

# Nissha Sustainability Report 2024

English

**NISSHA**

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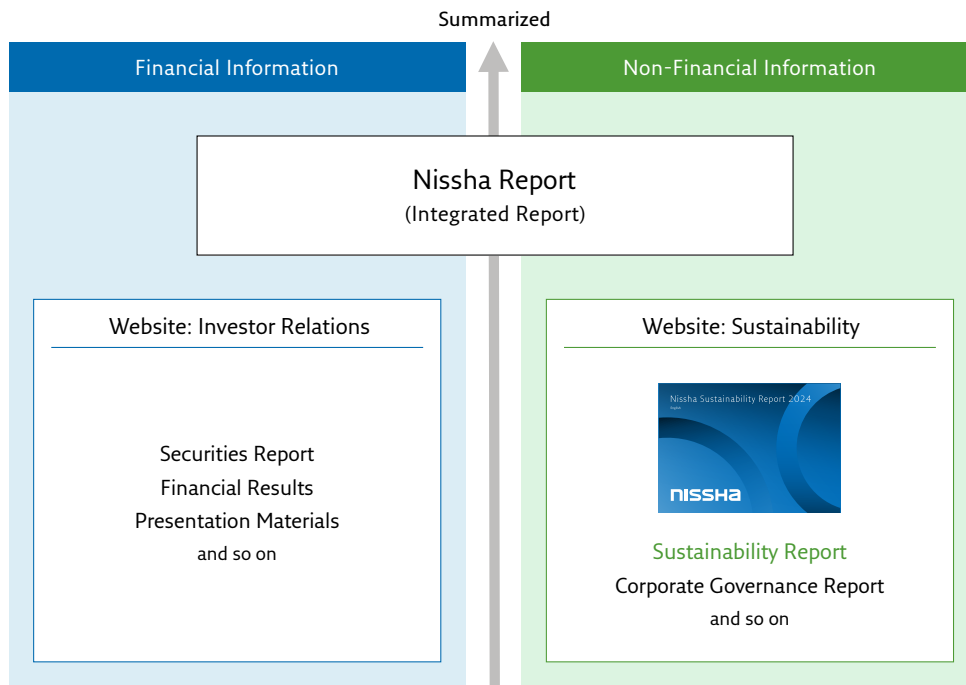
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# 1. Editorial Policy

The Nissha Group believes that appropriate information disclosure and communication with stakeholders are important. The Nissha Report, an integrated report, comprehensively provides financial and non-financial information to shareholders, investors, and other stakeholders, including the company's initiatives for sustainable corporate growth. The Nissha Sustainability Report (this report) is published once a year to provide comprehensive and detailed information on non-financial information.

Sustainability Report 2024 covers our initiatives and performance in the fiscal year ended December 2023 (January–December 2023), following the editorial policy given below.

## The Role of Nissha Sustainability Report



## 1-1 Guidelines Used as Reference

- The GRI Sustainability Reporting Standards
- ISO26000
- Environmental Reporting Guidelines 2018, issued by the Japanese Ministry of the Environment

## 1-2 Period Covered

From January 2023 to December 2023

## 1-3 Publication Dates

Current issue: July 2024 for Japanese, August 2024 for English  
 Last issue: July 2023 for Japanese, August 2023 for English  
 Next issue: June 2025 for Japanese, August 2025 for English (planned)

## 1-4 Scope of Reporting

The information and data contained in this report focus mainly on activities conducted by the Nissha Group. Where information for the entire group is not available, the scope of reporting is indicated separately. "Nissha" or "the Company" refers to "Nissha Co., Ltd." while "Nissha Group" or "the Group" collectively refers to the Group overall, including Nissha Co., Ltd. "Headquarters" or "Kyoto Global Headquarters" refers to the headquarters and affiliated companies located within the headquarters premises. The major affiliated companies of each Nissha Group business are given below. Significant activities conducted by companies in our supply chain are also included in this report.

## 1-5 Major Affiliated Companies and Businesses

Companies	Major Businesses
Nissha Industries, Inc.*	Industrial Materials
Nissha Precision and Technologies, Inc.*	Devices
Nissha FIS, Inc.	Devices
Nissha Printing Communications, Inc.	Others
Zonnebodo Pharmaceutical Co., Ltd.	Others
Nissha Business Service, Inc.	Others
Nissha USA, Inc.	Industrial Materials, Devices
Nissha Eimo Technologies	Industrial Materials
Nissha PMX Technologies, S.A. de C.V.	Industrial Materials
Nissha Medical Technologies	Medical Technologies
Nissha Europe GmbH	Industrial Materials, Devices
Nissha Advanced Technologies Europe GmbH	Industrial Materials
Nissha Metallizing Solutions	Industrial Materials
Nissha Korea, Inc.	Industrial Materials, Devices
Nissha Industrial and Trading (Shenzhen) Co., Ltd.	Industrial Materials
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	Industrial Materials
Guangzhou Nissha High Precision Plastics Co., Ltd.	Industrial Materials
Taiwan Nissha Co., Ltd.	Industrial Materials, Devices
Nissha Industrial and Trading Malaysia Sdn. Bhd.	Industrial Materials
Nissha Precision Technologies Malaysia Sdn. Bhd.	Industrial Materials
Nissha Vietnam Co., Ltd.	Devices

\* Nitec Industries, Inc. and Nitec Precision and Technologies, Inc. changed their trade names to Nissha Industries, Inc. and Nissha Precision and Technologies, Inc., respectively, on December 31, 2023.

## 1-6 Major Changes in Reporting Scope

Date	Content	Impact on reporting scope
January 1, 2024	Schuster Kunststofftechnik GmbH absorbed and merged with Back Stickers GmbH and changed its trade name to Nissha Advanced Technologies Europe GmbH.	The content of the Sustainability Report 2024 has not been affected.

## 1-7 Publishing Division and Contact for Inquiries

Nissha Co., Ltd.  
ESG Promotion  
Contact: [Website Contact](#)  
TEL: +81 75 811 8111

## 2. CEO Message

The Mission of Nissha Group is to enrich people's lives by creating and developing technology into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group. Nissha Group is a forward thinking global company, conducting main businesses in Industrial Materials, Devices, and Medical Technologies.

The Group views sustainability as "initiatives for sustainable growth and development for both the company and society." Based on this view, we consider social issues to be business opportunities. We strive not only to leverage our strengths to provide products and services that help solve these issues on an



ongoing basis, but also to strengthen the management foundation underpinning our business activities, reduce risks that could hamper business continuance, and promote governance to ensure these are all carried out appropriately. These activities will create the economic and social values stated in our Mission, allowing us to enrich people's lives.

The Group has set out the Sustainability Vision (long-term vision). We are aiming to create social value by providing products and services that contribute to solving social issues in the priority markets of medical, mobility, and environmental fields, and to achieve a 30% reduction in total CO<sub>2</sub> emissions in 2030 (versus 2020) with a view to carbon-neutral by 2050.

To realize our Sustainability Vision, it is imperative that we continue to provide value to society through our businesses with our customers. Our employees around the world who share our Mission are our driving force. In order to create value beyond conventional thinking amidst a drastically changing market environment, we are promoting diversity in various aspects, cooperating across countries, businesses, and generations, and creating an inclusive organization in which diverse human resources can thrive. We will also strive to increase employee engagement by developing human resources and fostering a corporate culture that enables each and every employee to demonstrate his or her strengths with passion.

We look forward to your continued guidance and encouragement.

July 2024  
 Junya Suzuki  
 Chairman of the Board, President and CEO  
 Nissha Co., Ltd.

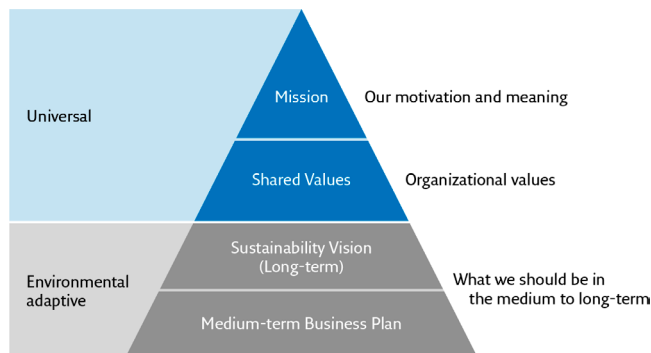



Nissha Co., Ltd. support the United Nations Global Compact since April 2012. We have in place various targets and work actively based on the 10 principles of the Global Compact in the area of human rights, labor, the environment, and anti-corruption.

# 3. Nissha Group Sustainability

## 3-1 Nissha Philosophy

Nissha has integrated its standards of thought, rules of conduct, and Mission—ideals held in high regard — into Nissha Philosophy that is greatly valued.



### Mission

We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.

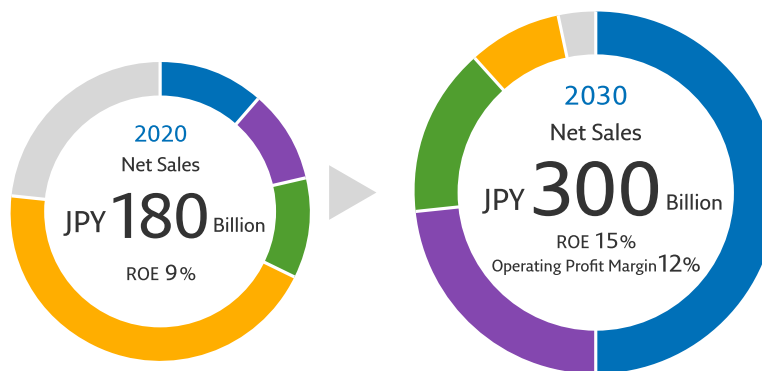
## 3-2 Sustainability Vision (long-term vision for 2030)

Nissha views sustainability as "initiatives for sustainable growth and development for both the company and society." We believe that solving social issues, which are primal needs, will support social development and lead to corporate growth.

Throughout our 90-plus year history, we have grown by evolving and expanding our core technologies and reorganizing our target markets. Under our Mission, we have analyzed the magnitude of social issues and the sustainability of market growth for the next 10 years, and relatively evaluated the added value that can be created through our core technologies. Based on this analysis, we have positioned Medical, Mobility, and Sustainable Materials as our growth areas.

### Sustainability Vision (Long-term vision for 2030)

With integration and orchestration of the diverse capabilities of our people and our technologies, we will contribute to solving global social issues in the priority markets of medical, mobility, and sustainable materials, and realize the enrichment of people's lives.



### Social value

- Solve social issues through business activities
- Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- Reduce 30% of total CO<sub>2</sub> emissions, in view of carbon-neutral by 2050 (compared to 2020)

### Economic value

- Aim for JPY 300 billion of net sales (including JPY 150 billion in medical business)
- ROE 15%
- Operating Profit Margin 12%

Medical	Mobility	Sustainable Materials	IT Devices
<b>Solve medical issues</b> <ul style="list-style-type: none"> <li>• Reduce patient burden (QOL improvement)</li> <li>• Efficiency and labor saving in diagnosis and treatment</li> <li>• Promote telemedicine (consultation and treatment)</li> </ul>	<b>Realize safe and comfortable mobility</b> <ul style="list-style-type: none"> <li>• Comfort: More comfort in interior space</li> <li>• Safety and Convenience: Improve communication between people and cars</li> <li>• Sustainability: Reduce environmental impact</li> </ul>	<b>Contribute to a circular society</b> <ul style="list-style-type: none"> <li>• Achieve carbon neutrality</li> <li>• Protection of the natural environment</li> <li>• Provision of petroleum-based plastic alternative</li> </ul>	<b>Contribute to solving social issues through our capabilities cultivated for IT devices</b> <ul style="list-style-type: none"> <li>• Penetrate IT technology into society through advancement of digital transformation</li> </ul>

### 3-3 Promotion Framework for Sustainability

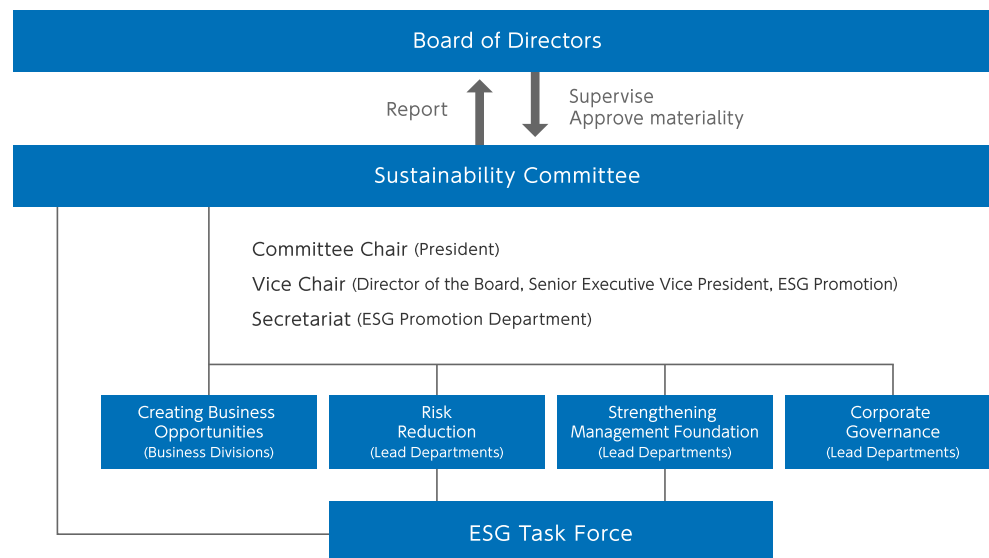
Nissha has established a Sustainability Committee, chaired by the President and CEO with the Senior Executive Vice President (ESG Promotion) as the Vice-Chair. This committee is composed of business organizations, divisions, and the ESG task force related to the themes of Creating business opportunities, Risk reduction, Strengthening management foundation, and Corporate governance, and which all work in concert with each other.

The ESG task force has been established to address the themes of Enhancing human capital, Respect for human rights, and Responding to climate change. These are considered to be particularly important from an ESG perspective, and the ESG task force is responsible for accelerating activities for each of these at Nissha.

The Sustainability Committee holds a general assembly once per year, in which it authorizes the key performance indicators (KPI) and action items set by the main related business organizations, divisions, and the ESG task force based on the materialities determined through resolutions at the Board of Directors. In addition, monthly business reviews and quarterly progress confirmation meetings are held to confirm whether or not the set KPIs and action items are progressing as planned. Each business organization, division, and the ESG task force oversee the management of respective strategy items, KPIs, and action items. In the fiscal year ended December 2023, we held one Sustainability Committee General Assembly and three Progress Review Meetings.

The Board supervises the activities of the Sustainability Committee, discussing reports from the Sustainability Committee and the ESG Task Force, and making necessary recommendations.

#### Structure

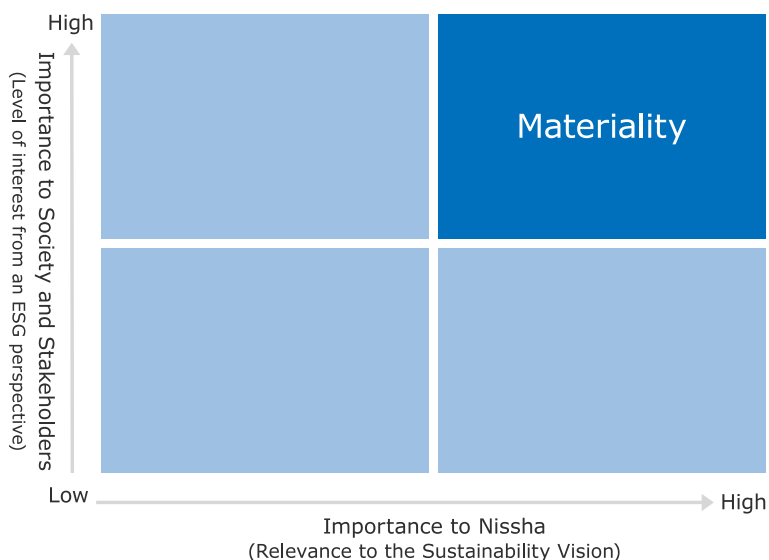


### 3-4 Materialities (Key Issues) and KPIs

#### 3-4-1 Materiality Identification

To realize our Sustainability Vision, the Nissha Group identifies particularly important items as materialities. We also set and engage in specific strategy items, KIPs, and action items reverse-calculated to achieve 2030 goals.

Materialities are evaluated from the 4 perspectives of, Creating Business Opportunities, Risk Reduction, Strengthening Management Foundation, and Corporate Governance, using the two axes of importance to society and stakeholders, and importance to Nissha. In addition, we hold dialogues with stakeholders including customers, shareholders and investors, and include that insights in "importance to society and stakeholders". The identified issues and their positioning within the Group are discussed by the Sustainability Committee, and materialities are identified through deliberations and resolutions by the Board of Directors.



#### Materiality Identification Process

<b>STEP1</b> Identify related social issues	Identify social and management issues related to the realization of the Sustainability Vision by referencing SDGs* <sup>1</sup> , GRI Standards* <sup>2</sup> , RBA* <sup>3</sup> , etc.
<b>STEP2</b> Prioritize	Incorporate knowledge gained through dialogue with customers, shareholders, investors, and other stakeholders regarding the social and management issues identified in Step 1, while analyzing and prioritizing on two axes: "importance to society and stakeholders" (considering SDGs, external evaluation, etc.) and "importance to Nissha".
<b>STEP3</b> Verify validity	Examine the validity of the priorities via interviews conducted with business divisions involved in the Sustainability Committee, ESG task force and other organizations.
<b>STEP4</b> Establish materialities, KPIs, and action items	Based on Steps 1 to 3, materialities are identified through deliberations and resolutions by the Board of Directors. In addition, business divisions, organizations, and the ESG task force incorporate strategy items, KPIs, and action items which are then approved by the Sustainability Committee.

\*1. Sustainable Development Goals: Adopted by the United Nations in September 2015

\*2. Global Reporting Initiative Standards: Global guidelines for sustainability reporting

\*3. Responsible Business Alliance: International code of conduct for labor, health and safety, environment, ethics, etc. for the electronics and other industries



### 3-4-2 Materialities of Nissha Group / KPIs and Action Items

The Nissha Group is considering environmental changes that can potentially impact our business activities. We identify particularly important items for the realization of the Nissha Group Sustainability Vision as material issues and review these items once a year.

#### ■ Creating Business Opportunities

Identified based on important social issues (needs) in the priority markets as stipulated in Sustainability Vision

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Solve medical issues (Medical devices)	Expansion of business for Medical Devices / Healthcare market <ul style="list-style-type: none"> <li>Contribution to medical care centered on minimally invasive (heart disease) and acute care fields</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of Medical Technologies business</li> </ul>	
Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)	Expansion of business for Mobility market <ul style="list-style-type: none"> <li>Providing mobility products that contribute to safety, comfort, and reduction of environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of Mobility segment</li> </ul>	 
Promotion of circular economy (Sustainable Materials)	Expansion of business for Sustainable Materials market <ul style="list-style-type: none"> <li>Promotion of circular economy</li> <li>Solving marine plastic pollution issues</li> <li>Contribution to improving resource utilization efficiency</li> <li>Biodiversity conservation considerations</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of Sustainable Materials segment</li> </ul>	  

#### ■ Risk Reduction





Evaluated and identified environmental and social risks that impede business continuity in aiming to achieve Sustainability Vision

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Respect for human rights	<ul style="list-style-type: none"> <li>Reduction of labor and human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>Number of child labor and forced labor cases at primary suppliers in areas* with high labor and human rights risks : 0</li> </ul>	
Responding to climate change	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of total CO<sub>2</sub> emissions -18% (compared to 2020)</li> </ul>	
Providing responsible products and services	<ul style="list-style-type: none"> <li>Maintain and expand quality management system in accordance with business strategy</li> <li>Enhance quality at the design stage with a focus on product safety and feasibility</li> <li>Implement quality education</li> </ul>	<ul style="list-style-type: none"> <li>Number of serious quality incidents: 0</li> </ul>	
Sustainable procurement	<ul style="list-style-type: none"> <li>Establishment and operationalization of stable procurement</li> </ul>	<ul style="list-style-type: none"> <li>Achieve sustainable and stable procurement through procurement strategies that understand the capabilities of suppliers and the risks associated with each procured item</li> <li>[FY2024]                             <ul style="list-style-type: none"> <li>Cost reduction through global sourcing</li> <li>Transition to green procurement</li> </ul> </li> </ul>	  
Data security in response to increased use of generative AI	<ul style="list-style-type: none"> <li>Continuously enhance security systems</li> <li>Maintain and improve security literacy among all employees</li> <li>Improve productivity through proactive use of generative AI</li> </ul>	<ul style="list-style-type: none"> <li>Timely deployment of security systems across the entire Nissha Group</li> <li>Company-wide implementation of phishing email training and educational systems</li> <li>Develop governance and provide education related to generative AI</li> </ul>	 

\* Risk areas as defined by the International Labour Organization: Central and South America, Southeast Asia, and China

## ■ Strengthening Management Foundation

Identified major management foundation elements in the quest for realizing our Sustainability Vision and accelerating business activities

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Enhancing human capital	<ul style="list-style-type: none"> <li>Promote opportunities for female employee</li> </ul>	<ul style="list-style-type: none"> <li>Female manager ratio Global consolidated: 23% Nissha non-consolidated: 12%</li> </ul>	  
	<ul style="list-style-type: none"> <li>Enhancement of trainings for management / strategic human resources, and employee rotation</li> </ul>	<ul style="list-style-type: none"> <li>Selection rate of leader candidates in selective training programs Nissha non-consolidated: 45%</li> </ul>	
Efficiency and productivity improvement	<ul style="list-style-type: none"> <li>Improve efficiency and productivity by digitalization of value creation processes</li> </ul>	<ul style="list-style-type: none"> <li>Expand data-based decision-making mechanisms</li> <li>Reduce working hours through the introduction of productivity enhancement tools at overseas subsidiaries: 20,000 hours / year (compared to 2023)</li> <li>Reduce working hours for non-routine tasks by using generative AI</li> </ul>	

## ■ Corporate Governance

Identified major corporate governance elements in the quest for realizing our Sustainability Vision and accelerating business activities

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Improving the effectiveness of the Board of Directors	<ul style="list-style-type: none"> <li>Upgrade systems related to corporate governance and group governance</li> </ul>	<ul style="list-style-type: none"> <li>Improve the evaluation of the effectiveness of the Board of Directors</li> </ul>	—
Advancement of global governance		<ul style="list-style-type: none"> <li>Complete the global risk management system development (regional risk management systems)</li> </ul>	—

## ■ Boundaries of Materialities

Materialities	Boundaries	
	Inside Nissha Group	Outside Nissha Group
Respect for human rights	●	●
Responding to climate change	●	●
Providing responsible products and services	●	●
Sustainable procurement	●	●
Data security in response to increased use of generative AI	●	
Enhancing human capital	●	
Efficiency and productivity improvement	●	
Improving the effectiveness of the Board of Directors	●	
Advancement of global governance	●	

### 3-4-3 FY2023 Initiatives and Progress

#### ■ Creating Business Opportunities

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2023)	Achievement Status*
Solve medical issues (Medical devices)	Expansion of business for Medical Devices / Healthcare market <ul style="list-style-type: none"> <li>Contribution to medical care centered on minimally invasive (heart disease) and acute care fields</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of Medical Technologies business</li> </ul>	○
Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)	Expansion of business for Mobility market <ul style="list-style-type: none"> <li>Providing mobility products that contribute to safety, comfort, and reduction of environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of Mobility segment</li> </ul>	△
Promotion of circular economy (Sustainable Materials)	Expansion of business for Sustainable Materials market <ul style="list-style-type: none"> <li>Promotion of circular economy</li> <li>Solving marine plastic pollution issues</li> <li>Contribution to improving resource utilization efficiency</li> <li>Biodiversity conservation considerations</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of Sustainable Materials segment</li> </ul>	△

\* This evaluates the level of achievement of net sales plans for each segment in FY2023.

