Fuse, Masatoshi Nakamura, Takao Horiuchi, and Hibari Misora. He has produced many hit songs, including "Shikuramen no Kahori," "Oretachi no Tabi," "Yumeshibai," "Itoshiki Hibi," and "Ai Sansan."

Company Song "Isaoshino Chikai"
https://youtu.be/_WyQNUU3b94



Editor's Postscript

We are very pleased to present this year's NSSK ESG Report, which first started in 2021. While preparing this report, we have noticed that our portfolio companies' efforts towards ESG have been strengthened year by year. This year marks the 10th anniversary of our founding, providing an opportunity to reflect on the ESG initiatives and results of companies that have graduated from our portfolio. It has become clear that there is a deep correlation between ESG and corporate growth.

Since its inception, NSSK has upheld fundamental ESG policies, recognizing ESG efforts as a key mission and incorporating them into our investments. Through this report, we hope to share NSSK's thoughts on ESG, the various initiatives we have undertaken, and the results we have achieved with all our readers.

In this year's ESG report, we introduce examples of the initiatives undertaken by the portfolio companies that received the NSSK Award. These companies have achieved excellent results in environmental protection, social contribution, and governance, and their efforts serve as valuable examples for other companies. We believe that, when it comes to ESG, it is important not to focus on competition but to share best practices and learn from each other.

Finally, we would like to express our heartfelt gratitude to everyone who contributed to the creation of this report. It is through your support and cooperation that we have been able to achieve such results. Moving forward, we will continue to strengthen our ESG efforts with the aim of achieving a sustainable future. We sincerely ask for your continued support and understanding.

NSSK ESG Committee Members

NSSK Group Overview



Name	Nippon Sangyo Suishin Kiko Group
Founding	November 1, 2014
Representative	Jun Tsusaka
Address	Atago Green Hills MORI Tower, 41F 2-5-1, Atago, Minato-ku, Tokyo 105-6241 Japan
Website	nssk-japan.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



Zojoji Temple
www.zojoji.or.jp/takara



Tokyo Tower
www.tokyotower.co.jp



Atago Shrine
www.atago-jinja.com/about



Atago Green Hills MORI Tower
www.xexgroup.jp/en/atago