

Message

Thank you for your continued support of the Company. In 2020, we acquired Responsible Jewellery Council (RJC)* Code of Practices accreditation. Compared to when we first acquired accreditation, RJC accreditation is gradually becoming more widespread in Japan.

We are also striving to broaden the base of RJC accreditation through such means as responding to consultations from companies considering newly acquiring accreditation.

In line with the RJC accreditation policies, we make continual efforts in our everyday activities toward a sustainable society, including the use of recycled metals, the use of renewable energy, and our contributions to community activities.

In 2023, we also began the construction of a new, eco-friendly head office, which should be completed by the autumn of 2025. The new head office has an eco-friendly design that can be expected to contribute to the environment after completion.

As an RJC-certified company, we intend to work diligently toward the goal of becoming a 100-year company.

* RJC, which stands for Responsible Jewellery Council, is a London-based organization that establishes global sustainability standards for the jewelry and watch industry. Nine companies in Japan, including our company, have received this accreditation as of the end of 2024.

Takeyuki Nakagawa
February 2025

Initiatives for a sustainable future

1. Basic policy

We take responsibility for the initiative to achieve a sustainable future through the implementation and compliance with the Corporate Vision, Basic Philosophy, and Action Standards as described in the Corporate Action Policy.

2. Compliance

Recognizing compliance as the most important issue of the initiative to achieve a sustainable future, we based our activities on the following foundations:

- Reducing risks through risk assessment
- Eliminating harassment

Risk assessment involves the continuous identification of the risks imposed by potential violations of laws and regulations in our businesses with regard to employment, know-your-customer laws, and corruption as we strive to eliminate any factors that could lead to violations.

In January 2025, we conducted a management review of the risk assessments implemented in 2024 and, thus, verified that there were no compliance violations or incidents of harassment. In FY 2025, we will build systems to ensure that we are not targeted by criminal organizations by continuing to review crime-prevention systems at retailers and other facilities, in addition to the risk assessment from 2024. We will also work to strengthen management through the identification of such risks as those related to the relocation to the new head office.

3. Supplier relations

An increasing number of suppliers now face a difficult business environment due to the inflation resulting from the devaluation of the yen and rising energy costs.

Consultations are also increasing by suppliers who now face business succession challenges due to a lack of successors. By leveraging the strength of our adaptability while paying close attention to credit management, we are working to overcome this challenging business environment together with suppliers by responding to their needs and their requests for consultations while aiming to contribute to the progress of the industry and the communities where we are located.

4. Shareholder relations

The reorganization of our businesses is taking place in order to provide returns to shareholders from a long-term perspective. In 2021, we consolidated the number of shareholders and reduced capital to match the scope of the business. In 2024, as part of a business reorganization we spun off assets that included the head office land and loans to the Group to Nakagawa Holdings Corporation. Currently, we are considering business reorganization that involves a revision of business responsibilities with an eye toward the future. We believe that this reorganization will serve as the foundation for becoming a 100-year company by ensuring the stability of our shares held by shareholders.

5. Community contributions

The main community-contribution activities of each facility in 2024 are reviewed below.

Head Office

- The head office site is located inside Yanagibashi. We contributed to the community through the payment of dues.
- We participated in the publication of *Job Notebooks for Elementary School Children* (for Tokyo's Taito Ward)* as part of career education for elementary- and middle-school students.

* Produced as supplementary teaching material for career education for elementary-school students. Currently, 150 editions have been published in 27 prefectures.

Kitakami Plant

- In addition to the following community activities and social-contribution activities, the Kitakami plant raised funds and participated as a sponsor in a variety of activities.

May: Iwate Prefecture Afforestation Promotion Council (green fundraising activities)

May: Kitakami International Exchange Association

June: Kitakami Geino Festival 2024

June: Kitakami Police Friendship Association

August: Funding Japanese Red Cross Society activities

September: Annual Ise Shrine Festival (monetary offering on the first shrine visit)

- As part of the cleanup activities at the industrial park in May, June, July, August, September, October, and November, Kitakami plant personnel cleaned the perimeter of the facility.





Tsukuba Plant

- In addition to the following community activities and social-contribution activities, the Tsukuba plant personnel raised funds, and the plant served as a sponsor of a variety of different activities.

February: Ami Sakura Matsuri 2024

June: Ami Social Welfare Council

August: Ami Shoko Matsuri 2023

August: Funding Japanese Red Cross Society activities

October: Funding the Central Community Chest of Japan

October: Ami International Exchange Association

- Participated in patrols of Fukuda Industrial Park to eliminate illegal parking (July)
- Participated in cleanup activities at Fukuda Industrial Park (March, July)

Okachimachi Branch

- Participated in crime-prevention patrols organized by Jewelry Town Okachimachi (May)
- Participated in crime-prevention drills and crime-prevention patrols organized by the Ueno Police Station and Jewelry Town Okachimachi (July)

Ise Sales Office

- Raised funds for the Central Community Chest of Japan (Mie Prefecture Community Chest) (November)

- Cleanup activities in waste collection areas within the community (September, October)

Kofu Branch

- Cleared snow from the streets near the branch after a heavy snowfall (February)

Osaka Branch

- Year-end/New Year's crime-prevention patrols organized by the Osaka Kyuhojimachi wholesalers' association (December)

Nagoya Sales Office

- Participated in regular cleanup activities in the vicinity of the office building where the facility is located
- Contributed to the community by participating in cleanup activities in the Osu Shopping District and vicinity (February, March, and April)

6. Employee relations

The Company implemented the following personnel and labor measures in 2024:

- Unification of payment cycles, which had differed by form of employment and payment item, by changing the payroll cutoff dates
- Lessened the impact of the change in payroll cutoff dates by making one-time payments separately from bonuses
- Paid salaries at the same level as major firms by paying bonuses reflecting favorable business performance

The new HR evaluation system and the new system of management by objectives launched in 2022 made it possible to employ an HR system based on HR evaluations that much more fair than before. The Company revised the HR system in 2024 in response to the developments of increases in initial wages for personnel at large firms and government-requested wage hikes. In 2025, we plan to begin studying revisions to the personnel system while keeping in mind such prospects as future changes to national government policies. This is intended to build an even more equitable HR system.

7. Environmental protection

Stable operation of the solar-power equipment adopted at the Kitakami plant, despite some weather effects, helped reduce the plant's electricity consumption. Both the Kitakami and Tsukuba plants continuously monitor wastewater to prevent violations of local wastewater standards, and an outside vendor regularly tests the wastewater. Beginning in 2024, we are considering participation in the promotion of the 30 by 30 Alliance chiefly by the Ministry of the Environment as part of Japan's G7 commitment.

8. Responsible minerals management

When purchasing gold and other bullion, the Company conducts inspections for conflict minerals and makes the purchases only from sources that conform to the Organization for Economic Co-operation and Development Annex II (OECD Annex II) standards. No sources were found to be particularly problematic in 2024.

February 2025