#### ■ Risk Reduction

Materialities	Scenario for Achieving Materialities (Strategy Items)	Progress in FY2023
Respect for human rights	<ul style="list-style-type: none"> <li>Reduction of labor and human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>Number of child labor and forced labor cases at primary suppliers in areas* with high labor and human rights risks : 0</li> <li>Conducted the regular annual survey of target suppliers using the CSR survey form, and all suppliers scored above the threshold</li> <li>In addition to the above, site audits were carried out for some selected suppliers. Minor issues noted were given pointers on how to improve them, and the results were confirmed at a later date</li> </ul>
Responding to climate change	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Achieved an 18.7% reduction in CO<sub>2</sub> emissions in 2023, surpassing the target reduction ratio of a 9% (compared to 2020)</li> <li>Promoted switch to renewable electricity at domestic and overseas production bases and promote energy conservation measures</li> <li>Implemented Scope 3 emissions tracking, and third party verification was obtained for some of them.</li> </ul>
Providing responsible products and services	<ul style="list-style-type: none"> <li>Maintain and expand quality management system in accordance with business strategy</li> <li>Enhance quality at the design stage with a focus on product safety and feasibility</li> <li>Implement quality education</li> </ul>	<ul style="list-style-type: none"> <li>Number of serious quality incidents: 0</li> <li>Maintained or obtained new quality management accreditation (ISO 13485, IATF 16949)</li> <li>Confirmed the work related to design using design review (DR) implementation and participation, and internal audits and screening chances</li> <li>Drafted and implemented training plans for each function. Held 50 lectures, attended by a total of some 1,500 people. Also carried out basic training for people working in loading</li> </ul>
Sustainable procurement	<ul style="list-style-type: none"> <li>Establishment and operationalization of stable procurement</li> </ul>	<ul style="list-style-type: none"> <li>Carried out risk reduction measures for those major components which require procurement risk measures. Achieved target implementation rate</li> </ul>

\* Risk areas as defined by the International Labour Organization: Central and South America, Southeast Asia, and China

## Strengthening Management Foundation

Materialities	Scenario for Achieving Materialities (Strategy Items)	Progress in FY2023
Enhancing human capital	<ul style="list-style-type: none"> <li>Promote opportunities for female employee</li> </ul>	<ul style="list-style-type: none"> <li>Female manager ratio Global consolidated: 22.7% Nissha non-consolidated: 7.1%</li> <li>Heads of departments which had female employees in the grades before managerial staff met with HR to work on planned fostering and promoting based on the department's expectations and the person's own wishes</li> </ul>
	<ul style="list-style-type: none"> <li>Enhancement of trainings for management / strategic human resources, and employee rotation</li> </ul>	<ul style="list-style-type: none"> <li>Selection rate of leader candidates in selective training programs Nissha non-consolidated: 41.5%</li> <li>Nissha Academy Business School beginner course held</li> </ul>
Efficiency and productivity improvement	<ul style="list-style-type: none"> <li>Improve efficiency and productivity by digitalization of value creation processes</li> </ul>	<ul style="list-style-type: none"> <li>Carried out e-Learning training (approx. 200 attendees) and training using internal instructors (approx. 400 attendees) in order to improve IT literacy as well as training human resources with expertise in both the business and digital fields</li> <li>The planned reduction of 39,000 hours / year in working hours through the use of efficiency tools and automation such as RPA was not achieved. Initiatives in the Nissha Group in Japan have made a certain level of progress, and we are planning to expand the use to overseas Nissha Group companies</li> <li>Made work more efficient using a work designer</li> </ul>
Creating technologies to achieve business strategies	<ul style="list-style-type: none"> <li>Create product platforms aimed at increasing development efficiency in priority markets</li> </ul>	<ul style="list-style-type: none"> <li>Product groups were listed and the common technologies needed when they were developed were clarified, then production platforms were built and the target number of cases (3 cases / year) was achieved</li> </ul>

## Corporate Governance

Materialities	Scenario for Achieving Materialities (Strategy Items)	Progress in FY2023
Improving the effectiveness of the Board of Directors	<ul style="list-style-type: none"> <li>Upgrade systems related to corporate governance and group governance</li> </ul>	<ul style="list-style-type: none"> <li>Put into practice the Desirable Relationship between Internal Directors and Outside Directors</li> <li>Reconfirmed the standard for agenda items submitted to the Board of Directors and review operation of reporting items</li> </ul>
Advancement of global governance		<ul style="list-style-type: none"> <li>Implemented actions in response to internal control checklist</li> <li>Understood the compliance status of the RBA Code of Conduct (Malaysia and China regions)</li> </ul>

## 3-5 Initiatives in Which Nissha Participate and External Evaluations

### 3-5-1 Initiatives in Which Nissha Participate

#### ■ United Nations Global Compact



Nissha Co., Ltd. support the United Nations Global Compact since April 2012.

The United Nations Global Compact (UNGC), the world's largest sustainability initiative, brings together the United Nations and the private sector (companies and organizations) to build a healthy global society. Its purpose is to have various companies and organizations show responsible and creative leadership, and thereby act voluntarily as good citizens to achieve sustainable growth. Companies and organizations that sign the UNGC are required to continue to work toward the realization of the 10 principles, which relate to the protection of human rights, the elimination of unfair labor practices, environmental responsibility, and the prevention of corruption, based on the commitment of the top management of the company.

At Nissha Group, we have in place various targets based

on the 10 principles of the Global Compact and work daily toward achieving them with an eye to meeting the needs of global society. We disclose information about our activities in sustainability reports, published on the Nissha Group website.

#### The Ten Principles of the UN Global Compact

##### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

##### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

##### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

##### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

United Nations Global Compact

#### ■ TCFD (Task Force on Climate-Related Financial Disclosures)



In January 2022, we expressed agreement with the recommendations from the TCFD (Task Force on Climate-related Financial Disclosures).

The TCFD, established by the Financial Stability Board (FSB), recommends that companies take measures to understand and address climate change-related risks and opportunities as a management issue.

In this Report, we have implemented information disclosure that employs the framework items recommended by the TCFD. And in addition to aiming for the continued enhancement of governance and strategy concerning climate change moving forward, we will also promote the expansion of information disclosure

#### ■ Japan Clean Ocean Material Alliance (CLOMA)



In January 2019, we joined the "Japan Clean Ocean Material Alliance" (CLOMA), which aims to solve the marine plastic waste problem. CLOMA is an organization established by the public and private sectors to accelerate efforts across industries such as proper management of plastic waste, promotion of the 3Rs, and promotion of developing of alternative materials.

## 3-5-2 External Evaluation

### ■ CDP

In February 2024, we received a "B" rating in the Climate Change Report 2023 published by the CDP, an international non-government organization (NGO) that focuses on the environment. This is the third highest of the eight levels of evaluation.



### ■ EcoVadis

We have been awarded the Bronze rating in EcoVadis sustainability survey. EcoVadis is a global sustainability rating provider that aims to improve corporate environmental and social initiatives throughout the supply chain. They evaluate companies' activities in the areas of Environment, Labor Practices and Human Rights, Ethics, and Sustainable Procurement.

### ■ FTSE Blossom Japan Sector Relative Index

We have been selected as a constituent stock of the FTSE Blossom Japan Sector Relative Index. This index developed by FTSE Russell is designed to reflect the performance of companies in Japan demonstrating strong Environmental, Social and Governance (ESG) practices in each sector. The Government Pension Investment Fund (GPIF) is using it as their ESG index.



**FTSE Blossom  
Japan Sector  
Relative Index**

### ■ MSCI ESG Ratings

We have received an "AA" rating (the second highest rating) in MSCI ESG Ratings. MSCI Inc. calculates and publishes numerous stock indices, and provides a variety of tools for institutional investors globally to support their decision-making on investment. The MSCI ESG Ratings comprehensively evaluates the companies' activities for the environment, social, and governance of thousands of companies around the world and compares them by industry. MSCI evaluates and rates the companies in seven grades from the highest rank "AAA" to the lowest "CCC". (\*1)



### ■ FTSE Blossom Japan Index

We have been selected as a constituent stock of the FTSE Blossom Japan Index. The FTSE Blossom Japan Index is an index developed by FTSE Russell that reflects the performance of Japanese companies with superior environmental, social and governance (ESG) performance. The Government Pension Investment Fund (GPIF) using it as their ESG index.



**FTSE Blossom  
Japan**

### ■ MSCI ESG Leaders Indexes

We have been selected as a constituent stock of the MSCI ESG Leaders Indexes. This is a global index developed by US-based MSCI Inc. and formed by selecting top-rated ESG companies. (\*1)



### ■ MSCI Nihonkabu ESG Select Leaders Index

We have been selected as a constituent stock of the MSCI Nihonkabu ESG Select Leaders Index. This index uses the MSCI Japan Investable Market Index (IMI) developed by US-based MSCI Inc. as its parent, and formed by selecting top-rated ESG companies with the target of 50% of stocks in each industry. The Government Pension Investment Fund (GPIF) also uses it as their ESG index. (\*1)

2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

### ■ S&P/JPX Carbon Efficient Index

We are included as a constituent stock of the S&P/JPX Carbon Efficient Index. The S&P/JPX Carbon Efficient Index is built by the S&P Dow Jones Index, one of the world's largest independent index companies, based on carbon emissions data from Trucost, a pioneer in environmental assessment. This index increases the investment weight of companies in the same industry with high carbon efficiency, and those that disclose information on their greenhouse gas emissions. The Government Pension Investment Fund (GPIF) is using it as their ESG index.



### ■ SOMPO Sustainability Index

We have been selected as a constituent stock of the SOMPO Sustainability Index, an index managed by Sompo Asset Management Co., Ltd. in succession since 2012. This index is a unique active index, which is composed of approximately 300 companies with outstanding ESG initiatives.



### ■ MSCI Japan ESG Select Leaders Index

We have been selected as a constituent stock of the MSCI Japan ESG Select Leaders Index. This index uses the MSCI Japan Investable Market Index (IMI) developed by US-based MSCI Inc. as its parent, and formed by selecting top-rated ESG companies with the target 50% of market capitalization in each industry. (\*1)

2024 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

### ■ Morningstar Japan ex-REIT Gender Diversity Tilt Index

We have been selected as a constituent stock of the Morningstar Japan ex-REIT Gender Diversity Tilt Index (hereinafter, GenDi J), which is adopted by the Government Pension Investment Fund (GPIF) as an ESG investment index. GenDi J is an index of the initiatives concerning corporate gender diversity provided by Morningstar, a leading investment research firm and mutual fund rating evaluator in the United States. We are currently in Group 1 (the top of 5 groups). (\*2)



### ■ Certified Health and Productivity Management Outstanding Organizations

We have been recognized as a "Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry for the third year in a row. The certification is given to companies with especially excellent health management practices.



## ■ Kurumin Certification

We have received "Kurumin" certification for three consecutive terms since the fiscal year ended March 2010, and also certified with Platinum Kurumin in March 2019. Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, "Platinum Kurumin" is a certification of companies that have already obtained Kurumin certification in recognition of their measures to support employees with children and are carrying out initiatives at an even higher level.



## ■ DX (Digital Transformation) Certification

In August 2021, we have certified as a "DX-Certified Operator" based on the DX (Digital Transformation) certification system established by the Ministry of Economy, Trade and Industry (METI). It was evaluated that our DX efforts and appropriate information disclosure to stakeholders meet the standards required by METI.

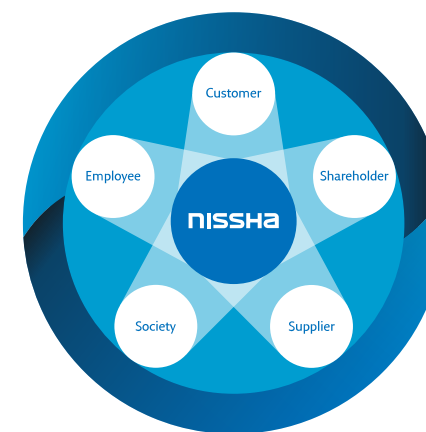


\*1 THE INCLUSION OF Nissha Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Nissha Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

\*2 Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Nissha Co., Ltd. to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Nissha Co., Ltd. ranks in the top quintile of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Nissha Co., Ltd. for informational purposes. Nissha Co., Ltd. use of the Logo should not be construed as an endorsement by Morningstar of Nissha Co., Ltd. or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Nissha Co., Ltd. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

## 3-6 Nissha Group Stakeholders

We identify the stakeholders as our customers, shareholders, employees, suppliers, and society. Toward realizing our Mission, we aim to realize our respective visions while valuing a relationship with the stakeholders in which we affect each other.



Nissha's Circle of Trust

### ■ Customer

The Nissha Group operates three core businesses, Industrial Materials, Devices, and Medical Technologies. We provide a range of products and services that satisfy market needs and engage in business activities that help solve social issues. We also promote fair operating practices, efforts in labor and human rights, and the building of environment-conscious production systems so that our customers can feel safe about entrusting us with work.



## Communication

- Sales activities in daily operations
- Products and services information provided on our website
- Providing information for sustainability survey
- Providing information about conflict minerals
- Supplier responsibility (SR) audits by customers

## ■ Shareholder

We have in place an Investor Relations (IR) division and a Shareholder Relations (SR) division to serve as contact points for our shareholders and investors, and to establish a system for promoting deeper communication with our shareholders and comprehensively providing financial and non-financial information. We also create opportunities to meet directly and exchange dialogue with our shareholders and investors through IR events and one-on-one briefings. Feedback and comments are reported regularly at Board of Directors meetings and to the management, and used for the enhancement of our corporate value.

## Communication

- Shareholders' meetings and management briefings following shareholders' meetings
- Financial results presentations for institutional investors
- The Medium-term Business Plan presentations for institutional investors
- One-on-one briefings for institutional investors
- Response to individual inquiries
- IR information and sustainability information provided on our website
- Materials published for shareholders and investors (integrated report, business report, sustainability report, etc.)
- Providing information to investigation institutions for ESG investment

## ■ Employee

The Nissha Group recognizes that human resources are the driving force for improving corporate value. We view changes in the business environment as opportunities for growth, and aim to grow both the company and our employees by bringing together "diverse capabilities and passions." We respect our employees' human rights and diversity from a global perspective, promote the creation of safe, comfortable workplace environments, and offer support for diverse work styles so that our employees can live up to their full potential.

## Communication

- Dialogue between labor and management
- Education and training
- Personnel evaluation and interviews
- Hotline
- Providing information via the company intranet and company newsletter
- Engagement survey and interviews

## ■ Supplier

We procure the materials, equipment, and services necessary for production and a wide range of business activities from suppliers in various regions. We work fairly and equally with all suppliers to promote sustainable procurement in order to share awareness of our social responsibility and enhance mutual corporate value.

## Communication

- Procurement activities in daily operations
- CSR procurement briefings
- CSR survey (Self Assessment Questionnaire: SAQ) and audit
- In-house exhibitions and seminars themed around supplier products and technologies

## ■ Society

The Nissha Group comprises a network that spans across the globe, and in each region, we carry out business activities with respect for the local culture and climate. While promoting communication with local communities to fulfill our basic responsibilities as a corporation and to be a company that is needed by society, we also strive to be aware of global social issues and play a role in resolving them.

## Communication

- Environmental initiatives
- Support and promotion of arts and culture
- Future generation support activities
- Exchange events with community people
- Factory and facility tours
- Cleanup activities in factory areas
- Employees' participation in volunteer activities

## 4. Environmental Policy and Management Structures

### 4-1 Policy and Principles

Nissha Group has established an "Environmental Policy". And together with a "Environment Principles" that outlines specific conduct and regulations, we disseminate them to all employees. We have also set out the Nissha Group Environmental Objectives within the Nissha Group in Japan. Each business site and division sets their own goals in an effort to achieve those objectives, and acts in accordance with their activity plans. These goals are linked with the Key Performance Indicators (KPI) for each business unit and are directly connected with our business activities. In January 2024, we set the environmental goals for a six-year period from the fiscal year ending December 2024 to the fiscal year ending December 2029.

#### Environment Policy

Nissha Group, as a member of the global society, aim for business development and the realization of a sustainable society through environmentally conscious corporate activities.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

#### The Environment Principles

1. We shall honor environmental laws, agreements with local communities, and demands from our customers.
2. We shall promote the reduction of greenhouse gas emissions through working to improve energy efficiency, etc. in order to deal with climate change risks.
3. We shall aim to construct a recycling society through our business activities, from product development and production to sale, etc., reducing the environmental impact of our supply chain overall.
4. We shall construct a management system and promote continuous improvements to suit changes in the business environment.
5. We shall value biodiversity and prevent pollution while co-existing with nature.

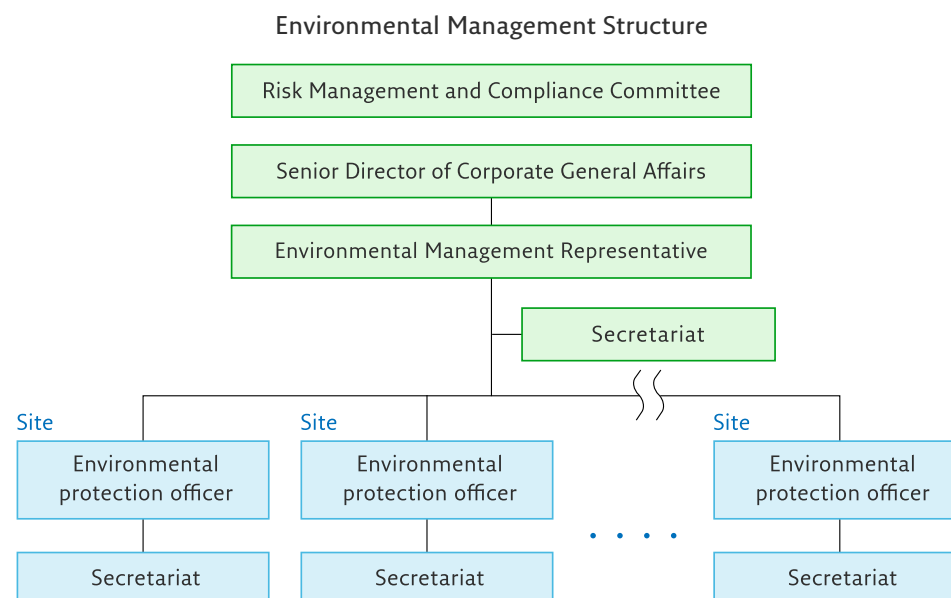
Daisuke Inoue  
Director of the Board, Senior Executive Vice President, General Affairs  
Nissha Co., Ltd.

Established on April 1, 2012 / Revised on May 1, 2022

### 4-2 Management Structures

The Nissha Group deploys our environmental management system in all aspects of our business activities.

Under the Risk Management and Compliance Committee, at Nissha Group in Japan Environmental Management Representative take the core role in creating environmental management systems through the leadership of a senior director of Corporate General Affairs, and Corporate General Affairs of the Head Office serves as the central office for this endeavor. Furthermore, we also create, maintain, and constantly improve systems for compliance with environmental laws and regulations and the RBA (Responsible Business Alliance), which serves as a global code of conduct mainly for the electronics and automobile industries.



### 4-3 Environmental Management System (EMS)

The Nissha Group operates an environmental occupational health and safety management system that includes compliance with items required by customers and by laws and regulations, based on the ISO14001 Environmental Management System and the ISO45001 Occupational Health and Safety Management System. We formulated an action plan to achieve our targets, and in addition to repeating the PDCA cycle with an eye to sustained improvements, we are striving to implement and improve assessments through regular internal audits and management reviews.

Core business sites that have acquired ISO14001 certification implement environmental hazard evaluations (risk assessments). We evaluate the environmental risks that have been identified, set priorities, and reflect the assessment in concrete actions. In addition to setting KPI directly related to business activity, we also strive for environmental performance improvement that interlocks with quality targets, etc. Through these activities, we assess negative risks that impose an undesirable impact on the environment and business and engage in improvement, maintenance, and management aiming to reduce those risks.

In our currently active 8th Medium-term Business Plan (FY2024.12 - FY2026.12), we set medical devices, mobility, sustainable materials, etc. as priority markets, and aim for growth via product lineups and services that contribute to solving social issues. As positive environmental contributions, our development and product technology divisions set development themes at the product design and development stage from the social issue resolution perspective of SDGs and ESG in addition to taking into

consideration the reduction of environmental impact, develop and mass-produce products that contribute to reducing environmental impact, such as sustainable packaging materials.

Moreover, the EMS for the Nissha Group covers all our bases, not only major production bases, but also small production bases and sales bases with little impact on the environment. Domestic business locations are classified into ISO14001-certified bases and noncertified bases and set their priority management items as appropriate. The effectiveness of our EMS has ensured a high level of performance by engaging in confirmation, correction, and improvement through initiatives including once-a-year periodic internal auditing and support for legal and regulatory compliance and responding to law and regulation revisions. The biannual management review report meeting includes confirmation on the response to points stipulated by the officer responsible for general affairs and environment management representatives and the sharing of major environmental risks and action examples that may be useful as a reference. As such, it links to continued improvement.

## 5. Impact on the Environment out of Our Business Operations

In order to manage the impact on the environment out of our business operations, Nissha Group grasps the input of major materials, the amount of waste, the amount of energy and water used, and the amount of exhaust and emissions.

The amount of major raw materials used at the Nissha Group in the fiscal year ended December 2023 was 85,273t, a decrease of approximately 31% from 123,982t used in the previous fiscal year. Of this amount, 16,466t was used at domestic production bases, a decrease of approximately 14% from the 19,114t used in the previous fiscal year. 68,807t was used at overseas production bases, a decrease of approximately 34% from 104,868t used in the previous fiscal year. Overseas production bases account for approximately 81% of the total amount of major raw materials used. Of this amount, the paper used for Nissha Metallizing Solutions' metallized paper products accounted for approximately 80%.

The amount of energy used by the Nissha Group was 217,027MWh of electricity, a decrease of approximately 13% from the 250,732MWh used in the previous fiscal year, and 10,029,000m<sup>3</sup> of gas, a decrease of approximately 4% from the 10,485,000m<sup>3</sup> used in the previous year. From the fiscal year ended December 2020, CO<sub>2</sub> emissions are calculated using the market-based method for bases in Japan and the location-based method for overseas bases.

The overall Nissha Group waste material gross emissions were 20,841t, a decrease of approximately 23% from the 27,207t emitted in the previous fiscal year. In addition, Nissha Group in Japan waste material gross emissions were 11,057t, a decrease of approximately 19% from the 13,606t emitted in the previous fiscal year. The source of the reduction was a decrease in waste material output by Nissha Precision and Technologies, Inc. (NPT). The overseas Nissha Group company waste material gross emissions were 9,784t, an increase of approximately 28% from the 13,601t emitted in the previous fiscal year.

## INPUT



## OUTPUT

Production bases in Japan		
Industrial Materials	PET/acryl film	805t
	Solvents	735t
	Gravure ink	616t
	Resin	219t
	Chemical substances	16t
	Aluminum	2t
	Other metals	18t
	Packaging materials	57t
Devices	Materials used in product manufacturing processes	4,801t
	Metallic materials	3t
	Resin materials	3t
	Half-finished goods	121t
	Printed circuit board assembly	4t
	Chemical substances	4,823t
	Packaging materials	553t
	Medical Technologies	Product materials
	Resin materials	31t
	PET film	3t
	Aluminum	6t
	Packing materials	27t
Others	Paper	3,513t
	Ink	38t
	Packaging materials	1t
<b>Total for production bases in Japan</b>		<b>16,466t</b>

Overseas production bases			
	Resin/plastic	5,887t	
	Film	116t	
	Molds and molding materials	115t	
	Ink	73t	
	Touch sensors	0t	
	Packing materials	1,471t	
	Paper	55,185t	
	Cardboards	1,263t	
	Aluminum	1,163t	
	Metal	61t	
	Chemical substances	3,368t	
	Others	104t	
	<b>Total for overseas production bases</b>		<b>68,807t</b>

<b>Total for Nissha Group</b>	<b>85,273t</b>
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Including production bases in Japan and overseas		
Energy	Electricity	217,027MWh
	Gas	10,029,000m <sup>3</sup>
Water	Tap water	912,000m <sup>3</sup>
	Underground water	42,000m <sup>3</sup>
	Industrial water	1,282,000m <sup>3</sup>

Production bases in Japan		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste	3,560t
	Recyclable resources (industrial waste)	7,470t
	Waste plastic Iron scrap, waste cans Waste solvents, waste ink, waste cloth Waste acid, alkali Sludge, others	
Waste for simple incineration/landfill	General business waste Others (industrial waste)	27t
<b>Total for production bases in Japan</b>		<b>11,057t</b>

Overseas production bases			
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste Others	7,407t	
	Recyclable resources (industrial waste)	615t	
	Non-recyclable waste	Incineration/landfill	1,762t
	<b>Total for overseas production bases</b>		<b>9,784t</b>

<b>Total for Nissha Group</b>	<b>20,841t</b>
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Including production bases in Japan and overseas		
Emissions	CO <sub>2</sub>	100,963t
	VOC*1	681t
Wastewater		2,002,000m <sup>3</sup>

\*1. Detoxified by direct combustion, catalyst deodorization, etc.

## 6. Responding to Climate Change (Addressing the TCFD Recommendations)

Nissha Group publicly endorsed the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in January 2022. Since then, we have been analyzing the financial impact of risks and opportunities related to climate change on our Group's businesses using the framework of the TCFD recommendations, and disclosing the results.



### 6-1 Governance

The Nissha Group manages its response to climate change by distinguishing between materiality (risks and opportunities related to the realization of our Sustainability Vision), which are material issues for the Group, and general risks (risks related to smooth business operations).

The governance and promotion structure for materialities and general risks are as shown below.

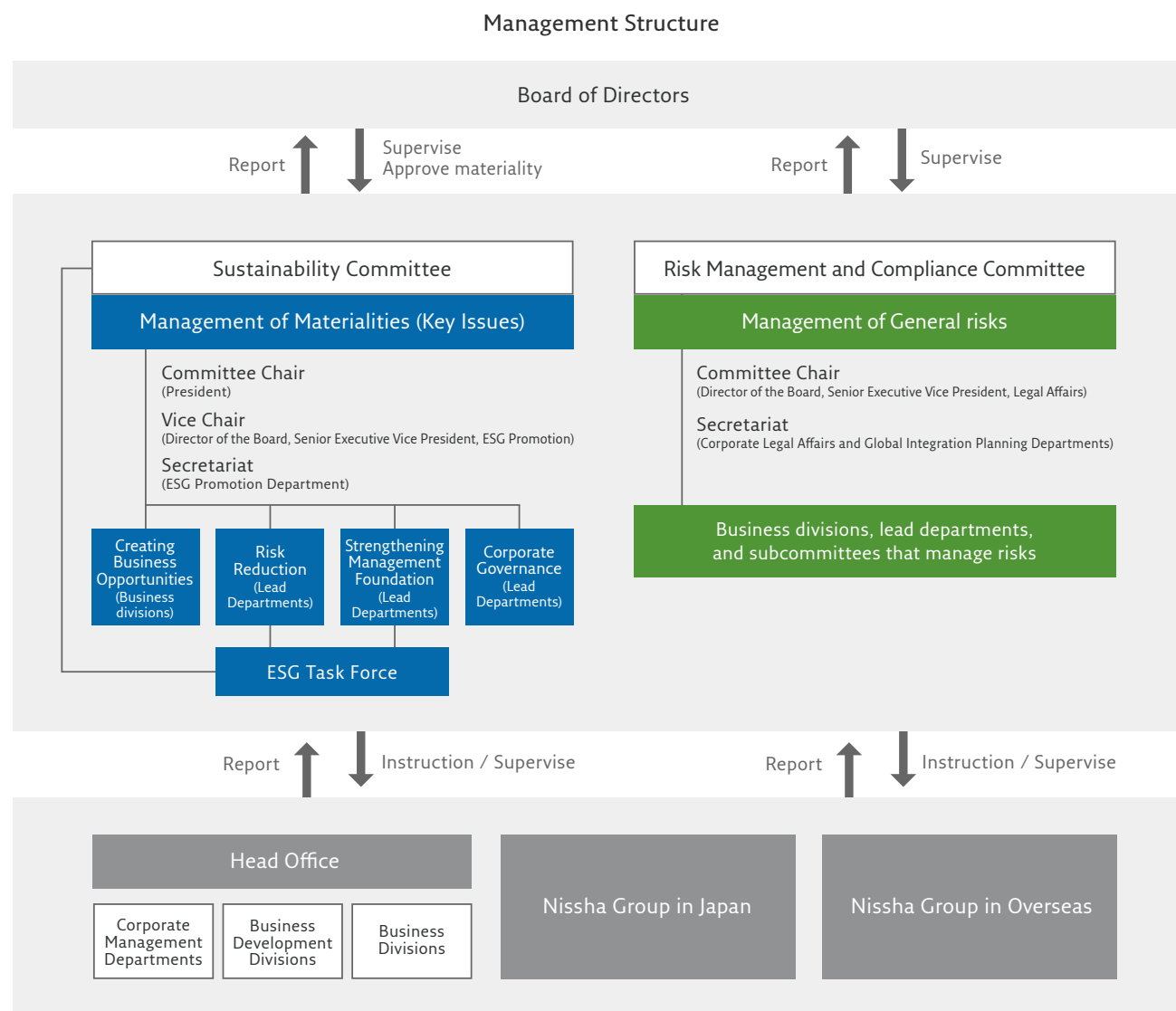
Materialities (Key Issues) Management	General Risks Management
<ul style="list-style-type: none"> <li>Materialities (key issues) are identified through deliberation and resolution by the Board of Directors meeting and managed by the Sustainability Committee which is chaired by the Chairman of the Board, President and CEO and vice-chaired by the Director of the Board, Senior Executive Vice President (in charge of ESG Promotion).</li> <li>The Sustainability Committee manages the identified materialities. The ESG Task Force has been set up to promote the theme of "responding to climate change," which is considered particularly important from the ESG perspective.</li> <li>In addition to setting KPIs and Action Items and reporting progress to the Sustainability Committee, the ESG Task Force discusses the company's responses to climate change with the Board (excluding independent outside directors, but including the President) on a half-yearly basis.</li> <li>The Board of Directors supervises the activities of the Sustainability Committee, which manages items related to materialities (KPIs, Action Items). It deliberates on the contents of the Committee's report once a year, and gives instructions for improvements as necessary.</li> <li>The President makes important strategic and financial decisions concerning our responses to climate change within the scope of his authority. To help them make decisions appropriately, the President and the Senior Executive Vice President (in charge of ESG Promotion) learn about climate change through study sessions and training by outside experts.</li> <li>Introduced stock-based compensation* as mid- to long-term performance-linked compensation for directors (excluding independent outside directors) and corporate officers. One of the indicators for the mid-term target is the degree of progress to the total CO<sub>2</sub> emissions reduction target.</li> </ul>	<ul style="list-style-type: none"> <li>Risks that would hinder smooth business operations are managed by the Risk Management and Compliance Committee, which is chaired by the Senior Executive Vice President (in charge of legal affairs).</li> <li>The Risk Management and Compliance Committee centrally manages risks. It assesses risks and selects key risks. One of the key risks, Business Continuity (natural disasters such as earthquakes, typhoons, and floods) encompasses climate change-related risks, and the Business Continuity Management Subcommittee takes charge of moving ahead with this.</li> <li>The Business Continuity Management Subcommittee sets KPIs and Action Items, and promotes measures for reducing risks. It formulates and updates response plans for preparing for or dealing with emergency situations in the event of a natural disaster, and reports on progress to the Risk Management and Compliance Committee.</li> <li>The Board of Directors supervises the activities of the Risk Management and Compliance Committee, which manages key risks that include climate change-related risks. It deliberates on the contents of the Committee's report once a year, and gives instructions for improvements as necessary.</li> </ul>

\*About stock-based compensation

- Points are awarded based on the degree of achievement of mid-term targets and the consolidated performance target for each fiscal year over the three-year period of Nissha's Medium-term Business Plans.

- On a set date in the final fiscal year of each Medium-term Business Plan, points are confirmed, and Nissha shares and money equivalent to Nissha shares converted at the market price are granted.

In the Nissha Group, the departments responsible for promoting the Sustainability Committee's materialities (business divisions, lead departments, ESG Task Force) and the departments that manage risk for the Risk Management and Compliance Committee (business divisions, lead departments, subcommittees) work with the various departments (corporate management departments, business development divisions, business divisions) at the Head Office and with Group companies in Japan and overseas on formulating measures, thus working on reducing general risks and achieving the materialities, including climate change.



## 6-2 Strategy

We have conducted a scenario analysis of the impact of future climate change on our business operations, using a range of scenarios of projected environmental change, based on the framework recommended by the TCFD.

The Medical Technologies business has now been added to the analysis, so all three of the major businesses of Nissha are now covered. We also analyzed the impact of future climate change on our business on a time horizon of 1 to 2 years in the short term, 3 to 5 years in the medium term, and 6 to 10 years in the long term, including the Sustainability Vision, and we considered measures to respond to these impacts.

### (1) Scenario analysis assumptions

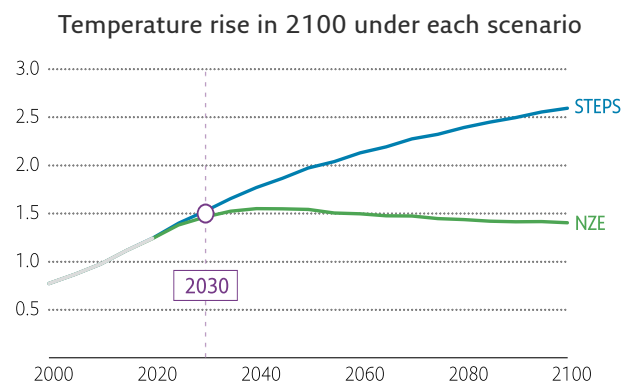
- Scenario analysis target business: Three main businesses of the Nissha Group (Industrial Materials, Devices, Medical Technologies)
- Scenario analysis time horizon: Study transition risks and physical risks and opportunities in the short term (1-2 years), medium term (3-5 years), and long term (6-10 years)
- Assumed scenario: See IEA's Net Zero Emissions by 2050 (NZE)<sup>\*1</sup>, Stated Policies Scenario (STEPS)<sup>\*2</sup>, IPCC's RCP4.5<sup>\*3</sup> and RCP8.5<sup>\*4</sup>, etc. scenarios

\*1.NZE: a scenario in which the world decarbonizes and achieves virtually zero CO<sub>2</sub> emissions in 2050. It is called the "1.5 °C scenario" because the average temperature increase as of 2100, compared to pre-industrial times, will be between 1.3 and 1.5°C.

\*2.STEPS: a scenario in which countries implement their stated current specific policies on decarbonization and no additional decarbonization-related policies are introduced. It is called the "3°C scenario" because the average temperature increase as of 2100, compared to pre-industrial times, will be between 2.4 and 2.8°C.

\*3.RCP4.5: a scenario in which CO<sub>2</sub> emissions peak in 2040 and stable economic development is achieved.

\*4. RCP8.5: a scenario in which CO<sub>2</sub> emissions continuously increase and uneven economic development is achieved.



Source: created internally based on the IEA World Energy Outlook, 2021

Under the two scenarios referenced from the IEA, we believe that we can visualize many climate change-related risks and opportunities by using the 1.5 °C scenario in which regulations are tightened and zero CO<sub>2</sub> emissions are achieved by 2050, and the 3 °C scenario in which no additional policies are introduced and climate change measures do not progress.

### (2) Scenario analysis process

Scenario analysis was conducted using the following process:

- Consider significant climate-related risks and opportunities for three main businesses
- Consider and create scenarios as preconditions for evaluation
- Assess risks and opportunities based on the scenarios  
(Risks and opportunities are assessed by calculating and evaluating the "financial impact" as of 2030 using the

parameters in each scenario, and the results are described below as "magnitude of risk" and "magnitude of the opportunity.")

- Consider countermeasures (adaptation, mitigation)

### (3) Results of risk analysis

Our transition and physical risks related to climate change, and the magnitude of the risks in each scenario, as well as our response to these risks are analyzed and considered as shown in the table below for the set time horizon.



Results of risk analysis

Type	Changes in the external environment	Target business	Time horizon	Risks to Nissha	Risk magnitude <sup>*1,2</sup>		Adaption / Mitigation measures			
					3°C	1.5°C				
Transition risk	Policies/laws and regulations	Industrial Materials Devices Medical Technologies	Medium to long-term	Increase in production and countermeasure costs due to carbon taxation on CO <sub>2</sub> emissions	Small	Medium	<ul style="list-style-type: none"> <li>- Mitigation Switch to renewable energy sources at production sites</li> <li>- Mitigation Introduce energy-saving production equipment</li> <li>- Mitigation Review productivity and efficiency in the production processes</li> </ul>			
				Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes	-	Medium	<ul style="list-style-type: none"> <li>- Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products</li> <li>- Adaptation Improve purchasing power through global procurement</li> </ul>			
		Changes in national carbon emission targets and policies	Industrial Materials Devices Medical Technologies	Medium to long-term	Increase in electricity procurement costs due to switch to renewable energy sources for electricity and soaring levies, etc.	Small	Small	<ul style="list-style-type: none"> <li>- Mitigation Introduce energy-saving production equipment</li> <li>- Mitigation Reduce electricity consumption</li> <li>- Mitigation Consider the introduction of solar and wind power generation facilities</li> </ul>		
					Cost of reducing CO <sub>2</sub> emissions in logistics (procurement and shipping) increases	-	Small	<ul style="list-style-type: none"> <li>- Adaptation Study trends in the logistics industry and consider shifting to transportation methods that emit less CO<sub>2</sub></li> </ul>		
	Introduction of plastic tax	Industrial Materials	Medium to long-term	Increase in the cost of procuring raw materials needed to produce products due to the progression of plastics-related regulations	-	Small	<ul style="list-style-type: none"> <li>- Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products</li> <li>- Adaptation Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials</li> </ul>			
				Introduction of CFC regulations	Devices	Medium to long-term	Restrictions on use of specified CFCs and their substitutes used at production bases increase capital investment costs	Small	Medium	<ul style="list-style-type: none"> <li>- Adaptation Research technology trends to enable compliance with CFC regulations</li> </ul>
	Industries and Markets	Fluctuations in raw material prices	Industrial Materials	Medium to long-term	Increase in petrochemical material costs due to changes in crude oil demand	Medium	-	<ul style="list-style-type: none"> <li>- Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products</li> </ul>		
					Increase in raw material costs due to increased use of reprocessed plastic	-	Small	<ul style="list-style-type: none"> <li>- Adaptation Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials</li> </ul>		
		Increase in EV sales	Industrial Materials	Short to long-term	Decrease in sales opportunities for EV-related products due to changes in market structure	Small	-	<ul style="list-style-type: none"> <li>- Adaptation Promote product development and enhance production facilities in response to market trends for next-generation vehicles other than Evs</li> </ul>		
	Technologies	Changes in customer behavior (increase in requests from customers to reduce CO <sub>2</sub> emissions)	Devices	Short to medium-term	Net sales decline due to lost business opportunities caused by insufficient responses to customer requests	Small	Medium	<ul style="list-style-type: none"> <li>- Mitigation Conserve energy through improved productivity and reduce CO<sub>2</sub> emissions through switch to renewable energy</li> </ul>		
Transition to materials and technologies with lower environmental impact					Devices	Medium-term	Costs increase due to replacing product packaging materials	-	Small	<ul style="list-style-type: none"> <li>- Adaptation Investigate alternative materials that can reduce costs while maintaining the quality of packaging materials</li> </ul>
							Net sales decline due to substituting our products for low-carbon products made by other companies	Medium	Medium	<ul style="list-style-type: none"> <li>- Adaptation Develop low-carbon products with lower environmental impact</li> </ul>
Reputation	Growing importance of ESG assessment in customers' supplier selection	Devices	Short to medium-term	Net sales decline due to lost business opportunities resulting from delays in the development of low-carbon technologies	Medium	Medium	<ul style="list-style-type: none"> <li>- Adaptation Promote the development of low-carbon technologies</li> </ul>			
				ESG assessment declines due to delays in addressing climate-related issues, and we are not chosen as a supplier resulting in a decline in net sales	-	Small	<ul style="list-style-type: none"> <li>- Adaptation Enhance climate change initiatives and disclose information appropriately</li> </ul>			
Physical risks <sup>*3</sup>	Acute	Intensification of extreme weather	Industrial Materials Devices	Short to long-term	<ul style="list-style-type: none"> <li>- Decline in net sales due to production delays or suspensions resulting from damage to production bases, and incidence of repair costs due to damage to company assets such as buildings, facilities, and inventory</li> <li>- Decline in the company's net sales due to the impact of the suspension of the supply of raw materials and parts due to disasters at suppliers</li> </ul>	Small	Small	<ul style="list-style-type: none"> <li>- Adaptation Improve and strengthen BCP, and establish a system to support affected sites</li> <li>- Adaptation Build a supply chain for stable procurement, including multi-company purchasing and out-sourced production of raw materials at multiple factories and lines</li> </ul>		

\*1. Risk magnitude evaluation horizon: Changes in net sales Large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen / Operating profit/loss: Large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen

\*2. Scenarios in which no risks are incurred are indicated with a "-"

\*3. For physical risks, hazard maps were created for the key production bases for each business (30 locations) and AQUEDUCT was used to carry out surveys. The financial impact on bases where risks had been identified was evaluated by considering the frequency of occurrence.

Based on the above analysis, no significant and hard-to-handle risks associated with climate change were identified at this stage in our three main businesses. The following risks associated with climate change are applicable to multiple businesses and will have a relatively large impact on our business.

#### [Transition risk]

- (i) Increase in production and countermeasure costs due to carbon taxation on CO<sub>2</sub> emissions (1.5° C scenario)
- (ii) Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes (1.5° C scenario)

As a measure to address (i), we are promoting the switch to renewable electricity at our production bases. Our main production bases in Japan, Nissha Industries, Inc. Koka Factory and Nissha Precision and Technologies, Inc. Himeji Factory and Kaga Factory have already made the switch to 100% renewable electricity. At overseas bases, Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China), a production base for the Industrial Materials business, has continued to generate solar power, and Nissha Metallizing Solutions (Belgium) has replaced part of its electricity with solar and wind power at its production bases. In addition, we are working to reduce power consumption by streamlining production and saving energy in production and infrastructure facilities. We will continue to promote measures while verifying the cost and effectiveness of such measures.

As a measure to address (ii), in the Industrial Materials business, we are investigating technological trends, examining the use of biomass PET and other biomass plastics and recycled plastics, and developing products to reduce the use of virgin plastics.

#### [Physical risks]

No physical risks have been identified at this stage.

The Nissha Group has taken measures to address risks that we believe have a relatively large impact with respect to climate change in our three main businesses, and we consider ourselves to have climate resilience.

We will continue to monitor trends in the business environment under the 1.5° C and 3° C scenarios and develop our business strategically.

#### (4) Results of opportunity analysis

Based on our awareness that solving social issues related to climate change will create our business opportunities, we have analyzed and examined the magnitude of the opportunities in each scenario and our response to these opportunities in the time horizon we have set, as shown in the table below.

### Results of opportunity analysis

Type	Changes into the external environment	Target business	Time horizon	Opportunities to Nissha	Opportunity magnitude <sup>*1,2</sup>		Countermeasures
					3°C	1.5°C	
Products and Services	Carbon price Changes in national carbon emission targets and policies	Industrial Materials Devices	Medium to long-term	Expansion of demand for products that contribute to GHG emission reductions	Medium	Medium	- Develop and expand sales of products that contribute to GHG emission reductions (highly recyclable decorative film moldings, gas sensor modules for refrigerant detection, etc.)
		Industrial Materials	Medium to long-term	Increase in sales opportunities for plant-derived sustainable molded products due to the progression of plastics-related regulations	-	Small	- Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials
	Increase in EV sales	Industrial Materials Devices	Short to long-term	Increase in sales opportunities for EV-related products due to changes in market structure	Small	Small	- Develop and expand sales of new products for EVs (decorative film molded products and functional products for exteriors, touch sensors, etc.)
	Fluctuations in raw material prices	Industrial Materials	Medium to long-term	Increase in sales opportunities due to increased demand for sustainable molded products as a result of the lower costs of plant-derived plastics	-	Small	- Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials
	Arrival of a hydrogen-based society	Devices	Medium-term	Demand for Fuel Cell Vehicles (FCVs) expands	Small	Small	- Develop and expand sales of products for the mobility market (such as hydrogen detectors) that contribute to reducing our environmental impact

\*1. Opportunity magnitude evaluation horizon: Changes in net sales Large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen / Operating profit/loss: Large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen

\*2. Scenarios in which no opportunities are incurred are indicated with a "-"

The following climate change opportunities are applicable to multiple businesses and have a relatively large impact on our business.

#### [Opportunities in transition risks]

- (i) Expansion of demand for products that contribute to GHG emission reductions
- (ii) Increase in sales opportunities for EV-related products due to changes in market structure

As a measure to address (i), the Industrial Materials business aims to expand sales of existing decorative films and molded products for mobility and consumer electrical appliances. The Nissha Group's decorative films and molded products contribute to the reduction and control of GHG emissions by adding patterns and functions at the same time they are molded to eliminate the need for secondary decoration processes after molding, as well as by building an optimal supply chain for customers from seven molding bases located around the world. We also aim to create products with even lower environmental impact by undertaking recyclability studies and conducting Life Cycle Assessments (LCA) for each product to quantitatively evaluate the environmental impact.

In the Devices business, we are aiming to expand sales of gas sensor modules that can detect next-generation refrigerants produced by Nissha FIS. Although the next-generation refrigerants used in air conditioning and refrigeration units today have low ozone depletion potential, leak detection is necessary as they are mildly flammable and have an extremely high greenhouse effect. We believe that our Group's gas sensors can contribute to both safety and the prevention of global warming, and we aim to increase our net sales by expanding our sales region to include North America and other overseas markets.

As a measure to address (ii), we have identified the expansion of products targeting the mobility market as one of the priority markets for achieving our Sustainability Vision, and we are working to enhance EV-related products as a measure to address climate change.

The Industrial Materials business aims to expand sales of exterior decorative and functional products. For EVs that do not require engine cooling, there is a growing need to decorate the front as a vehicle face design to replace the front grille, as well as a need to add functions to ensure the proper operation of automatic driving radars in this area. In addition, there is a need for a heating function to melt snowing sticking on headlights and front grilles.

The Devices business aims to expand sales of touch sensors for curved surfaces and large displays. Our touch sensors are made from film-based material which provides high visibility and a narrow frame while being thin, light, unbreakable, and bendable. In line with the growing demand for designs for next-generation vehicles, a variety of touch sensors that leverage these features are required for EVs.

We aim to expand net sales by developing new products that meet these EV needs to expand our product lineup. We intend to reflect our scenario analysis results in our business strategy, such as the growing demand for products that contribute to reducing GHG emissions and the expanding EV market.

## 6-3 Risk Management

The Nissha Group manages its climate change risks by distinguishing between materialities (risks and opportunities related to the realization of the Group's sustainability vision), which are material issues for the Group, and general risks (risks related to smooth business operations) and by the Sustainability Committee and the Risk Management and Compliance Committee assessing and managing each of these risks in accordance with the following process.

In particular, for the risks associated with climate change, we conduct scenario analysis for each business. We extract transition risks and physical risks, evaluate the timing of risk occurrence and the impact on finances for each scenario, and consider risk adaptation and mitigation measures.







Refer to 6-2 Strategy

### ■ Risk Management by the Sustainability Committee

The Group has set out where it wants to be in terms of management by 2030 in the form of our Sustainability Vision (long-term vision). We are aiming to create social value by providing products and services that contribute to solving social issues, and to achieve a 30% reduction in total CO<sub>2</sub> emissions in 2030 (compared to 2020) with a view to carbon-neutral by 2050. And to realize the Sustainability Vision, we have identified items of particular importance as materialities.

The Nissha Group evaluates social issues from the perspectives of Creating Business Opportunities, Risk Reduction, Strengthening Management Foundation, and Corporate Governance using the two axes of "importance to society and stakeholders", and "importance to Nissha (i.e. importance for achieving our Sustainability Vision)". The identified social issues are prioritized by the Sustainability Committee, and materialities are identified through deliberations and resolutions by the Board of Directors.

We have identified the following material issues relating to climate change from the perspectives of Creating Business Opportunities and Risk Reduction.

	Materiality	Related SDGs
Risk reduction	Responding to climate change	
Creating business opportunities	Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact	 
	Promotion of circular economy	  

The ESG Task Force works based on KPIs and Action Items approved by the Sustainability Committee. It reports on its activities once per half year to Nissha's internal directors, including the President, to debate the necessary actions.

Activities related to creating business opportunities are handled by the business divisions. The business divisions report to the Chairman of the Board, President and CEO at monthly meetings (business reviews), at which the Chairman of the Board, President and CEO confirms the progress of business strategies based on key performance indicators and gives instructions on necessary action.

The Sustainability Committee reports its activities annually to the Board of Directors, and the Board of Directors utilizes the contents of the report to formulate the Medium-term Business Plan and Rolling Plan.

Refer to 3-3 Promotion Framework for Sustainability / 3-4 Materialities (Key Issues) and KPIs

## ■ Risk Management by the Risk Management and Compliance Committee

The Nissha Group carries out risk assessments for all Group companies both in Japan and overseas, and selects key risks for each company. The assessment targets, the common risks that cut across business fields and Group companies, are assessed on two axes, "probability of occurrence" and "impact when it occurs," with the addition of the effectiveness of control activities. The assessment results are used to consider priority order by business divisions/Group companies, and business divisions/general managers confirm the validity of this from a business management perspective, then

work to reduce risk in business activities. Through these processes, key risks that include those associated with climate change are selected at the general meeting of the Risk Management and Compliance Committee.

## ■ Risk Assessments

### (1) Target bases

- All Group companies in Japan
- 55 Group companies overseas (Including when major overseas subsidiaries and their own subsidiaries have been evaluated)

### (2) Target risks

- Cross-group risks (including compliance risks) common to each business/Group company  
Refer to 28-4 Risk Assessments

### (3) Selection process for key risks

The following process is used by the Risk Management and Compliance Committee to select key risks.

- For the above cross-group risks, the high-value risks calculated using the "probability of occurrence" and "impact when it occurs" horizons are considered the "inherent risks".
- In addition, the "effectiveness of control activities" is evaluated, and risks with low "effectiveness of control activities" with respect to "inherent risks" are selected as key risks.

### (4) Management method

- Key risks (low "effectiveness of control activities" with respect to "inherent risks"): The lead department or subcommittee establishes key performance indicators and action items, and the Risk Management and Compliance Committee confirms progress (business risks are led by the business division and confirmed by business reviews and other means).
- High "effectiveness of control activities" with respect to "inherent risks": Subject to monitoring, managed by the lead department or subcommittee, and the Risk Management and Compliance Committee confirms the status of maintenance and operation.
- Cross-group risks other than "inherent risks": Managed by the business division and lead department, and reported at the Monthly Business Review (MBR).

The company has selected Business Continuity (natural disasters such as earthquakes, typhoons, and floods) as one of our key risks and includes climate change risk in this category.

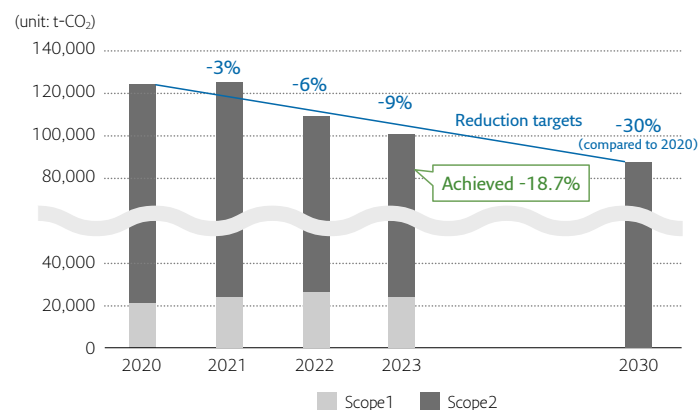
As a measure to address risks, a "Business Continuity Plan" has been formulated to prepare for and respond to natural disasters and emergencies should they occur, and the plan is promoted by the Business Continuity Management Subcommittee under the Risk Management and Compliance Committee. The Business Continuity Management Subcommittee, which manages such risks, works to mitigate risks based on KPIs and action items approved by the Risk Management and Compliance Committee, and reports the state of its activities to the Risk Management and Compliance Committee.

## 6-4 Indicators and Targets

We have defined total CO<sub>2</sub> emissions as an indicator for assessing and managing risks related to climate change. Our Sustainability Vision aims for a 30% reduction in CO<sub>2</sub> emissions in 2030 (compared to 2020), with a view to carbon-neutral by 2050.

In the next fiscal year and beyond, we will consider establishing and publishing indicators and targets to assess and manage climate change-related business opportunities.

### The Nissha Group's CO<sub>2</sub> Emissions Reduction Target and Results (Scope1 and 2)



The Nissha Group views sustainability as an initiative toward the achievement of sustainable growth and development for both the company and society. In other words, we consider social issues to be business opportunities. We consider it important not only to leverage our strengths to provide products and services that help resolve these on an ongoing basis, but also to strengthen the management foundation underpinning our business activities, reduce risks that could hamper business continuity, and promote governance to ensure these are all carried out appropriately.

In the Sustainability Vision that presents our vision for ourselves in 2030, the Nissha Group defines Medical, Mobility, and Sustainable Materials as the key markets to solve social issues through business activities. In addition, we have expressed our aim to reach 150 billion yen in products related to the medical market, out of our consolidated sales of 300 billion, and are pressing ahead with reorganizing our business portfolio.

The Medical Technologies business has now been added to the analysis, so all three of the major businesses of the Nissha Group have now been analyzed. As a result, although the transition and physical risks for the Nissha Group that are associated with climate change are important, we believe that their impact on our finances will be limited if sufficient measures are taken to address the risks we have identified through our analysis. Also, contributing to solving social issues related to climate change is considered a business opportunity for the Nissha Group.

Additionally, we have confirmed that the risks associated with climate change and its financial impact will be small for the Medical Technologies business compared to other businesses. This means that our growth strategy of business expansion in the medical market, which the Nissha Group is engaging in with a view to our Sustainability Vision, is seen as something that can also contribute to reducing climate change risks for the Group.

# 7. CO<sub>2</sub> Emissions and Reduction Efforts

## 7-1 CO<sub>2</sub> Emissions Reduction Target

The global movement towards a decarbonized society by reducing greenhouse gases in response to the Paris Agreement is progressing. Nissha Group regards addressing climate change as one of its most important management issues and our Sustainability Vision (long-term vision) aims for a 30% reduction in CO<sub>2</sub> emissions in 2030 (compared to 2020).

To promote specific activities towards our Sustainability Vision, we have established an ESG Task Force under the Sustainability Committee on the theme of addressing climate change, which is chaired by the President. The ESG Task Force is promoting actions to reduce our Scope 1 and Scope 2 CO<sub>2</sub> emissions by 3% per year, and to identify Scope 3 categories and calculate CO<sub>2</sub> emissions in our supply chain.

The Group will promote these initiatives on a global basis, while monitoring global trends relating to the reduction of CO<sub>2</sub> emissions and moving ahead with switching to sustainable energy supplies, with an eye to introducing even more ambitious target-setting.

## 7-2 Summary of Emission

The Group's CO<sub>2</sub> emissions are characterized by the ratio of Scope 2 emissions being significantly higher than the ratio of Scope 1 emissions.

The total emissions for the fiscal year ended December 2023 was 100,963t-CO<sub>2</sub>, which is 25.4% of Scope 1 and 74.6% of Scope 2. Total emissions dropped 12.0% over the 114,691t-CO<sub>2</sub> from the previous fiscal year. The main reasons for this were the reductions in electricity use at the Himeji Factory and Kaga Factory of Nissha Precision and Technologies, Inc. (NPT), and at Nissha Metallizing Solutions (NMS).

	Reference year (FY2020)		FY2021		FY2022		FY2023			
	Emission (t-CO <sub>2</sub> )	%	Emission (t-CO <sub>2</sub> )	%	Emission (t-CO <sub>2</sub> )	%	Emission (t-CO <sub>2</sub> )	%	Year-on-year	vs. reference year
Scope 1	20,853	16.8	24,196	19.3	28,435	24.8	25,609	25.4	-9.9	+22.8
Scope 2	103,351	83.2	101,048	80.7	86,255	75.2	75,354	74.6	-12.6	-27.1
Total	124,204		125,244		114,691		100,963		-12.0	-18.7

Refer to 8. Third Party Verification

The 100,963t-CO<sub>2</sub> total CO<sub>2</sub> emissions for the fiscal year ended December 2023 shown above includes 2,431t-CO<sub>2</sub> from the chemical reactions used at the Koka Factory of Nissha Industries, Inc. (NII) and at Nissha Metallizing Solutions GmbH (Germany) and Nissha Metallizing Solutions N.V. (Belgium). This represents a 41.0% decrease compared to the previous fiscal year's emissions of 4,121t-CO<sub>2</sub>.

## 7-3 Trends in CO<sub>2</sub> Emissions and Energy Consumption, etc.

The Nissha Group's CO<sub>2</sub> emissions and energy consumption are shown below. The totals obtained by multiplying the individual consumption of fuels such as electricity, gas, gasoline, diesel, and heavy oil with the specified factors are Nissha's energy consumption levels. The figures obtained by multiplying energy consumption by the CO<sub>2</sub> emission factors are the CO<sub>2</sub> emissions of the Group.

Nissha Group emits almost no energy-related greenhouse gases other than CO<sub>2</sub>, and its impact is minimal.

### CO<sub>2</sub> Emissions Volumes and Basic Unit

(unit: t-CO<sub>2</sub>, excluding basic unit)

Company	FY2020	FY2021	FY2022	FY2023
Nissha and others	3,721	3,925	4,249	5,429
NII	11,507	13,253	6,835	6,437
NPT	69,572	65,604	53,056	48,661
NCI	770	870	666	862
Overseas production bases	38,634	41,592	49,885	39,575
<b>Total</b>	<b>124,204</b>	<b>125,244</b>	<b>114,691</b>	<b>100,963</b>
Basic Unit*	0.69	0.66	0.59	0.60

\*CO<sub>2</sub> emissions / Net sales (Millions of JPY)

### Energy Consumption and Basic Unit

(unit: 1,000GJ, excluding basic unit)

Company	FY2021	FY2022	FY2023
Nissha and others	104	124	109
NII	322	134	181
NPT	1,590	1,327	950
NCI	25	21	17
Overseas production bases	1,084	1,055	775
<b>Total</b>	<b>3,124</b>	<b>2,662</b>	<b>2,032</b>
Basic Unit*	0.0165	0.0137	0.0121

\*Energy consumption (1,000GJ) / Net sales (Millions of JPY)

### Electricity Consumption

(unit: MWh)

Company	FY2021	FY2022	FY2023
Nissha and others	9,090	11,590	11,447
NII	19,300	18,559	18,446
NPT	151,635	126,056	108,512
NCI	2,463	2,130	1,979
Overseas production bases	82,485	92,397	76,644
<b>Total</b>	<b>264,973</b>	<b>250,732</b>	<b>217,027</b>
Renewable Electricity	2,591	20,709	34,095
Non-renewable electricity	262,382	230,023	182,932
Renewable Electricity Ratio	1.0	8.3	15.7

### Gas Consumption

(unit: 1,000m<sup>3</sup>)

Company	FY2021	FY2022	FY2023
Nissha and others	244	195	204
NII	2,891	2,571	2,303
NPT	1,729	2,015	1,807
NCI	0	0	0
Overseas production bases	5,694	5,703	5,714
<b>Total</b>	<b>10,558</b>	<b>10,485</b>	<b>10,029</b>

### Gasoline, Diesel, and Heavy Oil Consumption

(unit: kl)

Company	FY2021	FY2022	FY2023
Nissha and others	48	39	43
NII	8	10	11
NPT	11	10	9
NCI	2	2	1
Overseas production bases	151	147	133
<b>Total</b>	<b>220</b>	<b>207</b>	<b>198</b>

#### About the following tables

- As of the fiscal year ended December 2020, we have adopted market standards for the electricity emissions factor in Japan and use location standards for each country as overseas electricity emissions factors.
- The company names listed in the tables are as follows.  
Nissha and others: Nissha Co., Ltd. and affiliated companies  
NII: Nissha Industries, Inc.  
NPT: Nissha Precision and Technologies, Inc.  
NCI: Nissha Printing Communications, Inc.

## 7-4 Emissions Reduction Efforts

As a measure to reduce CO<sub>2</sub> in the Nissha Group in Japan, NII Koka Factory, a production base for our Industrial Materials business, is into its second fiscal year of using 100% renewable electricity, and is also working on reducing its gas consumption, having updated the old-style deodorizing equipment with a heat storage type as of December 2023. NPT Himeji Factory and Kaga Factory, production bases for our Devices business, switched to 100% renewable electricity for the factories in December 2023.

At overseas bases, since 2018, Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China), an Industrial Materials business unit production base, has continued to generate solar power, and Nissha Metallizing Solutions N.V. (Belgium) replaced part of its electricity with wind power at its production bases. Nissha Metallizing Solutions S.r.l. (Italy) introduced solar power generation in 2022 and a cogeneration system in 2023, and is generating electricity through gas combustion and effectively using the waste heat generated to produce hot and cold water.

In addition, we are switching to LED lighting and upgrading aging facilities with energy-efficient equipment to contain electricity consumption.

## 7-5 Basic Unit Management of Energy Consumed in Production

In addition to monitoring and managing energy consumption per corporate unit as required by the Act on the Rational Use of Energy, the Group's domestic production bases have been con-

ducting basic unit management of energy consumed in production since the fiscal year ended March 2014, aiming to improve the efficiency of energy use. The actual basic unit for each production base in the fiscal year ended December 2022 was set at 1.00, and the target for 2023 was set at 0.99 or less, based on this. The results were as follows.

At NPT's Kaga Factory, initiatives to reduce the amount of electricity used through consolidating plants meant that it achieved 0.99 or less compared to its performance in the previous fiscal year. The Nissha Global Headquarters failed to meet its target due to an increase in electricity consumption, while the NPT Himeji Factory and NPT Kaga Factory failed to meet their targets due to a deterioration in basic unit energy consumption.

Company	Basic unit (based on production volume etc.)			FY2023 evaluation
	FY2022 results	FY2023 target	FY2023 results	
Nissha (Headquarters)	1.00	0.99 or less	1.28	×
NII Koka Factory	1.00	0.99 or less	1.01	×
NPT Himeji Factory	1.00	0.99 or less	1.88	×
NPT Kaga Factory	1.00	0.99 or less	0.58	○
NCI	1.00	0.99 or less	1.41	×

## 7-6 Initiative in Scope<sup>\*1</sup>3 Management

In the fiscal year ended December 2022, the ESG Task Force took the lead in reaffirming the applicability of Scope 3 for each category. In the fiscal year ended December 2023, the ESG Task Force grasped

9 of 15 categories, as shown in the table below. Our Scope 3 is expected to exceed 40% of the total of Scopes 1, 2, and 3. Categories 1, 4, 6, 7, and 11 were subjected to third party verification by DNV Business Assurance Japan K.K.

(unit:t-CO<sub>2</sub>)

Scope 3 Category		FY2022		FY2023	
		Coverage		Coverage	
		Domestic	Overseas	Domestic	Overseas
1	Purchased goods and services	<b>50,616</b>	97,144	<b>38,891</b>	Under investigation
2	Capital goods	17,126		Under investigation	
3	Fuel and energy-related activities (not included in Scope 1, 2)	15,684		Under investigation	
4	Upstream transportation and distribution of purchased products <sup>*2</sup>	<b>4,272</b>	10,341	<b>4,368</b>	Under investigation
	Upstream transportation and distribution of shipments <sup>*3</sup>	<b>7,398</b>	19,296	<b>6,561</b>	Under investigation
5	Waste generated in operations	4,462		Under investigation	
6	Business travel	<b>579</b>	—	<b>638</b>	—
7	Employee commuting	<b>2,261</b>	—	<b>2,038</b>	—
11	Use of sold products	<b>7,739</b>		<b>10,370</b>	
12	End of life treatment of sold products	535	4,091	417	Under investigation

\*Figures in **bold** have been certified by a third party  
Refer to 8. Third Party Verification

\*1. Scope: Scope of greenhouse gas (GHG) calculation. The following three are shown.  
Scope 1: Direct GHG emissions from sources owned or controlled by the company.  
Scope 2: Indirect GHG emissions through consumption of electricity, steam, or heat.  
Scope 3: Indirect emissions other than those in Scope 2.

\*2. Emissions arising from the transport and delivery of raw materials purchased from major material suppliers.

\*3. Emissions arising from the transport and delivery of products manufactured by the Nissha Group.



## 7-7 Coverage and Calculation Method of CO<sub>2</sub> Emission Calculation

### ■ Scope 1, 2

Coverage	<ul style="list-style-type: none"> <li>Nissha Co., Ltd.</li> <li>Nissha Industries, Inc.</li> <li>Nissha Precision and Technologies, Inc.</li> <li>Nissha Printing Communications, Inc.</li> <li>Nissha FIS, Inc.</li> <li>Nissha Business Service, Inc.</li> <li>Zonnebodo Pharmaceutical Co., Ltd.</li> <li>Nissha Eimo Technologies</li> <li>Nissha PMX Technologies, S.A. de C.V.</li> <li>Nissha Medical Technologies</li> <li>Lead-Lok, Inc.</li> <li>CEA Global Dominicana, S.R.L.</li> <li>CEA Medical Manufacturing, Inc.</li> <li>Nissha Medical Technologies Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Nissha Medical Technologies SAS</li> <li>Nissha Schuster Kunststofftechnik</li> <li>Nissha Back Stickers</li> <li>Nissha Back Stickers International</li> <li>Nissha Metallizing Solutions N.V.</li> <li>Nissha Metallizing Solutions S.r.l.</li> <li>Nissha Metallizing Solutions Ltd.</li> <li>Nissha Metallizing Solutions Produtos Metalizados Ltda</li> <li>Nissha Metallizing Solutions GmbH</li> <li>Nissha (Kunshan) Precision IMD Mold Co., Ltd.</li> <li>Guangzhou Nissha High Precision Plastics Co., Ltd.</li> <li>Nissha Precision Technologies Malaysia Sdn. Bhd.</li> <li>Nissha SB Poland Sp. z o.o.</li> </ul>
Calculation method	<p>Calculated based on Ministry of the Environment "Greenhouse Gas Emissions Calculation Report Manual (Ver.4.9)" (CO<sub>2</sub> emission factors)</p> <p>CO<sub>2</sub> emissions associated with the fuel use: Emission factor based on the Act on Promotion of Global Warming Countermeasures</p> <p>CO<sub>2</sub> emissions associated with power purchase: Emission factor based on the market-based method for domestic bases and the location-based method for overseas bases</p>	

### ■ Scope 3

#### Category1. CO<sub>2</sub> emissions from major domestic material suppliers

Coverage	Major domestic / overseas suppliers at Nissha Group in Japan (39 companies)
Calculation method	CO <sub>2</sub> emissions per product or supplier electricity and fuel consumption x emission factor x sales ratio

The verified 38,891t-CO<sub>2</sub> emissions are from 39 key suppliers of Nissha Group in Japan, from whom we purchase 74% of all our purchases.

#### Category4. CO<sub>2</sub> emissions from distribution of upstream major domestic material suppliers

Coverage	Major domestic / overseas suppliers at Nissha Group in Japan (27 companies)
Calculation method	Total CO <sub>2</sub> emissions of suppliers calculated using either the ton-kilometer method, fuel consumption method, or fuel method

The verified 4,368t-CO<sub>2</sub> emissions are from 27 key suppliers of Nissha Group in Japan, from whom we purchase 59% of all our purchases. We will strive to further increase our coverage.

#### Category4. CO<sub>2</sub> emissions from logistics of major upstream domestic suppliers

Coverage	Logistics suppliers (37 companies)
Calculation method	<p>Domestic transportation: based on the Fuel Economy Law (Joint Guidelines for Calculating CO<sub>2</sub> Emissions in the Logistics Sector) Ver.3.1</p> <p>Overseas transportation: Sum up CO<sub>2</sub> emissions from Global Logistics Emissions Council (GLEC) Framework Ver2.0*</p> <p>*A framework created by the Smart Freight Centre, an international non-profit organization working to reduce greenhouse gas emissions associated with cargo transport.</p>

The verified 6,561t-CO<sub>2</sub> emissions are from 37 key logistics suppliers of Nissha Group in Japan, from whom we purchase 88% of all our purchases.

### Category 6, 7. CO<sub>2</sub> emissions associated with business travel and employee commuting

Coverage	<ul style="list-style-type: none"> <li>• Nissha Co., Ltd.</li> <li>• Nissha Industries, Inc.</li> <li>• Nissha Precision and Technologies, Inc.</li> <li>• Nissha Printing Communications, Inc.</li> <li>• Nissha F8, Inc.</li> <li>• M crossing Co., Ltd.</li> <li>• Nissha FIS, Inc.</li> <li>• Nissha Business Service, Inc.</li> <li>• Zonnebodo Pharmaceutical Co., Ltd. (commuting only)</li> </ul>
Calculation method	<p>Calculated based on;</p> <p>Ministry of the Environment/Ministry of Economy, Trade and Industry "Basic Guidelines for Calculating Greenhouse Gas Emissions Through the Supply Chain (Ver.2.5)"</p> <p>Ministry of the Environment "Calculation intensity database for calculating greenhouse gas emissions of organizations through the supply chain (Ver.3.3)"</p>

### Category 11. CO<sub>2</sub> emissions from use of sold products

Coverage	Gas sensors provided by Nissha FIS, Inc. (21 types)
Calculation method	Calculated by electricity consumption × product life × annual sales × emission factor

The verified 10,370t-CO<sub>2</sub> emissions cover all the products produced (or products sold) by the Nissha Group. Among the Group's products, the gas sensor range, which are active devices, fall under Category 11, while other products do not fall under this category. As a result, the gas sensor range emissions are calculated and are subject to verification by a third party.

\* Calculations of CO<sub>2</sub> emissions are subject to inherent uncertainty due to, for example, incomplete scientific knowledge used to determine emission factors and numerical data.

# 8. Third Party Verification

The Nissha Group has received a verification statement from DNV Business Assurance Japan K.K. on the accuracy of the CO<sub>2</sub> emissions data contained in this report in order to improve the reliability of our environmental performance data.



## VERIFICATION STATEMENT

Project ID: PRJN-645864

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### Nissha Co., Ltd.

#### < Verification Objectives >

DNV Business Assurance Japan K.K. (hereinafter referred to as "DNV") has been commissioned by Nissha Co., Ltd. (hereinafter referred to as "the Organization") to perform an independent verification of the greenhouse gas emissions and energy consumption (hereinafter referred to as "GHG emissions and others") reported in the "Nissha Sustainability Report 2024" (hereinafter referred to as "the Report") prepared by the Organization. The objective of this verification is to confirm that the GHG emissions and others claimed by the Organization have been calculated and reported appropriately based on the calculation standards, and to express an independent opinion.

#### < Verification Scope >

The scope of this verification is Scope 1+ Scope 2 emissions and related energy consumption (locations in and outside Japan), and Category 1,4,6,7 (locations in Japan only) and 11 (all-group companies) of Scope 3 emissions for the Organization and its all-group companies, in Fiscal Year 2023.

#### < Calculation and Verification criteria >

The criteria for calculating and reporting GHG emissions and others to be verified are the calculation and reporting procedures for environmental performance data established by the Organization, the Manual for Calculating and Ministry of the Environment, Japan "Reporting Greenhouse Gas Emissions (Ver.4.9)", and Ministry of the Environment, Ministry of Economy, Trade and Industry, Japan "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver.2.5)." The criterion for verification is ISO 14064-3:2019.

#### < Verification Process and Methodology >

The reviews of the GHG emissions and others calculation results, relevant documentation and records, and subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

#### < Verification Statement >

It is DNV's opinion that with a limited level of assurance, nothing has come to our attention which causes us to believe that the claims of the GHG emissions were not accurately reflected in the Report, in accordance with the verification criteria identified as stated above. In addition, as an independent third party, DNV has no financial dependencies on the Organization at the group level, not limited to this verification work.

Place and date: Kobe, Japan, 14 June 2024  
DNV BUSINESS ASSURANCE JAPAN K.K.

Masahiro Takahashi  
Lead Verifier

Koichiro Tanabe  
Technical Reviewer

Naoki Maeda  
Representative Director / SCPA  
Senior Vice President

This Verification Statement is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.  
DNV Business Assurance Japan K.K. Sannomiyabldg. South 11th Floor, 7-1-15, Goko-dori, Chuo-ku, Kobe 651-0087



## VERIFICATION STATEMENT

Project ID: PRJN-645864

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#### < Period Covered by Calculation >

The period covered by GHG emissions verification is from 1 January 2023 through 31 December 2023.

#### < Organization Boundary of Verification >

Management Control  Equity Share  Others

#### < Type of GHGs Verified >

CO<sub>2</sub>  CH<sub>4</sub>  N<sub>2</sub>O  HFCs  PFCs  SF<sub>6</sub>  NF<sub>3</sub>

#### < Amount of GHG emissions and others Verified >

DNV's opinion is that GHG emissions and others are real, transparent, and measurable. The reported values below are fully covered by the verification.

■ Total amount of Scope 1 & 2 emissions (locations in and outside Japan)	100,963 t-CO <sub>2</sub> e
■ Amount of Scope 1 emissions	25,609 t-CO <sub>2</sub> e
■ Amount of Scope 2 emissions (Market-based)	75,354 t-CO <sub>2</sub> e
■ Scope 3 emissions <sup>1)</sup>	
■ Category 1 (Purchased Goods and Services) <sup>2)</sup>	38,891 t-CO <sub>2</sub> e
■ Category 4 (Upstream Transportation and Distribution) <sup>3)</sup>	4,368 t-CO <sub>2</sub> e
■ Category 4 (Upstream Transportation and Distribution) <sup>4)</sup>	6,561 t-CO <sub>2</sub> e
■ Category 6 (Business travel)	638 t-CO <sub>2</sub> e
■ Category 7 (Employee commuting)	2,038 t-CO <sub>2</sub> e
■ Category 11 (Use of Sold Products)	10,370 t-CO <sub>2</sub> e
■ Total energy consumption (related to Scope 1+Scope 2, locations in and outside Japan)	2,032 (10 <sup>3</sup> GJ)
■ Electric power consumption	217,027 (MWh)
■ Gas consumption	10,029 (10 <sup>3</sup> m <sup>3</sup> )
■ Gasoline, diesel, and heavy consumption	198 (kl)

#### < Verification Opinion >

Unmodified Opinion  
 Modified Opinion  
 Adverse Opinion

This Verification Statement is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.  
DNV Business Assurance Japan K.K. Sannomiyabldg. South 11th Floor, 7-1-15, Goko-dori, Chuo-ku, Kobe 651-0087

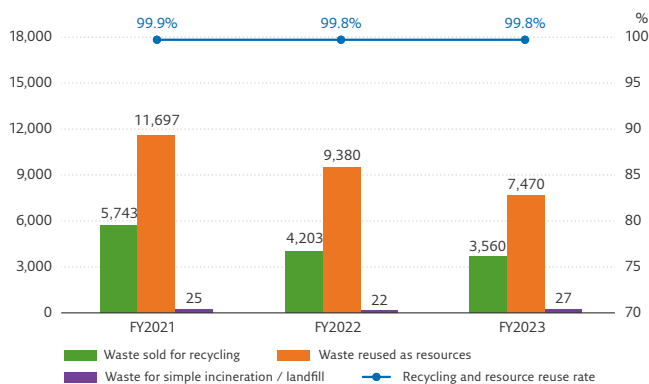
## 9. Waste Management

### 9-1 Total Amount of Waste Generated by Nissha Group

In the fiscal year ended December 2023, the Nissha Group generated a total of 20,841t of waste, including waste sold for recycling, waste reused as resources, and waste for simple incineration/landfill.

#### ■ Total amount of waste generated and recycling and resource reuse rate (Nissha Group in Japan)

The total amount of waste generated by the Nissha Group in Japan in the fiscal year ended December 2023 was 11,057t, a decrease of approximately 19% compared to the 13,606t in the fiscal year ended December 2022. At the Nissha Group in Japan, hazardous waste (industrial waste requiring special treatment) was 5,970t, while non-hazardous waste (industrial waste, waste



for simple incineration/landfill) was 1,528 t. Our recycling and resource reuse rate for the Nissha Group in Japan was 99.8%, allowing us to successfully meet our target of zero emissions (a recycling and resource reuse rate of 99.5% or above). Nissha Industries, Inc. (NII), Nissha Co., Ltd. Head Office, and Nissha Business Service, Inc. (NBS) as well as our suppliers have been working together to form a system for creating value from transfer films, and started operation in July 2023.

#### ■ Total amount of waste generated and recycling and resource reuse rate (Nissha Group overseas)

The total amount of waste generated by the Nissha Group overseas in the fiscal year ended December 2023 was 9,784t, an decrease of approximately 28% over the 13,601t from the fiscal year ended December 2022. This was mainly due to an decrease in waste material output at Nissha Metalizing Solutions (NMS), which produces sustainable materials (metallized paper) for the Industrial Materials business. The recycling and resource reuse rate for major overseas Nissha Group production bases was 82.0%, an decrease of 4.6 points from 86.6% in the fiscal year ended December 2022.

### 9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources

At Nissha Group in Japan, we recognize that waste and waste converted into valuable resources have the following five main risks.

- Accidents and disasters caused by waste and waste converted into valuable resources (including at treatment contractors)
- Environmental pollution and violation of laws caused by inappropriate waste treatment
- Leakage of confidential information from waste and waste converted into valuable resources
- Refusal by waste disposal company to pick up waste
- Revocation of waste disposal company licenses

To alleviate these risks, we are working on safety management of waste in accordance with the Nissha Group Waste Management Regulations. In line with these regulations, each base has drawn up its own Waste Management Manual and makes efforts toward thorough waste separation and management. At the Nissha Group production bases in Japan, emergency response drills in the event of a leak are conducted once a year to prevent environmental pollution from liquid waste from the perspective of preventing accidents and disasters. Furthermore, even small quantities of chemicals and spray cans are thoroughly checked for waste properties and monitored to prevent spillages during transport and accidents at treatment facilities.

The Nissha Group Waste Management Regulations, which serve as rules to prevent waste material related accidents and environmental contamination, employ standards for selecting outside contractors to process waste material. The regulations also proscribe and implement standards for periodic processing site inspections that make use of checklists. In addition, we have in place standards for managing waste and waste converted into valuable resources that contain confidential information, and promote management in association with our information security management system (ISMS).

Furthermore, we are monitoring the progress of waste disposal by strengthening the use of electronic manifests, and in preparation for delays, we are building a structure that allows us to respond quickly, such as by strengthening communication with contractors that have suspended disposal and reviewing waste disposal contractors.

In addition, at the Kyoto Global Headquarters, there is a need to address waste risks associated with business changes, such as changes in the content of waste materials generated as research and development by the business development division progress. In particular, before handing over chemical waste, we strictly manage the discharge of chemicals by preparing waste material lists and thoroughly checking Safety Data Sheet (SDS), and we have been in even closer communication with industrial waste disposal contractors to ensure waste is disposed of safely.

# 10. Management of Chemical Substances and Environmental Risks

## 10-1 Approach to Chemical Substances Used in Products and Their Production Processes

The majority of the Nissha Group's products are incorporated into products manufactured by our customers, and since the specifications differ for each product, there is no equivalent of a general-purpose product. In addition, many of the materials used in our products are specified by customers. They correspond to "Material" of the 4M (Man, Machine, Material, Method), which are the four elements for proper quality control. As this is a customer-approved matter, the chemical substances used (contained) in materials are also the customers' confidential information. For this reason, we cannot disclose the chemical substances used in our products together with the product name on, for example, our website. Such information is generally disclosed by our customers through their own products, while we disclose information on chemical substances used in our products by providing Safety Data Sheets<sup>\*1</sup> (SDS) and other information to our customers.

\*10-1 and 10-2 describe the state of management of chemical substances used in products manufactured by our Industrial Materials business (excluding Metallized paper) and Devices business mainly in Japan which are then shipped overseas, including to Europe.

\*1. A document containing information on the properties and handling of the chemical concerned

## 10-2 Management of Chemical Substances Used in Products

### 10-2-1 Establishment and Operation of the Nissha Control Criteria for Chemical Substances in Purchased Products

We use our Nissha Control Criteria for Chemical Substances in Purchased Products as our standards to control chemical substances used in our products and their production processes.

These standards reflect the laws and regulations of relevant countries and regions, as well as standards for customers' use of chemical substances based on industry norms and standards such as the GADSL (Global Automotive Declarable Substance List), which is a list of environmentally hazardous substances common to the automotive industry, and provide comprehensive management of all chemical substances used in our products. Whenever new candidate substances for regulation are added, such as substances of very high concern under the REACH Regulation, or whenever the relevant laws or regulations are amended, or our customers' chemical substances criteria change, we identify the differences from our criteria in order to adapt to these changes.

The Nissha Control Criteria for Chemical Substances in Purchased Products are revised on an annual basis, taking these differences into account, and explanatory meetings are held when major revisions are made to inform the relevant departments. The details of the control criteria indicated in these standards are as follows.

1. Usage-prohibited substance: Substances for which we prohibit either deliberate or not deliberate use. Inclusion of impurities is also prohibited.
2. Deliberate usage-prohibited substance: Substances for which we prohibit deliberate use. There are restrictions on the inclusion of impurities.
3. Regulated substance: Substance which requires a content report from suppliers to Nissha.

The Nissha Group considers the entire life cycle of the products we provide to our customers. In addition, in promoting the reduction of environmental impact and consideration for human health, we intend to place importance on transactions with suppliers who work on products with low environmental impact, biodiversity, and consideration for the environment. In order to comply with laws and regulations concerning chemical substances, we have established a management promotion system and are working to investigate and control chemical substances used in our products.

### 10-2-2 Management System

The points required to comply with the Nissha Control Criteria for Chemical Substances in Purchased Products are listed below. We are putting measures into place at each stage of the process, building a comprehensive countermeasures system.

- Warranty system based on cooperation with material suppliers
  - The following documents are submitted once a year by suppliers who provide us with materials for mass production.
    - Certificates of conformity to the Nissha Control Criteria

- Reports on the inclusion of prohibited substances
- Reports on the inclusion of chemical substances in products
- Content information
- Inductively Coupled Plasma (ICP) analysis data
- Safety Data Sheet (SDS)
- Written pledges
- Countermeasures in the production process
  - Enforcement of rules when accepting materials
  - Distinguishing between storage locations and labeling of input materials
  - Ensuring and maintaining traceability
  - Identifying and separating non-compliant substances
- Provision of information accompanying sales to customers
  - Provision of information on chemical substances used in products
  - Registration in International Material Data System (IMDS) and the customer's management system
  - Issuance of SDS

To promote management of the chemical substances used in our products, the environmental and safety management division at head office functions as the secretariat and works with the product design and development, quality assurance, and procurement and sourcing divisions at each business unit to inspect the state of management of chemical substances, including differences with the Nissha Control Criteria for Chemical Substances in Purchased Products. In addition to new products, when selecting new materials or changing materials in the design and development stages, we conduct design reviews (DR) and assess compliance with the Nissha Control Criteria for Chemical Substances in Purchased Products while considering the impact on

human health and the environment. This system then ensures strict control of chemical substances, from the design stage to the final product, responding to changes in the needs of society and the demands of our customers for the use and management of chemical substances.

We do not use any chemical substances that fall under the usage-prohibited substances category in our products. With regard to the management of chemical substances used in our products, we have shifted to maintenance management by establishing and operating a management system, and we do not currently operate a reduction plan that involves the establishment of Key Performance Indicators.

On the other hand, we are promoting compliance with the Nissha Control Criteria for Chemical Substances in Purchased Products by setting an environmental perspective at the design and development stage, which is one of our environmental targets.

In the fiscal year ended December 2022, there were no cases in which chemical substances used in our products were recalled from the market or reshipped with changing in materials.

### 10-2-3 Comprehensive Response to Chemical Substances of Concern

#### ■ Efforts to comply with the RoHS Directive

Nissha complies with environmental regulations in Europe mainly through the Nissha Control Criteria for Chemical Substances in Purchased Products, our voluntary regulations on chemical substances. Our products comply with the RoHS Directive\*, which regulates the use of certain substances in electrical and electronic equipment.

\*This refers to the European "Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (2011/65/EU)" and its amendments. The Directive prohibits the inclusion in products of lead, mercury, cadmium, hexavalent chromium, PBB, PBDE, bis(2-ethylhexyl) phthalate, butyl benzyl phthalate, dibutyl phthalate, and diisobutyl phthalate in excess of the maximum permissible amount, except for exempted applications.

Nissha has been working on either not using or using fewer hazardous chemical substances used in our products since the first edition of the Nissha Control Criteria for Environmentally Controlled Substances was established in 2007, leading up to the current Nissha Control Criteria for Chemical Substances in Purchased Products. Substances regulated by the RoHS Directive (formerly Directive 2002/95/EC) have been subject to control as environmentally controlled substances since the first edition by complying with customer requests in accordance with the directive. Although Annex III (exemption list) was amended by a European Commission Decision (effective January 2013), none of the relevant chemical substances are used in our products.

- Addition of specific phthalate esters to restricted substances  
The European Commission Delegated Directive (EU) 2015/863 (effective July 2019) amended Annex II (List of Restricted Substances), designating specific phthalate esters\* as a new restricted substance. As a result, the marketing of electrical and electronic equipment (EEE) containing specified phthalate esters in the European Economic Area (EEA) has been banned. To date, we have not used any of the relevant chemical substances in our products.

\*Bis (2-ethylhexyl) phthalate [DEHP], Benzyl butyl phthalate [BBP], Dibutyl phthalate [DBP], Diisobutyl phthalate [DIBP]

## ■ Compliance with REACH Regulation

The REACH Regulation (EC 1907/2006) are a European law on the registration, evaluation, authorization and restriction of chemical substances. REACH came into force in 2007 with the aim of protecting human health and the environment.

We have a system in place to comply with the REACH Regulation through the management of chemical substances used in our products.

Many of the products listed on our website fall under the category of "articles" as defined by the REACH Regulation. The REACH Regulation requires the communication of information within Europe when "articles" contain a Substance of Very High Concern (SVHC) as specified by the supervisory authority (European Chemicals Agency: ECHA). The Nissha Control Criteria for Chemical Substances in Purchased Products defines SVHCs as substances prohibited for intentional use, and based on information and data obtained from our material suppliers, we have confirmed that we do not currently use SVHCs in our core products (molded products). This is also stated in the SDS and other documents that we provide in response to customer requests.

## ■ Compliance with other regulations

As stated above, Nissha operates in compliance with the RoHS and REACH directives, as well as a wide range of other regulations including TSCA (U.S. Toxic Substances Control Act), California Proposition 65 and GADSL. To comply with the U.S. TSCA PBT regulations, we are addressing the prohibition of the manufacture, processing, and commercial distribution of five types of PBT substances (decaBDE, PIP (3:1), 2,4,6-TTBT, PCTP, and HCBd) and parts and products containing such substances (the regulation on processing and commercial distribution of PIP (3:1) is scheduled to come into effect on October 31, 2024).

### Content of the Nissha Control Criteria for Chemical Substances in Purchased Products and List of Target Substances (partial excerpt)

Contests of standards	List of target substances
Usage-prohibited substance <sup>*1</sup>	<ul style="list-style-type: none"> <li>Asbestos fibres</li> <li>Dioxins</li> <li>Ozone depleting substances</li> <li>Fluorinated greenhouse gases</li> <li>Bisphenol-A (with usage conditions)</li> <li>Substances prohibited from being manufactured (Manufacture-prohibited substance)</li> <li>Specific amine (with regulations on impurity content)</li> <li>Azo-dyes which do not form specific amine (with regulations on impurity content concentration)</li> <li>Arsenic and its compounds (with usage conditions)</li> </ul>
Deliberate usage-prohibited substance <sup>*2</sup>	<ul style="list-style-type: none"> <li>Substances subject to RoHS directive</li> <li>REACH SVHC (Substances of Very High Concern)</li> <li>Nickel and its compounds (with usage conditions)</li> <li>Polychlorinated biphenyls (PCBs)</li> <li>Specific phthalates</li> <li>Specific benzotriazole</li> <li>Dimethylfumarate (DMF)</li> <li>Perfluorooctane sulfonates (PFOS)</li> <li>Perfluorooctanoate (PFOA)</li> <li>Natural rubber</li> <li>Class 1 Specific Chemical Substances of Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances</li> <li>TSCA PBT substances</li> <li>TSCA preferred substances</li> <li>POPs Convention residual organic pollutants</li> </ul>
Regulated substance <sup>*3</sup>	<ul style="list-style-type: none"> <li>Global Automotive Declarable Substance List</li> <li>Conflict minerals</li> <li>The Proposition 65</li> <li>Children's Safe Product Act (RCW 70.240.030) The Reporting List of Chemicals of High Concern to Children (CHCC)</li> </ul>

\*The above list shows examples of regulated substances that apply to purchased products (Nissha product raw materials, chemicals used in the production process for materials, etc.)

\*1. Use, either deliberately or not deliberately, is prohibited. Inclusion of impurities is also prohibited.

\*2. Deliberate use is prohibited. There are regulations on the inclusion of impurities.

\*3. Substance which requires a content report from suppliers to Nissha

## 10-3 Chemical Substances Used in Production Processes

### 10-3-1 Operation of the Nissha Control Criteria for Chemical Substances in Purchased Products

In addition to the chemical substances used in our products, we also regulate the chemical substances used in our production processes in accordance with the Nissha Control Criteria for Chemical Substances in Purchased Products. These include the substances prohibited for manufacturing under the Enforcement Order of the Industrial Safety and Health Law and the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act).

When Nissha Precision and Technologies, Inc. (NPT) uses chemical substances, we examine the substances based on prescribed procedures and uses chemical substances in consideration of the environment, health and safety.

### 10-3-2 Reduction of Chemical Substances in Use

The Environmental Objectives for Nissha Group in Japan include reducing usage rate of chemical substances at ISO14001-certified sites. In the fiscal year ended December 2023, the Nissha Industries, Inc. (NII) Koka Factory worked to reduce the use of PRTR organic solvents. Although it failed to achieve its basic unit target, it managed to achieve the basic unit reduction for substances not covered by PRTR. The Nissha Precision and Technol-



gies, Inc. (NPT) Kaga Factory achieved its target of reducing the amount of chemicals used in its wastewater treatment facilities.

Fiscal year	FY2021	FY2022	FY2023
Assessment	○	△	×

○ Satisfactory: Objective achieved

△ Unsatisfactory: Objective not achieved but good progress made

× Poor: Objective not achieved and poor progress made

## 10-4 Management of Environmental Pollutants

The Nissha Group in Japan constructed a system to understand and manage how environmental pollutants are used at each business site. We use this system even for the calculation of emission and transfer amounts which the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) requires reporting on.

In the fiscal year ended December 2023, there were transfers/emissions of 1t or more for ethylbenzene, xylene, toluene, ferric chloride, water-soluble copper salts (excluding complex salts), and diethylene glycol monobutyl ether.

We take great care with management when handling chemical substances, such as establishing our own voluntary standards. In addition to displaying GHS<sup>®</sup> labels on containers to warn people, we carry out measures to prevent environmental pollution such as installing spillover containers to ensure safety if the main container develops a leak, and ensure that all related

personnel are familiar with these measures. Through an internal audit, we check the status of chemical substance management.

\*GHS (Globally Harmonized System of Classification and Labelling of Chemicals): Provides internationally-standardized rules to harmonize the contents of safety data sheets and standards of classification per hazard for chemical products.

## 10-5 Response to Environmental Risks (Preventing Environmental Accidents or Pollution)

The Nissha Group in Japan realizes that pollution from chemical substances is a serious environmental risk, and works to manage it. To prevent environmental accidents from happening during storage or transportation of chemical substances within a work

site, we lay out management procedures that consider the scale and frequency of accidents. In addition, we have set emergency response procedures and carry out training on an ongoing basis to minimize the influences in event of a leak, and revise and improve our methods as required.

### ● Examples of initiatives for preventing pollution

Equipment of emergency cutoff devices

Sites for deliveries of liquid chemicals via tanker truck or waste liquid collection are equipped with emergency cutoff devices to prevent any substances from leaking outside the site if an accident occurs.

### ● Leak response training

We have established response procedures to prevent pollution from spreading in the event of a leak at a site for receiving chemicals, unloading chemicals, or collecting waste liquid. In

addition to production bases, the Kyoto Global Headquarters also carried out emergency drills in collaboration with suppliers in its premises.



In the fiscal year ended December 2023, there were no serious environmental accidents or violations of environmental regulations at the Nissha Group, and no penalties or fines were incurred.

## 10-6 Prevention of Water Pollution

We have set our own strict standards and regularly conduct voluntary surveys of wastewater quality to prevent water pollution.

The table on the right shows the results of measurement of wastewater quality at our core production bases.

\*1. Water Pollution Control Act

\*2. Law Concerning Special Measures for Conservation of the Environment of the Seto Inland Sea

### Nissha Precision and Technologies, Inc. (NPT) Himeji Factory

Items measured	Regulatory value*1	Agreement value*2	Voluntary standard	Unit	FY2021		FY2022		FY2023	
					Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5,200	5,000	5,000	m <sup>3</sup>	4,150	○	3,854	○	3160	○
pH	5.8 ~	5.8 ~	6.5 ~		6.9	○	6.8	○	7.1	○
	~ 8.6	~ 8.6	~ 8		7.5	○	7.4	○	7.2	○
BOD	120	10	9	mg/l	3.7	○	2.6	○	1.1	○
COD	120	10	9	mg/l	4.4	○	4.8	○	2.9	○
SS	150	5	4.5	mg/l	2.6	○	1.1	○	0.9	○
n-hexane derived substances	Mineral oil 5	1	0.9	mg/l	<0.5	○	<0.5	○	<0.5	○
	Vegetable oil 30									
Phenol	5	0.1	0.08	mg/l	<0.005	○	<0.005	○	<0.005	○
Copper	3	0.5	0.4	mg/l	0.02	○	0.01	○	0.01	○
Zinc	2	1.5	1.2	mg/l	<0.01	○	<0.01	○	<0.01	○
Soluble iron	10	0.15	0.08	mg/l	0.03	○	0.03	○	0.01	○
Soluble manganese	10	0.15	0.045	mg/l	0.04	○	0.02	○	0.02	○
Chromium	2	0.02	0.02	mg/l	<0.02	○	<0.02	○	<0.02	○
Nitrogen	60	10	9	mg/l	4.5	○	4.3	○	3.7	○
Phosphorus	8	1	0.45	mg/l	0.03	○	0.02	○	0.03	○

### Nissha Precision and Technologies, Inc. (NPT) Kaga Factory

Items measured	Regulatory value (Prefecture)	Voluntary standard	Unit	FY2021				FY2022				FY2023			
				Final effluent (Average)		Final effluent (Maximum)		Final effluent (Average)		Final effluent (Maximum)		Final effluent (Average)		Final effluent (Maximum)	
pH	5.8 ~ 8.6	6.2 ~ 8.2		7.4	○	7.7	○	7.6	○	7.7	○	7.5	○	7.7	○
BOD	160 or less	40 or less	mg/l	23.3	○	35.0	○	17.4	○	24.0	○	17.3	○	27.0	○
COD	160 or less	80 or less	mg/l	37.7	○	44.0	○	25.8	○	36.0	○	22.1	○	29.0	○
SS	200 or less	20 or less	mg/l	6.0	○	10.0	○	7.7	○	21.0	○	5.7	○	11.0	○
n-hexane derived substances	30	15 or less	mg/l	0.5	○	0.5	○	0.5	○	0.5	○	0.5	○	0.5	○

## 10-7 List of PRTR-Designated Chemical Substances

In FY2023, the substances subject to notification under the PRTR Act in 2023 are as shown in the table below.

### ■ Nissha Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2021			FY2022			FY2023			Average over the 3 years	
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies
53	Ethylbenzene	2,273	928	○	1,211	494	○	894	364	○	1,459	595
80	Xylene	10,524	4,298	○	12,022	4,910	○	6,262	2,557	○	9,603	3,922
88	Hexavalent chromium compounds	0.1	850*	○	0.1	0	○	0.1	0	○	0	283
296	1,2,4-Trimethylbenzod	59	24	—	1	0.3	—	1	0.3	—	20	8
300	Toluene	106,873	43,652	○	57,728	23,579	○	30,868	10,289	○	65,156	25,840
392	N-hexane	258	105	○	0	0	○	127	52	○	128	52

\*The increase in the transfer amount of Hexavalent chromium compounds in FY2021 is due to the disposal of unnecessary materials at the renewal of factory equipment.

### ■ Nissha Precision and Technologies, Inc. (NPT) Himeji Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2021			FY2022			FY2023			Average over the 3 years	
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies
71	Ferric chloride <sup>*1</sup>	0.0	0.0	—	0.0	0.0	—	—	—	—	0.0	0.0
272	Water-soluble copper salts (excluding complex salt)	0.0	2,677.4	○	0.0	2,491.4	○	0.0	2,588.8	○	0.0	2,585.9
453	Molybdenum and its compounds	0.0	0.0	○	0.0	0.0	○	0.0	0.0	—	0.0	0.0
627	Diethylene glycol monobutyl ether <sup>*2</sup>	—	—	—	—	—	—	0.0	13,568.0	○	0.0	4,522.7

\*1. Not subject to notification from FY2023. \*2. Subject to notification from FY2023.

### ■ Nissha Precision and Technologies, Inc. (NPT) Kaga Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2021			FY2022			FY2023			Average over the 3 years	
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies
71	Ferric chloride <sup>*1</sup>	0.0	0.0	○	0.0	0.0	○	0.0	4,665.0	—	0.0	1,555.0
272	Water-soluble copper salts (excluding complex salt)	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○	0.0	0.0
627	Diethylene glycol monobutyl ether <sup>*2</sup>	—	—	—	—	—	—	0.0	14,405.0	○	—	—

\*1. Not subject to notification from FY2023. In FY2023, unnecessary materials due to factory consolidation were disposed. \*2. Subject to notification from FY2023.

## 10-8 Prevention of Air Pollution

### 10-8-1 Soot and Dust and NOx Emissions

Several production bases of the Nissha Group in Japan own and use gas boilers, which are subject to the Air Pollution Control Act, and emit soot and dust and NOx. The measured values and compliance status for the last three years are as follows.

### 10-8-2 VOC Emissions

The Nissha Industries, Inc. Koka Factory uses organic solvents such as toluene and xylene in its production process. Volatile Organic Compounds (VOCs) generated by the use of organic solvents are detoxified and discharged through direct combustion deodorization, catalytic deodorization, and other measures.

### Kyoto Headquarters

	Unit	FY2021	FY2022	FY2023	Average over the 3years	Compliance
NOx	ppm	25	27	26	26	○
Soot and dust	g/m <sup>3</sup> N	0.002	Less than 0.001	0.004	—*	○
Sulfur dioxide	ppm	n/a	n/a	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a	n/a	n/a

\*Not calculated

### Nissha Industries, Inc. Koka Factory

	Unit	FY2021	FY2022	FY2023	Average over the 3years	Compliance
NOx	ppm	32	29	43	35	○
Soot and dust	g/m <sup>3</sup> N	Less than 0.01	Less than 0.01	Less than 0.01	Less than 0.01	○
Sulfur dioxide	ppm	n/a	n/a	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a	n/a	n/a

### Nissha Precision and Technologies, Inc. Himeji Factory

	Unit	FY2021	FY2022	FY2023	Average over the 3years	Compliance
NOx	ppm	34	31	31	32	○
Soot and dust	g/m <sup>3</sup>	Less than 0.001	Less than 0.001	Less than 0.001	Less than 0.001	○
Sulfur dioxide	ppm	n/a	n/a	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a	n/a	n/a

\*The Air Pollution Control Act requires that soot and dust and NOx be measured and monitored in terms of soot concentration rather than the total amount.

\*We use gas-fired boilers that do not emit SOx (sulfur oxides).

# 11. Water Resources

## 11-1 Basic Concept

The Nissha Group's Environmental Policy is to aim for business development and the realization of a sustainable society through environmentally conscious corporate activities. In addition, the Environment Principles declare that we shall aim to construct a recycling society and that we shall value biodiversity and prevent pollution while co-existing with nature, thereby indicating our stance towards the Nissha Group's business activities. We are working to reduce water consumption through appropriate use, water recycling (reuse), and more efficient water use.

Approximately 95% of both water intake and wastewater discharge within the Nissha Group comes from activities at our domestic production bases. The majority of this intake and discharge occurs at the Nitech Precision and Technologies, Inc. (NPT) Himeji and Kaga Factories, which are the production bases for the Devices business.

The production process for film touch sensors, the core product of the Devices business, requires good quality water to maintain product quality. In addition, we have established and are operating the Nissha Control Criteria for Chemical Substances in Purchased Products for the management of chemical substances used in production processes, which reflect relevant laws, regulations and customer standards, and we have established strict voluntary standards and conduct regular voluntary measurements to thoroughly control wastewater quality.

## 11-2 Target and Progress

The Nissha Group in Japan has set the following target for water use and conduct annual evaluations.

Refer to 12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)

Target	FY2021	FY2022	FY2023
Reduce use of water by improving production efficiency and saving water	○	○	○

○ Satisfactory: Objective achieved △ Unsatisfactory: Objective not achieved but good progress made × Poor: Objective not achieved and poor progress made

The NPT Kaga Factory continued to reduce water usage through factory consolidation, and the NPT Himeji Factory implemented water-saving activities, resulting in a reduction in water usage at both factories. We will continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories.

## 11-3 Understanding Water Stress Areas

We use Aqueduct<sup>®</sup>, a global tool for water risk assessment developed by the World Resources Institute (WRI), to assess water risk at our production bases.

In 2023, the "Overall Water Risk" at domestic production bases was Low (0-1) or Low - Medium (1-2). The NPT Himeji and Kaga

Factories, both of which have relatively high levels of water consumption in the Nissha Group, fall into the Low-Medium (1-2) risk category. In terms of water intake and use, we do not have a significant impact on local water resources, but we will continue to work to reduce our impact on the environment by setting targets to reduce water use and devising an infrastructure.

\*The "Physical Risk (Quantity)," "Physical Risk (Quality)," and "Reputation Risk" items are scored, and the risk level is evaluated on a 5-point scale: Low (0-1), Low-Medium (1-2), Medium-High (2-3), High (3-4), and Extremely-High (4-5).

## 11-4 Management of Water Intake and Wastewater

All of the Nissha Group production bases in Japan use water supplied by a third-party (tap water and industrial water). In the fiscal year ended December 2023, there were no violations regarding water intake or drainage.

### ■ NPT Himeji Factory

The NPT Himeji Factory uses industrial water (for use in production) and tap water (for general use) supplied by Hyogo Prefecture. Wastewater is discharged to the Seto Inland Sea via a nearby river after being treated at the factory. The area where the factory is located is subject to the Law concerning Special Measures for Conservation of the Environment of the Seto Inland Sea, which is stricter than the Water Pollution Prevention Act. To comply with the law, the factory operates a wastewater treatment facility using activated carbon adsorption. In addition, we operate and manage water quality by establishing voluntary

standard values for water quality control that are stricter than those set by laws and regulations.

### ■ NPT Kaga Factory

The NPT Kaga Factory uses tap water supplied by Ishikawa Prefecture. Wastewater is purified to a level that meets effluent standards at the factory's wastewater treatment facility before being discharged into the Sea of Japan via a nearby river. As at the Himeji Factory, we operate and manage water quality by establishing voluntary standard values for water quality control that are stricter than those set by laws and regulations.

## 11-5 Initiatives for Appropriate Water Use

### ■ NPT Kaga Factory

- During the production process, products are washed using purified water to ensure that no impurities remain on the products. While a single rinse tank requires a large amount of water, increasing the number of rinse tanks by making them multi-level can reduce the amount of purified water usage. This method is known as multistage countercurrent washing or cascade rinsing. The Kaga Factory uses this method to wash products with a small amount of water by removing impurities in stages which results in significant water savings.
- The filter cloth in the sludge dewatering press (filter machine) is washed periodically to prevent clogging. When washing the cloth, we reuse purified wastewater from the factory as cleaning water to reduce water consumption.

## 11-6 Water Data

The amount of water usage and water discharge by the Nissha Group are shown in the table below.

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Water usage	Tap water	m <sup>3</sup>	Production bases in Japan and overseas	1,291	1,287	1,249	993	912
	Underground water	m <sup>3</sup>	Production bases in Japan and overseas	103	40	46	49	42
	Industrial water	m <sup>3</sup>	Production bases in Japan and overseas	1,943	1,725	1,670	1,549	1,282
Water discharge		m <sup>3</sup>	Production bases in Japan and overseas	3,305	3,033	2,594	2,342	2,002

# 12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)

The Nissha Group in Japan has set the Nissha Group Environmental Objectives for a period of six years from the fiscal year ended December 2018 for those bases that have obtained ISO14001 certification. In accordance with these Objectives, each base and division establish environmental targets, and we aggregate and assess the results each fiscal year in order to manage progress.

## Environmental Objectives

Period: FY2018 - FY2023

Scope: Nissha Group in Japan ISO14001 certification sites ("certification sites")

## Assessment Definitions

○ Satisfactory: Objective achieved

△ Unsatisfactory: Objective not achieved but good progress made

× Poor: Objective not achieved and poor progress made

\*Company names and abbreviations

NII: Nissha Industries, Inc.

NPT: Nissha Precision and Technologies, Inc.

FIS: Nissha FIS, Inc.

NCI: Nissha Printing Communications, Inc.

NBS: Nissha Business Service, Inc.

## 12-1 Initiatives and Achievements in FY2023

### 1. Prevention of pollution

Target	FY2021	FY2022	FY2023
(1) Maintain zero environmental accident <sup>*1</sup>	×	×	○
(2) For environmental risks classified as significant environmental aspects on the hazard assessment list <sup>*2</sup> , implement measures and reduce the possibility of occurrence by one level by December 31, 2023	○	○	○

\*1. Accidents that affect areas outside the factory

\*2. A list to determine risk level based on identifying environmental risks and evaluating them based on two axes: likelihood of occurrence and severity when they occur.

(1) There were zero accidents related to the environment in fiscal year ended December 2023.

(2) As one of our efforts to reduce environmental risks, we conducted a chemical leakage response drill. As a result, the factory's environmental risk "potential" (the value in the environmental risk assessment) has been reduced by more than one level.

### 2. Mitigation of climate change

Target	FY2021	FY2022	FY2023
(1) Reduce CO <sub>2</sub> emissions rate (basic unit) <sup>*1</sup> by 6% or more <sup>*2</sup> by the fiscal year ending December 2023	○	○	○
(2) Reduce CO <sub>2</sub> emissions rate (basic unit) by 1% or more compared to the previous year	×	×	×

\*1. CO<sub>2</sub> emissions rate (basic unit) = CO<sub>2</sub> emissions / Production volume (depend on the sites)

\*2. Reference value: Results in fiscal year ended December 2017

- (1) We managed a drop of more than 6% of the basic unit target to be achieved by the fiscal year ended December 2023, showing we were on the planned track. In addition to various energy-saving initiatives, we are converting to renewable energy and the NII Koka Factory obtain 100% of their electricity from renewable energy sources. In addition, as of December 2023, the electricity used at the NPT Himeji and Kaga Factories changed to 100% renewable electricity.
- (2) In order to reduce the CO<sub>2</sub> emission rate (basic unit) by at least 1% over the previous fiscal year, we set targets for each factory and reduced energy input in conjunction with quality improvements. One out of the six locations (NPT Kaga Factory) achieved at least a 1% reduction compared to the previous fiscal year. However, five locations (Global Headquarters, NII Koka Factory, NPT Himeji Factory, NPT Kyoto, NCI) did not achieve the target.

### 3. Reduction of waste

Target	FY2021	FY2022	FY2023
(1) Reduce waste generation rate (basic unit)* <sup>1</sup> by 6% or more* <sup>2</sup> by the fiscal year ending December 2023	×	×	×
(2) Reduce waste generation rate (basic unit) by 1% or more compared to the previous year	×	×	×
(3) Maintain zero emissions (recycling and resource reuse rate of 99.5% or more)	○	○	○
(4) Reduce cost of waste treatment	△	×	○

\*1. Waste generation rate (basic unit) = Waste generation / Production volume (depend on the sites)

\*2. Reference value: Results in fiscal year ended December 2017

- (1) Each factory is working to improve its yield rate and efficiency through quality improvement activities and reducing the amount of wasted materials by improving production efficiency. For the fiscal year ended December 2023, four out of the six locations (NPT Himeji Factory, NPT Kaga Factory, NPT Kyoto, NCI) did not achieve the target, and the company-wide evaluation was set to "×". The main reason for NPT's failure to meet its intensity target is the decrease in production volume.

- (2) For the fiscal year ended December 2023, one out of the six locations (Global Headquarters) achieved at least a 1% reduction compared to the previous fiscal year. However, five locations (NII Koka Factory, NPT Himeji Factory, NPT Kaga Factory, NPT Kyoto, NCI) did not achieve the target.
- (3) The Nissha Group in Japan as a whole achieved a recycling rate of 99.7%, and has maintained zero emission of waste (a recycling and resource reuse rate of 99.5% or more) as in the previous fiscal year.
- (4) The Nissha Head Office, the NII Koka Factory, and NBS worked together to create a scheme that would allow film, which had been processed as waste plastic, to be made valuable. This initiative allowed a reduction in waste processing costs. At NII, we are working to reduce the environmental impact from waste, adopting a recycling method that involves cleaning cloths that had solvents on them.

### 4. Reduction of water usage

Target	FY2021	FY2022	FY2023
Reduce use of water by improving production efficiency and saving water (Certification sites set individual targets)	○	○	○

At the NPT Kaga Factory, we have continued to work on reducing water usage through factory consolidation, and have been able to reduce water usage by more than 1%. In addition, at the NPT Himeji Factory, we have been able to reduce water usage through water-saving initiatives. We will continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories.

### 5. Reduction of chemical substances usage

Target	FY2021	FY2022	FY2023
Certification sites reduce usage rate of chemical substances (Certification sites set individual target values and target chemical substances)	○	△	×



At the NPT Kaga Factory, we achieved the reduction of chemical substances usage with the amount of drainage water treatment agent through consolidating factories.

The NII Koka Factory did not achieve the target of a 1% reduction from the previous year due to the decrease in production volume, although we continued to reduce the use of PRTR-designated substances and organic solvents which do not contain designated substances.

## 6. Environment-conscious design

Target	FY2021	FY2022	FY2023
(1) Introduce the viewpoint of energy saving, resource saving, durability, recycling, and so on in product design and development.	○	○	○
(2) Design environment-conscious processes and reduce the environmental impact of production.	○	○	○

(1) As a positive risk assessment (a positive environmental aspect), the design and development divisions of the Industrial Materials and the Devices businesses set development themes from the perspective of solving social issues such as SDGs and ESG, and incorporate the reduction of environmental impact at the product design stage. In addition, they are moving ahead with the development and mass production of products that contribute to reducing environmental impact, such as the use of sustainable materials. FIS also designs and develops parts that contribute to environmentally-friendly customer products, such as hydrogen detectors and coolant sensors used in fuel cell vehicles.

(2) NII and NPT are complying with established company standards regarding the management of chemical products, and also designing production processes that promote reduced environmental impact.

## 7. Enhancement of environmental performance in supply chain

Target	FY2021	FY2022	FY2023
Enhance environmental performance based on customer requirements and the RBA code of conduct (only applicable sites)	○	○	○

In consideration of feedback we received in customer-driven supplier auditing, we are continuing our environmental improvement efforts. With the help of our suppliers, we respond to questionnaires and conduct on-site inspections which reflected our customers' demands in relation to the environment. In addition, we examine CO<sub>2</sub> emissions during production processes and check chemical materials used in products. Through these activities, we are grasping the environmental impacts in our supply chain in order to contribute to environmental improvement.

## 12-2 Environmental Objectives from 2024 to 2029

The Nissha Group in Japan has set the Nissha Group Environmental Objectives to cover the six years between the fiscal year ending December 2024 and the fiscal year ending December 2029. In accordance with these Objectives, each base and division establish environmental targets, and we continue to aggregate and assess the results each fiscal year in order to manage their progress.

In addition, we shall revise the Nissha Group Environmental Objectives appropriately in line with the medium-term management plan (every three years) or if there are any major changes in business activities, etc.

### 1. Complying with laws and regulations/customer requirements

- (1) Violations of regulatory values in environmental laws, regulations and local ordinances: 0
- (2) Serious warnings related to the environment noted during audits of customer requirements: 0
- (3) Violations of compliance with customer requirements for chemical substances in products: 0

## 2. Responses to climate change

- (1) Reduce CO<sub>2</sub> emissions by 27% by FY2029 (Baseline: FY2020 actual value)
- (2) Reduce CO<sub>2</sub> emissions rate (basic unit) by at least 1% compared to the previous fiscal year (Sites subject to the Act on the Rational Use of Energy)

## 3. Reducing environmental impact of the overall supply chain

- (1) Engage in zero-emission (at least 99.5% recycling rate) maintenance and management
- (2) Reduce waste generation rate (basic unit) by 1% or more compared to the previous fiscal year.
- (3) Work to reduce the amount of chemical substances usage
- (4) Work to reduce the amount of water usage
- (5) Incorporate perspectives such as saving energy, saving resources, durability, resource circulation, recycling, and environmental impact reduction in the product design, development, and process design stages

## 4. Prevention of pollution for the conservation of biodiversity

- (1) In order to prevent environmental risks from pollution, implement risk reduction measures for environmental risks that fall under the category of significant environmental aspects in the hazard assessment list\*, and gradually lower the hazard assessment by FY 2029.
- (2) Maintain zero environmental accident

\* A list to determine risk level based on identifying environmental risks and evaluating them based on two axes: likelihood of occurrence and severity when they occur

# 13. Human Rights

## 13-1 Basic Policy

We at Nissha Group have in place a basic policy on labor and human rights. In formulating the policy, the 10 principles of the United Nations Global Compact, which we joined in April 2012, and the Responsible Business Alliance (RBA) code of conduct were used as reference. The RBA code of conduct is a global code of conduct for the IT devices and mobility industries, which Nissha sees as the priority markets. It references international norms and standards including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

### Basic Policy on Labor and Human Rights

Nissha Group will observe the international norms, laws and ordinances related to human rights and labor standards and will make efforts to continually improve human rights and labor standards.

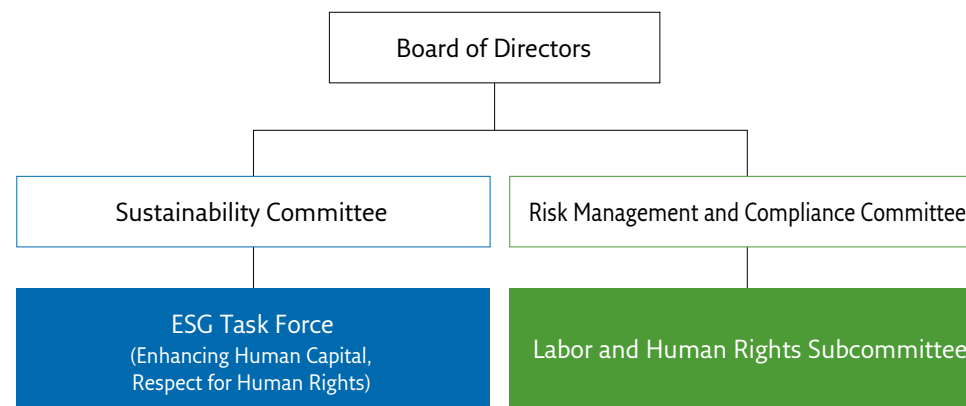
1. Child labor: We will prohibit child labor and also implement relief measures.
2. Forced labor: We will eliminate all forms of forced labor, including bonded labor.
3. Health and safety: We will secure the health and safety of our employees and provide a hygienic workplace environment.
4. Freedom of association and the right to collective bargaining: We will guarantee the right to organize and the right to collective bargaining.
5. Discrimination: We will not discriminate based on a person's age, disability, ethnic group, gender, marital status, nationality, political support, race, religion, sexual orientation, pregnancy or membership in a union. We will also not be party to this.
6. Punishment: We will not perform physical punishment or mental or physical coercion and we will not engage in verbal abuse.
7. Working hours: We will observe the laws, ordinances and labor agreements related to working hours, rest breaks and holidays.
8. Remuneration: We will observe the laws and ordinances related to the payment of appropriate wages.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.  
Established on June 1, 2018

This policy has been translated into Japanese, English, Chinese, Korean, Malay, Spanish and German, and widely distributed to all Nissha Group employees. In addition, we ask all our suppliers to understand our policy and work with us on initiatives directed at labor and human rights.

## 13-2 Structure

The Nissha Group recognizes that human resources are the driving force for improving corporate value, and has identified "respect for human rights" as one of our materiality. A task force has been established under the Sustainability Committee to deal with the themes of "enhancing human capital and respect for human rights" and is working to address respect for human rights at the Group's suppliers. For other important human rights risks, a Labor and Human Rights Subcommittee has been established under the Risk Management and Compliance Committee, which is working to reduce these risks throughout the Group.



## 13-3 Initiatives Related to Labor and Human Rights

Our initiatives related to labor and human rights can be broadly classified into initiatives by the ESG Task Force (enhancing human capital and respect for human rights) to address material issues throughout the Group and initiatives by the Labor and Human Rights Subcommittee to address risks related to compliance with international norms and laws in the area of labor and human rights that apply to the Group.

The ESG Task Force has as its strategy "reduction of labor and human rights risks" for the "respect for human rights" materiality. In the fiscal year ended December 2021, we used a questionnaire targeted at all group companies to confirm that there were no cases of child labor or forced labor. In the fiscal years ended December 2022 and 2023, we worked to achieve zero child labor and forced labor at the Group's primary suppliers.

Refer to 21-4 CSR Audit and Labor and Human Rights Risk Survey

In the fiscal year ended December 2023, we highlighted child labor, forced labor and discrimination, carrying out compliance training aimed at all Group companies both in Japan and overseas. In Japan, 2,911 people were targeted for this training, and we confirmed that 100% of these people took said training.

The Labor and Human Rights Subcommittee operates a management system, and its key performance indicators/action items include items related to materiality issues, risk assessments conducted at the Company-wide level, and risk assessments specific to affiliated companies.

Furthermore, we conduct internal audits once a year at major Nissha Group production bases in Japan to check compliance with

laws and regulations and the RBA's code of conduct, etc. Specifically, in addition to checking whether the salaries paid irrespective of employment categories such as full-time, contract, or temporary employees, etc. meet the minimum wages set by the prefectural governments, and whether working hours and overtime are correctly reflected in wages in compliance with laws and regulations and the RBA, we also check whether items which have been pointed out and corrected in previous audits continue to be complied with and so on. Internal audit findings are reported through the report line, and the Labor and Human Rights Subcommittee provides support to production bases, as necessary, so that corrective action can be taken. The results of the internal audit conducted during the fiscal year ended December 2023 were favorable with no major findings.

### Initiatives for Foreign Technical Interns



Workplaces in Nissha Group that accept technical interns from Vietnam make creative efforts in information sharing and communication toward protecting the human rights

of the interns and establishing a worker-friendly environment. For example, when employees first join the company, they are given opportunities to experience Japanese culture and we organize recreational activities so they can learn about local culture.

Furthermore, we are preparing and providing signs showing evacuation routes and the location of the medical office, notices about harassment and other consultation desks, pay slips, and training materials, etc. in both Japanese and Vietnamese so that both all employees and technical interns can understand them easily. In terms of communication, senior trainees and employees work with interpreters to provide detailed explanations and to create an environment where trainees can always ask for help if they have any questions.

Fifteen technical interns completed their training in the fiscal year ended December 2023 and returned to their home countries. We hope that many young people will acquire skills and grow as world-class human resources while experiencing different cultures, and we will continue to support them in this endeavor.

## 13-4 Harassment Prevention

We at the Nissha Group establish a set of Harassment Prevention Regulations, which prescribe measures to prevent various forms of harassment in the workplace, with the aim of realizing sound workplace environments in which all employees can live up to their full potential. As a structure for promoting harassment prevention, we designate chief promoters of harassment prevention at each base and we have established an external hotline consultation service (Refer to 28-6 Hotline Consultation Service). The contact information is provided through the Nissha Group intranet and e-learning, and we are working to ensure that employees understand that the system is set up so they can discuss issues with confidence by assuring them that their privacy will be fully respected and that they will not be treated unfairly or be disadvantaged for making use of these services. In the fiscal year ended December 2023, there was one case related to harassment filed at hotline consultation service, but it has already been handled.

We also provide annual e-Learning training to all employees to prevent harassment, in addition to providing training for chief promoters of harassment prevention to solve problems and prevent harassment, and discuss and implement measures for further improvement.

## 13-5 Relationship with Labor Union

Our Basic Policy on Labor and Human Rights contains the provision, "Freedom of association and the right to collective bargaining." In Japan, the labor contract concluded between company and labor union confirms, "the Company and the Union shall respect each other's position and maintain a peaceful relationship between labor and management as well as strive for the maintenance and improvement of labor conditions and the growth of the Company." In the fiscal year ended December 2023, there were no significant violations of freedom of association.

We have the Nissha Crew Alliance as the only labor union in the Nissha Group in Japan. This is based around employees in the three companies of Nissha Co., Ltd. plus the domestic Group companies Nissha Industries, Inc., and Nissha Printing Communications, Inc. As of April 2023, employees at Nissha Precision and Technologies, Inc. are also eligible to join. (Total union membership as of January 2024 was 1,253 members.) The vision of the Nissha Crew Alliance is "realizing new happiness" through "new ways of working (workplace sphere)", "new lifestyles (social sphere)", and "new union activities (individual sphere)". It aims to support all employees of the Nissha Group in Japan. The Nissha Crew Alliance engages in regular negotiations and discussions based on this concept to build stable labor-management relations while resolving common issues in the Nissha Group in Japan.

The Management Council, whose members are mainly directors and corporate officers of Nissha Co., Ltd., holds regular meetings with the Nissha Crew Alliance. In addition to negotiating and discussing employee working conditions, the Council shares information on the management of the Nissha Group. During the fiscal year ended December 2023, the Management Council met

eight times, including regular bi-monthly meetings and ad-hoc meetings. In addition, the labor and management offices strive to prevent labor problems by sharing employees' opinions on the working environment and the working hours situation once a month. Furthermore, when changing important labor conditions of the Nissha Group in Japan, the company engages in communication with the union in addition to regular consultations, with the aim of reaching an agreement satisfactory to both parties. In the fiscal year ended December 2023, an agreement was reached on a severance pay system based on the new human resources system. Previously, severance pay systems varied by companies, but now they have been unified and as of January 2024, a new joint severance pay system has been adopted at all major companies in the Nissha Group in Japan. In addition, opinions were voiced on both sides regarding improving the existing systems and formulating new measures, so we have been working together on the issue. With prices continuing to rise and growing pressure for wage increases, labor and management reached an agreement on increasing starting salary for new graduates and raising overall salary levels in January 2024, following on from 2023.

Nissha Industries, Inc. and Nissha Printing Communications, Inc. have also established labor management liaison meetings at the company and office level to provide forums for labor and management to exchange opinions. Moreover, Nissha Precision and Technologies, Inc. has established the Workplace Improvement Committee, with members from both labor and management, to work on promoting improvements in the workplace environment and in welfare benefits.

In fiscal year ended December 2023, the Nissha Group in Japan had no report either of a strike or lockout. We will continue to respect the mutual positions of both company and union, and build a sound relationship between labor and management.

# 14. Human Resources Policy and System

## 14-1 Policy

The Human Resources Policy upon which the Nissha Group base our human resources strategy is taken directly from our Mission, which reflects growth both for the company and employees through diverse capabilities and passion. The Nissha Group continues to grow by seeing changes in the market environment as business opportunities and by improving our value proposition to customers, driven by the diversification of our human resource capabilities and core technologies. Since growth through such change is at the core of our management strategy, our Human Resources Policy states clearly that management strategy and human resource strategy should be in lock-step.

### Human Resources Policy

Nissha Group aims for growth both for the company and employees through diverse capabilities and passion, seeing changes in the business environment as opportunities for growth.

1. We shall develop employees who embody Nissha Philosophy and contribute to society through our business activities.
2. We shall respect diversity of employees and utilize their individuality and strengths.
3. We shall emphasize global teamwork to achieve results.
4. We shall encourage proactive actions and unconventional innovation.
5. We shall provide rich training programs and challenging growth opportunities.
6. We shall create a workplace full of energy where employees feel safe to work.

Junya Suzuki  
Chairman of the Board  
President and CEO  
Nissha Co., Ltd.

Established on January 1, 2021   Revised on May 1, 2022

## 14-2 Human Resources System (Scope: Nissha Group in Japan)

Based on the idea that company growth leads to employee growth, and employee growth to company growth, the Group operates a human resources system focused on roles and abilities.

In this system, the required skills are clearly stated, and employees demonstrating the skills required by the company will be given a fair chance to be promoted, regardless of age or length of service. In the human resources system for general employees, we not only take extra care of those employees who have key posts, but use a multiple-track personnel promotion system based on expected roles. The actions expected of the managers who direct these employees have been clarified as managerial competencies consisting of the ability to change (leadership) and the ability to execute (management). In addition, we expanded the treatment for people with advanced specialist skills previously offered to only select managerial staff, and as of the fiscal year ending December 2024, started a new allowances payment for employees, regardless of whether they are managerial staff or ordinary employees, who contribute to their company or business using advanced specialist skills.

Each employee carries out their duties with an awareness of the abilities required based on their position, and receives feedback from their supervisor on the gaps with the abilities actually demonstrated in the semi-annual performance review. This encourages the growth of each employee, which in turn leads to further growth for the company.

## 14-3 ESG Task Force Initiatives

The Nissha Group has set "enhancing human capital" and "respect for human rights", as social (S) material issues to realize our Sustainability Vision. In order to accelerate our efforts in these areas, we have established task forces under the Sustainability Committee to address three themes, (1) diversity, (2) human resources development, and (3) labor and human rights. For each theme, we have set key performance indicators on a global basis for where we see ourselves in 2030 (Long-term Vision or Sustainability Vision) and where we want to be in three years (Medium-term Vision), and backcasting from these, we set annual activities targets and work to carry them out.

	Key Performance Indicators and Action Items for 2026	Key Performance Indicators and Action Items for 2030
1. Diversity	Female manager ratio Global consolidated: 23% Nissha non-consolidated: 12%	Female manager ratio Global consolidated: 25% Nissha non-consolidated: 17%
2. Human resources development	Selection rate of leadership candidates Nissha non-consolidated: 45%	Selection rate of leadership candidates Nissha non-consolidated: 50%
3. Labor and human rights	0 incidents of child labor or forced labor at primary suppliers in regions with high risks of labor and human rights (Central and South America, Southeast Asia and Greater China).	Identify audit targets based on annual purchasing results and continue to perform audits Zero child labor and forced labor

### ① Diversity

Although the definition of managerial staff varies between countries, we have adopted a new standardized definition of managerial staff on a global basis, and we monitor the situation regularly. At the end of the fiscal year ended December 2023, the ratio of male to female employees in the Group was approximately 6 (male) to 4 (female), but the ratio of male to female managerial staff was approximately 8 (male) to 2 (female), which indicates a discrepancy. In order to get the ratio of female managerial staff, a key performance indicator, closer to the ratio of female employees by 2030, we are working on a project to promote the advancement of women with a special focus on Japan, where the disparity between men and women in management positions in particular is considerable.

### ② Human resources development

As indicated in our Human Resources Policy, the Group is aiming to maximize employee capabilities and achieve sustainable corporate growth by providing full training programs and challenging growth opportunities. In particular, in order to increase our pool of management and strategic personnel who will lead the management of the entire company and its businesses, we have set, as a key performance indicator, the attendance rate of employees at the Nissha Academy Business School (beginner and intermediate levels) as the "selection rate of leadership candidates". We have set a goal of increasing the selection rate of leadership candidates to 50% (Nissha non-consolidated basis) by 2030, and are working on systematic training.

### ③ Labor and human rights

We are working to "understand and reduce human rights risks" at Nissha Group domestic and overseas bases and their primary suppliers. In the fiscal year ended December 2023, we conducted a CSR survey of 131 of our primary suppliers in regions\* with high labor and human rights risks, and confirmed that there was no use of child labor or forced labor.

Refer to 13-3 Initiatives Related to Labor and Human Rights

\* Areas identified by the ILO (International Labour Organization) as having high labor and human rights risks: Central and South America, Southeast Asia and Greater China

## 14-4 Talent Management System

We have introduced a talent management system to grasp the abilities of each employee and make the most of their individuality and strengths. The talent management system records employee backgrounds, evaluations, and results of engagement surveys and self-assessment. This data is then used to develop and implement various measures.

This has become a useful tool for management. For example, by using the same system as for implementing personnel evaluations, we can not only grasp the status of progress in real time but the past personnel evaluations for those who have been transferred can be referenced by their superiors at their new place of work. From the fiscal year ended December 2023, we have been implementing employee skill surveys by registering the abilities, experiences, and knowledge of each employee, and moving ahead with collecting and making visible such information. We will continue these sorts of initiatives to move ahead with data-based talent management in the future.

## 14-5 Fair Evaluation and Treatment (Scope: Nissha Group in Japan)

The Nissha Group considers rewarding employees for their achievements to be the foundation of our human resources system. Personnel evaluations are based on the target management system, and focus on the two axes of performance evaluations, which assess KPIs tied to the mission of the organization an employee belongs to and the management strategy of the company, and demonstrated skills evaluations, which assess whether actions appropriate to the role have been

done. In addition to these two, some general employees working on production lines or in routine work are evaluated based on the held skills evaluations, which assess whether they have the necessary skills and knowledge for their job.

Bonuses and salary increases for general employees are based on all three of performance evaluations, demonstrated skills evaluations, and held skills evaluations, while promotions are based on demonstrated skills evaluations and held skills evaluations. Bonuses and salary increases for managerial staff, from whom greater commitment to outcomes is required, are based on performance evaluations only, while promotions are based on demonstrated skills evaluations.

## 14-6 Wage Management

Wages and other compensation for labor are appropriately stipulated in the wage rules of each affiliated company and in individual contracts in accordance with the laws and regulations of each country. The Nissha Group makes no distinctions based on age, gender, or other factors. The wage gap between male and female in the fiscal year ended December 2023 is shown below. The figures show a comparison of female with a male wage set at 100.

(Nissha Co., Ltd.)

	Male	Female
All workers	100	75.9
Full-time workers	100	78.1
Non-regular workers	100	60.0

\* Calculated based on the regulations in the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).

The human resources system used for full-time workers at Nissha applies equally to male and female, and they are both treated the same. Differences between male and female arise from differences in rank or age composition. There is a smaller ratio of female in managerial positions or higher ranks, which have relatively higher salaries, and this affects the differences over all positions. Looking at managerial staff alone, female are 100.2 compared to the male's 100, so there is no difference. We are considering further promotion of initiatives for the advancement of women which should lead to improvements in the overall difference.

In addition, non-regular workers include employees who are treated differently, such as contract employees who are rehired after mandatory retirement and employees working under individual labor contracts. The main reason for the difference between male and female is that employees rehired on an ongoing basis as non-regular workers in managerial positions following mandated retirement are, as noted above, mostly male, which affects the overall difference.



# 15. Respect for Diversity

## 15-1 Nissha Group Employee Composition

The diversity of the Nissha Group shows in our employee composition, and a variety of employees of different nationalities, genders, and ages are active. With the expansion of our activities across the globe, about 60% of permanent employees work at Nissha Group companies outside Japan. Nissha Group overseas bases are continuing to hire local employees and locally hired employees have been appointed to upper management positions, such as CEO, at eight of the 17 major overseas group companies.

### ■ Composition by region (Nissha Group, as of the end of December 2023)

#### Number of employees by region and gender

Unit: Number of employees

Area	Japan	North America	Central and South America	Asia	Europe
Male	1,489	750	191	281	501
Female	433	617	415	301	243
Total	1,922	1,367	606	582	744

\* Figures exclude temporary employees and directors by a delegation agreement.

### ■ Composition by employment status (Nissha Group, as of the end of December 2023)

#### Composition by employment status and gender

	Permanent		Temporary	
	Number	Composition (%)	Number	Composition (%)
Male	3,212	61.5	894	65.4
Female	2,009	38.5	474	34.6
Total	5,221	—	1,368	—

\* Figures exclude directors by a delegation agreement.

### ■ Employee Composition (Nissha Co., Ltd.)

Fiscal Year	Gender	Directors of the Board* <sup>1</sup>	Corporate officers	Nissha fellows	Managerial staff* <sup>2</sup>	Total employees* <sup>3</sup>	Average age* <sup>4</sup>	Average years of employment* <sup>4</sup>
End of FY2019	Male	8	12	1	162	609	42.9	15.3
	Female	1	0	0	10	210	36.7	11.0
End of FY2020	Male	8	11	2	145	531	43.0	15.4
	Female	1	0	0	8	189	37.3	11.5
End of FY2021	Male	8	12	2	157	534	43.8	15.6
	Female	1	0	0	9	197	37.8	10.8
End of FY2022	Male	8	12	1	153	513	44.7	17.2
	Female	1	0	0	10	197	38.2	11.8
End of FY2023	Male	8	11	1	152	514	44.8	17.2
	Female	1	0	0	12	206	38.1	11.6

\*1. Directors include Independent Outside Directors of the Board.

\*2. Managerial staff exclude corporate officers.

\*3. Employees exclude temporary employees.

\*4. Average age and average years of employment indicate the average number of employees included in total employees.

## ■ Composition by age (Nissha Co., Ltd., as of the end of December 2023)

Unit: Number of employees

Age	18-19	20-29	30-39	40-49	50-59	60-69
Male	0	36	106	213	152	7
Female	4	45	66	63	27	1

## ■ Number of employees (Nissha Group)

Unit: Number of employees

	End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023
Male	3,692	3,432	3,470	3,362	3,212
Female	2,026	1,958	1,939	1,963	2,009
Total	5,718	5,390	5,409	5,325	5,221

\* Figures exclude temporary employees.

Of all permanent employees who left Nissha Group companies in Japan in the fiscal year ended December 2023, 2.52% left for personal reasons.

## ■ Composition of managerial staff (Nissha Group in Japan)

Fiscal Year		Male	Female	Total	Of which mid-carrier employees	Of which foreign employees
End of FY2021	Number	281	14	295	94	2
	Composition ratio (%)	95.3	4.7	—	31.9	0.7
End of FY2022	Number	269	15	284	91	1
	Composition ratio (%)	94.7	5.3	—	32.0	0.4
End of FY2023	Number	261	17	278	89	1
	Composition ratio (%)	93.9	6.1	—	32.0	0.4

\* Managerial staff exclude temporary employees.

## 15-2 Employment of Persons with Disabilities

The Nissha Group is working to achieve a percentage that is above the statutory rate of persons with disabilities employed at domestic Group companies which are targeted by government's employment ratio system for persons with disabilities. To ensure that employees with disabilities can work with peace of mind, we provide support from outside specialists, help them develop their skills, and hold regular interviews with Human Resources. In the fiscal year ended December 2023, we invited a counselor from the Kyoto Vocational Center for Persons with Disabilities and created a space for dialogue between the counselor and department heads of where the employees with disabilities worked. The following shows the changes in the employment rate of persons with disabilities in our company. Three people were hired in the fiscal year ended December 2023, meaning our percentage of persons with disabilities employed exceeded the statutory rate.

### ■ Legal employment rate and Nissha's employment rate

Unit: %

	End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023
Employment rate of Nissha	2.38	2.11	2.12	2.07	2.67
Statutory employment rate	2.2	2.2	2.3	2.3	2.3

We shall continue to strengthen links with external organizations such as Hello Work, create places that are easy to work in, and promote understanding of workplaces for the disabled. Through these actions, we aim to both create opportunities to hire and employ persons with disabilities and at the same time, achieve "Diversity and Inclusion" (We welcome diverse capabilities interacting as equals and enhancing our organizational performance) part of our Shared Values.

## 15-3 Foreign Employees in Active Roles

The Nissha Group conducts recruitment activities regardless of nationality. In our Group, where a diverse range of people plays active roles, non-Japanese nationals account for more than 60% of all employees. The number of foreign nationals working for the Nissha Group in Japan is increasing. In our Kyoto Global Headquarters, we have set up a worship room available for those who wish to use it, as well as a small purification facility to purify the body before worship.

The total number of new graduates and mid-career hires and the number of newly hired foreign employees at Nissha Co., Ltd. is shown below.

Unit: Number of employees

	Total number of hires	New graduates		Mid-career		Country
		Total number	Foreign nationals	Total number	Foreign nationals	
FY2020	19	12	0	7	0	-
FY2021	34	11	0	23	0	-
FY2022	27	12	1	15	0	Republic of Korea
FY2023	51	12	0	39	2	Republic of Korea, Brazil

\* Figures for mid-career hires from the end of FY2020 to the end of FY2022 have been revised due to a review of the aggregation method in accordance with the disclosure of the mid-career hiring ratio based on the Comprehensive Promotion of Labor Policies Act.

\* The number of mid-career hires includes employees who were promoted from non-regular to regular employment.

## 15-4 Promotion of Women's Advancement

The Nissha Group aims to be a company where all employees, regardless of nationality, gender, age, and more, can exercise their abilities to the full.

The Nissha Group has set the ratio of female managerial staff, one of the symbols of diversity, as a KPI. We are working on promoting the advancement of women, setting targets of 23% globally consolidated and 12% for Nissha non-consolidated by 2026. In the fiscal year ending December 2024, several women will be appointed as managerial staff, and Nissha expects the percentage to increase to more than 8.5% on a non-consolidated basis.

Refer to 14-3 ESG Task Force Initiatives

### Female managers ratio

	End of FY2020	End of FY2021	End of FY2022	End of FY2023	Forecast at the end of FY2024
Nissha Group (%)	19.4	20.0	21.5	22.7	23.0 ~ 24.0
NISSHA (%)	5.0	5.4	5.9	7.1	8.5 ~ 9.5

The Nissha Group in Japan opened a career counseling office in 2021, where women can get support for career planning that accommodates their life events. In addition, we are providing challenging growth opportunities for female employees by enhancing selective training and company-wide common training items for each grade, and systematically developing next-generation managerial staff through personnel rotation. Through these initiatives, we shall steadily increase the ratio of

next-generation female managerial staff, who are in leadership roles just below the managerial level.

### ■ Action Plan for the Japanese Act on Promotion of Women's Participation and Advancement in the Workplace

The Japanese Act on Promotion of Women's Participation and Advancement in the Workplace requires companies with 101 or more employees to draft an action plan for promoting women's participation in business. In the Nissha Group, five companies, Nissha Co., Ltd., Nissha Industries, Inc., Nissha Precision and Technologies, Inc., Nissha Printing Communications, Inc. and Nissha Business Service, Inc. have formulated action plans that specify quantitative targets and the details of their initiatives.

In line with the action plans based on the Women's Participation Act, moving forward, we will continue to upgrade our initiatives so that all female employees can live up to their full potential.

# 16. Human Resources Development

## 16-1 Basic Concept

The Nissha Group in Japan offers a wide range of training programs to realize our medium- to long-term growth strategy and to support employees' medium- to long-term career development and promote their growth. These programs have been organized into an in-house university, Nissha Academy.

Specifically, we have established selective training programs to develop management and strategic human resources, rank-specific training programs that match the employee's stage, function-based training programs to provide specialized knowledge according to job type and duties, and career design training programs tailored to employees' life stage. The Nissha Group overseas is also developing various training programs under the Nissha Academy flag, based on the actual situation in each country and region. Through such human resources development initiatives, the Group aims to see the company and our employees grow together.



Target group	Selective		Common to all companies			
	Management and strategic human resource development	Global human resource development	Rank-specific	Function-based	Optional	All employees
Officers	Executive MBA					
Director			Upper managerial staff training			
Group Manager	Business School Advanced	MBA for working adults	New manager training	Priority market skills training	Training based on job type and duties	Self-development (English learning, e-learning, etc.)
Grade 4	Business School Intermediate		Manager candidate training Grade 4 promotion training			
Grade 3	Business School Beginner	Overseas trainee	Grade 3 promotion training	Purchasing/ sales/trade	Career design training	
Grade 2						Quality, production, statistics, DX, AI
Grade 1			New employee training			

## 16-2 Training Systems

### ■ Selective training

We carry out selective training with the object of systematically training the human resources necessary to achieve our medium-to long-term growth strategy, including training candidates for the next generation of management/strategy personnel or global personnel.

### Business School

This training program is designed to systematically develop human resources to lead the management of the entire company and its businesses.

It covers the knowledge and skills involved in developing and implementing business strategies. Participants who complete the training program will be actively provided with opportunities to put what they have learned into practice, including participating in projects and formulating medium-term management plans.

The Business School offers three courses: a beginner course for those aiming to gain the skills and knowledge needed to become assistants to managerial staff, an intermediate course for those aiming to gain the skills and knowledge required of entry-level managerial staff, and an advanced course for those aiming to gain the skills and knowledge required for upper-level managerial staff. The beginner course is taught by in-house officers and managerial staff who have completed programs at the Business School, and covers basic business literacy and the Nissha Group's corporate philosophy system (Nissha Philosophy). The intermediate and advanced courses are original programs that combine MBA-based lectures by outside professors from graduate schools of management or Nissha staff who have

graduated from schools of management with lectures based on practical case studies by in-house instructors.

### Executive MBA program and a graduate school program for working professionals

As a higher level training program of the Business School, we also offer opportunities to attend an external executive MBA course, or graduate schools in the fields of business management or data science as an adult student. These programs are mainly used to acquire new skill sets in anticipation of a change in position that involves a major change in perspective or viewpoint.

### Overseas trainee system

We have an overseas trainee system for developing young human resources (from both liberal arts and science backgrounds) who can flourish in global business settings regardless of their job type. Employees who have been with the company for at least three years can apply, and, following an internal selection process, will be dispatched as trainees for about a year. By working at overseas subsidiaries in Europe, America, or Asia, they can improve their specialized skills, language abilities, and intercultural adaptability with the goal of becoming global leaders, including candidates for overseas postings, in the future.

### ■ Rank-specific training

Rank-specific training is provided at milestones such as when entering the company, promoted, and appointed to certain positions.

### New employee training

At the Nissha Group, the first three years after new graduates enter the company are positioned as the initial training period. At the start of this period, group training is conducted at all domes-

tic Group companies. For about a month, regardless of hiring company or academic history, they will learn the outline of the Nissha Group as a whole as well as its businesses and products through lectures and field trips to factories. After that, students undergo business unit training or factory training as appropriate for their positions. After being assigned positions, they expand their experiences broadly while utilizing rotations across job types and departments, in consideration of development from a long-term perspective, supporting new employees to grow in stages.



## ■ Function-based training

Training is provided to employees to allow them to acquire the knowledge and skills required for their job type and duties, such as engineering, production, purchasing, etc.

### Priority market skills training

In accordance with our portfolio strategy, Nissha is working on shifting from the IT devices market to non-IT device markets, such as medical and mobility. Priority market skills training backs up our portfolio strategy from the education and training aspects. It is our unique training program for improving the quality of our value proposals to customers in non-IT device markets.

Priority market skills training consists of three layers: (1) Basic education for engineers, (2) Practical design skills for engineers, and (3) Practical education by target markets for non-engineers as well. This composition reflects the demand for advanced design skills by corporations in position to provide parts and modules in the medical market such as Nissha, and the demands of compliance with quality management systems and regulations specific to each industry.

In 2023, multiple subjects were offered in each level from (1) to (3), with a focus on the medical and mobility markets, and a total of 819 people took these trainings.

### Common training for engineers

The technical knowledge required to meet the needs of global customers is taught from the dual aspects of the "core technologies" that are our strengths, and the science-based "common engineering" knowledge (quality, statistics, intellectual prop-



erty, etc.) that all engineers, regardless of where they work, should be aware of. Employees are taught all this, from introductory to applied fields, in line with their individual experience and knowledge levels.

In order for us to continue to grow while changing our target markets and products, we train engineers who can create products that come with "Nissha's unique strengths" beyond the boundaries of business units.

## 16-3 Support for Employees' Voluntary Desires to Learn and Grow

We support self-study for the purpose of encouraging employees to voluntarily seek opportunities for study, and to enhance their education or gain knowledge about the Company's business, by providing information on programs that encourage study and by providing a system that subsidizes half of the cost for those employees who complete self-study.

## 16-4 Career Planning Support

Since the fiscal year ended December 2019, we have been providing career design training annually for full-time employees in their 50s. All full-time employees aged 50-59 have completed this training (as of December 31, 2023), which is designed to help them understand changes in the external environment, company systems, and their own values and strengths, and choose their own careers.

## 16-5 Training Records

The table on the right shows the total training hours per year of employees (full-time and contract) who participated in major training programs offered by the Nissha Group in Japan and the training hours per employee, obtained by dividing the total number of hours by the number of employees.

Some training sessions are held every two years, and others every three years. While the number of programs and students have both fluctuated from year to year, we carry out training based on careful study of the targets and required times so that the necessary education can be given to the necessary people. In addition, we are also working on increasing efficiency through ways such as compressing time for group training by combining pre- and post-study to meet the needs of diverse working styles and reduced work hours.

	Gender	FY2021	FY2022	FY2023
Total training hours per year	Male	28,928	23,252	20,042
	Female	13,498	7,361	8,697
	Total	42,426	30,613	28,739
Training hours per employee	Male	16.4	14.2	12.2
	Female	24.0	15.3	17.7
	Total	18.2	14.4	13.4

\* Training hours per employee are calculated based on the number of full-time employees and contract employees of the Nissha Group in Japan.

## 16-6 In-House Training Programs

The Nissha Group values an organizational culture in which senior employees train junior employees and encourages in-house training programs. Instructors are primarily managerial staff who share their experience and knowledge with other employees. In addition to expanding personal connections among employees, through this initiative more employees are rediscovering Nissha's strengths and attractiveness, and our organizational strength and sense of unity are improving. We previously had employees take part in external training programs in areas in which we have not accumulated knowledge in-house, as we accumulate knowledge in these areas we are gradually creating training programs in-house. This ratio varies from year to year, but we are aiming to achieve a 50% in-house training ratio.

# 17. Employee Engagement

The Nissha Group has established Diversity and Inclusion as one of the Shared Values, which is the principle of employee behavior, and is working to create a workplace where human resources with diverse values and diverse backgrounds can maximize their abilities. At Nissha Group in Japan, we are implementing work style reforms with the aim of improving productivity, along with enhancing various support systems and promoting the creation of a workplace that supports diverse and flexible work styles. These are some of the ways we provide support to help our employees achieve a work-life balance.

## 17-1 Engagement Survey

For employees to work passionately and for the company and employees to grow together, we believe it is important for the company to improve employee engagement by putting in place a system that encourages this and fostering an organizational culture that is easy to work in. As one of these efforts, we started engagement surveys in 2022. In the first half of the fiscal year ended December 2023, these were expanded to contract employees in addition to all full-time employees in Japan, and these targeted around 3,100 employees, excluding those working at overseas Nissha Group factories, etc. in the second half of the fiscal year ended December 2023. The purpose of this survey was to identify issues that will improve the diverse capabilities and passions of Nissha, the source of our growth, and to improve it to the way we are, and will be conducted annually in the future.

Compared to the previous fiscal year, there were, overall, improvements in the key indices, showing that actions in the

workplaces over this period were bearing fruit. In addition, increased interest among employees lead to a sizeable improvement in the response rate. These results will be analyzed at the company, business, and workplace levels to create specific actions with the aim of further improvements. By continuing these efforts into the future, we shall foster a corporate culture where all employees can work with passion.

### ■ Engagement survey results

KPI	Target	Result	
		FY2022	FY2023
Response rate Global consolidated	More than 80%	83.0%	94.2%

Positive response rate Global consolidated	FY2022	FY2023
<b>Will to contribute to the organization</b> I want to contribute to Nissha	95.6%	95.5%
<b>Organizational Commitment</b> I am proud to work for Nissha	87.8%	89.0%
<b>Rewarding</b> I find my work rewarding	82.3%	83.4%
<b>Feeling of contributing to society</b> I feel I contribute to society through my work	78.8%	80.6%

## 17-2 Flexible Work Hours

We have introduced a flextime system to promote work-life balance, as well as to accommodate the time difference between Japan and overseas, enabling flexible working styles that meet both the needs of our customers and variations in business demands. Employees manage their time in a planned and autonomous manner, without setting a core time. A wide range of employees, from the sales departments to the development, engineering, and management departments take advantage of this system.

## 17-3 Telework System

A telework system has been introduced to promote effective and flexible working styles for employees, as well as helping them balance their home and work lives. In the fiscal year ended December 2020, by expanding its scope from employees with child-rearing and family care responsibilities to any employee who can perform the same level of work at home as at the office, the system is now also an indispensable part in the event of transportation disruptions or disasters.



## 17-4 Child-Rearing and Family Care Support

We are enhancing the support system for child-rearing and family care for the flexible working styles of employees at various life stages.

### ■ Major child-rearing support system

By drafting an action plan and executing a range of measures based on the Act on Advancement of Measures to Support Raising Next-generation Children, many of our efforts in child-rearing support exceed statutory guidelines.

Support system	Nissha Group in Japan	Statutory coverage
<b>Shorter hours during pregnancy</b>	During pregnancy (up to maternity leave before childbirth) Up to 3 hours per day	—
<b>Days off for spouse's child-birth</b>	3 days at the time of spouse's childbirth (Special paid leave)	—
<b>Shorter hours for child-rearing</b>	Up to completion of elementary school Up to 3 hours per day	Up to 3 years old By effort: Start of elementary school
<b>Days off for child nursing</b>	1 child: 5 days 2 or more children: 10 days Up to start of elementary school: paid From the first to sixth grade: unpaid	1 child: 5 days 2 or more children: 10 days Either paid or unpaid Up to start of elementary school
<b>Child-rearing support fund</b>	Amount: 150,000 yen (for each occasion below) Period: • Birth • Start of elementary school • Start of junior high school • Start of senior high school • Start of technical college	—

In addition to the above, in order to support female employees who wish to return to work early after childcare leave, we have introduced a system to provide financial support to employees who return to work by the end of the month in which their child turns six months old and who meet certain requirements, and a system to cover part of the expenses of private day care.

### ■ Number of employees who used child-rearing Support (Nissha Group in Japan)

The number of employees who used child-rearing leave, worked shorter hours for child-rearing, and took days off for child nursing are as the table below. In order to help employees make effective use of our support systems, we notify both the employee and his or her manager of the various systems immediately after birth registration is filed. Thanks to improved recognition of the systems available, the number of male employees using child-rearing systems is increasing year after year.

Support system	Gender	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Child-rearing leave</b>	Male	18	19	21	25	38
	Female	43	50	46	48	43
	Total	61	69	67	73	81
<b>Shorter hours for child-rearing</b>	Male	7	2	2	3	6
	Female	90	93	87	92	82
	Total	97	95	89	95	88
<b>Days off for child nursing</b>	Male	79	56	49	50	60
	Female	78	64	59	65	62
	Total	157	120	108	115	122

The reinstatement rate and retention rate (1 year) after child-rearing leave are given below. Many employees are reinstated after taking leave and continue to work in the Nissha Group.

	Gender	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Reinstatement Rate<sup>*1</sup> (%)</b>	Male	100.0	100.0	100.0	100.0	100.0
	Female	95.0	100.0	95.6	95.8	100.0
	Average	96.8	100.0	97.1	97.6	100.0
<b>Retention rate<sup>*2</sup> (one year) (%)</b>	Male	100.0	92.0	83.3	87.5	95.0
	Female	90.0	88.6	91.3	100.0	88.6
	Average	93.5	90.0	88.5	94.7	90.6

\*1. Number of employees reinstated after child-rearing leave in the current fiscal year ÷ Number of employees expected to be reinstated after child-rearing leave in the current fiscal year x 100

\*2. Number of employees remaining at the end of December in the current fiscal year after being reinstated after child-rearing leave in the previous fiscal year ÷ Number of employees reinstated after child-rearing leave in the previous fiscal year x 100

### ■ Major family care support systems

Support system	Nissha Group in Japan	Statutory coverage
<b>Family care leave</b>	Total 240 working days	Total 93 days
<b>Shorter hours for family care</b>	Until the reason for home care has passed 3 hours per day	At least 3 years from start of use
<b>Days off for family care</b>	1 family member: 5 days 2 or more family members: 10 days Paid	1 family member: 5 days 2 or more family members: 10 days Either paid or unpaid

In order to appropriately respond to inquiries and offer consultation about certification of needed long-term care and long-term care insurance, we have established a help desk that connects to an external specialist.

■ Number of employees who used family care leave (Nissha Group in Japan)

Support system	Gender	FY2019	FY2020	FY2021	FY2022	FY2023
Family care leave	Male	3	1	0	0	0
	Female	1	0	0	0	0
Shorter hours for family care	Male	0	0	0	0	0
	Female	1	0	0	0	1
Days off for family care	Male	12	8	5	6	8
	Female	5	7	1	6	7

■ Communication with employees

A dedicated "Thinking about Careers" website is available on intranet to introduce various systems and personal experiences to help employees think independently about the career options available when life events such as marriage, childbirth, childcare, nursing care, treatment for illness, and retirement occur.

In addition, we established a system that is easy for employees to understand by consolidating contact to the Personnel Consultation Desk and referring employees to the appropriate person in charge according to the content when they have questions or concerns about life and career plans in general, not just in relation to childcare or nursing care.



私たちの人生ではさまざまな節目で、多くのライフイベントが発生します。  
結婚、出産、育児、介護、病気の治療や定年…  
そんなとき、私たちはどんなキャリアを選択することができるのでしょうか。  
以下の図や文字から、詳細を知りたいものをクリックしてください。



■ Kurumin Certification



Nissha has received "Kurumin" certification for three consecutive terms since the fiscal year ended March 2010, for a total of 11 years, and in March 2019 we were certified with Platinum Kurumin.

Based on the Act on Advancement of Measures to Support Raising Nextgeneration Children, "Platinum Kurumin" is a system to certify companies that have already obtained Kurumin certification in recognition of their measures to support employees with children and are carrying out initiatives at an even higher level. This certification was in recognition of our introduction of systems to support a balance between work and childrearing for both men and women, our initiatives to reduce overtime work, our ongoing seminars on topics related to the promotion of women in the workplace, and so on.

Within the Nissha Group, Nissha Business Service Co., Ltd. received Kurumin certification in 2015, followed by Nitec Precision and Technologies, Inc. (currently, Nissha Precision and Technologies, Inc.) in 2016.

We shall continue aiming to create a workplace where each employee can work energetically, enjoying a rich life where work and child-rearing are balanced.

## 17-5 Promotion of the Use of Annual Paid Leave

We are continuing efforts such as disseminating information internally via the intranet, registering annual paid leave plans for the year in advance in the attendance management system, and distributing the results of leave taken to department managers. Five days a year have become standard as required leave, so we changed our target to eight days as of 2023, and many employees were able to achieve. As a result, the average take-up rate in FY2023 was 72.0%, a further improvement over last year's rate. Currently, the target has been raised to ten days per year, and we will continue to promote the use of annual paid leave.

In October 2019, we introduced annual paid leave by the hour as a system for facilitating more flexible use of annual paid leave. This system is widely used by employees.

### ■ Average days and percentage of annual paid leave used (Nissha Group in Japan)

Fiscal Year	FY2019	FY2020	FY2021	FY2022	FY2023
Average days	12.2	11.4	11.5	12.9	14.1
Percentage of use	65.9	61.4	60.3	66.1	72.0

## 17-6 Saved Expired Leave System

The Nissha Group in Japan has introduced a paid leave accumulation system that allows employees to save up to 30 days of expired annual paid leave to be used in unforeseen circumstances or to facilitate the performance of social roles. This system is used in the event of illness either of the employee or a family member, childcare and family care, school events and holidays, and volunteer activities including registering as a donor with the bone marrow bank.

## 17-7 Volunteer Leave System (Nissha Group in Japan)

The paid leave accumulation system can be used when participating in volunteer activities such as registering as a donor with the bone marrow bank, assisting at welfare facilities managed by local governments, and activities related to reconstruction assistance following natural disasters. In the fiscal year ended December 2023, four people used the system for a total of eight days.

## 17-8 Outpatient Sick Leave System (Nissha Group in Japan)

In fiscal year ended March 2016, we introduced an outpatient sick leave system with the aim of supporting employees who require long-term outpatient treatment to continue working. The system enables employees with specified disorders to take 12 days off per year for treatment. In addition, when further support is required due to currently undergoing treatment, up to 24 days can be taken. Nine employees used the system in the fiscal year ended December 2023.

Fiscal Year	FY2019	FY2020	FY2021	FY2022	FY2023
Male	1	2	3	5	5
Female	2	2	3	4	4
Total	3	4	6	9	9

## 17-9 Support for Reinstatement After Long-Term Leave

For employees reinstated at work after long-term leave due to illness or injury, we have introduced rehabilitation work to prevent recurrence and support a smooth return to work. After returning to work, we ask employees to submit periodic reports to check on their status, and they also have interviews with our industrial physicians to check on anything that requires special allowances in employment. For employees to whom paid leave was not granted during long-term leave, three days of paid leave are granted when the employee's attendance at work is at least 95% for a period of three months after reinstatement.

## 17-10 Management of Working Time

Nissha Group in Japan promote the reduction of overtime work to realize employee health and work-life balance. In addition to improving productivity, Group companies have been steadily decreasing overtime hours over the years through ongoing activities including employee training aimed at optimizing working hours and sending out individual alert e-mails to employees who are likely to work long hours. As a result, there was an 11% reduction from the previous fiscal year in 2023. At the same time, Group companies are working to equalize working hours among departments by reviewing the division of duties.

## 17-11 Internal Job Posting System

The Nissha Group introduced an internal job posting system with the aim of providing employees with the opportunity to choose their own career path as well as appointing employees to positions that reflect their aptitude and thereby enhancing our organizational strength. Under this system, we first recruit the human resources needed for divisions and operations that we focus on, such as priority markets and new businesses with high commercialization potential, from the perspective of management strategies such as medium-term business plans. Employees who meet the requirements apply on their own initiative and those that pass the selection are transferred to the relevant division. Employees transferred through internal recruitment are playing active roles in their divisions.

### ■ Implementation status of internal Job posting system (Nissha Group in Japan)

Fiscal Year		FY2019	FY2020	FY2021	FY2022	FY2023
Number of job posting		9	No offering	15	31	14
Successful applicants (transfer-ees)	Male	4	-	6	2	0
	Female	1	-	1	0	1

## 17-12 Awarding System (Nissha Group)

Nissha Group established various awarding systems for employees. These systems aim to praise the recipients of the awards and motivate the company and organizations as a whole by clarifying the requirements that the company should praise and by widely disseminating facts that correspond to such requirements through the company and organizations.

The results of the four main group-wide awards in the fiscal year ended December 2023, namely the CEO's Award, the BU Head's Award, the Synergy Award, and the New Hope Award, are as follows. These award winners include employees at overseas bases. As part of the company's efforts to create synergy, we encourage movement across business units and divisions, so many employees who have contributed to cross-sectional projects have been selected.

Type	Content	Number of winners
CEO's Award (Company-wide)	For employees who have made significant contributions to the consolidated performance	n/a
CEO's Award (Group Companies)	For employees whose sales and operating profit greatly exceed the previous year's level and plan, or who have contributed to the bold and dynamic execution of business strategies	11
BU Head's Award	For employees who have made significant contributions to business performance or strategy	41
Synergy Award	For employees who have created synergies across regions and businesses	57
New Hope Award	For domestic employees who act proactively without fear of failure or change as workplace heroes	15

In addition to the group-wide awards mentioned above, the Group also operates an award system for Group companies, including the Group Company Representative Award, which recognizes employees who have performed outstandingly well. The Group has established the global tagline 'Performance Champion', which is meant to recognize employees who have achieved results, and all of these awards are operated under a unified concept and visual.



## 17-13 Career Resumption Program

This program supports former employees who resigned due to life events such as childbirth, childcare, or nursing care, or for personal reasons such as job change, by giving them the option to return to work for the Nissha Group. This program enables us to draw on the range of experiences, knowledge and skills that former employees who are already familiar with our corporate culture and business have acquired outside the company, such as at other companies. It allows them to play active roles again as human resources with diverse values and careers. In 2023, there were two cases of this program being utilized within the Nissha Group in Japan.

## 17-14 Employee Stock Ownership Plan / J-ESOP

As part of our efforts to provide employees with incentives to increase the corporate value of the Group and to support medium- to long-term asset formation, we operate an employee stock ownership plan for full-time and contract employees of the Nissha Group in Japan.

In addition, we introduced a Stock Benefit Trust (Employee Shareholding Purchase-type) in November 2019 as a system that allows all employees and contract employees who join the employee stock ownership plan to receive the benefits of the rise in the stock price of the Company's shares for three years. This program ended in January 2023 and was reintroduced in March 2023.

As of the end of December 2023, 28.5% of the employees have joined, and together hold 0.9% of the Company's shares.

### ■ Subscription Status of Employee Stock Ownership Plan

Year	2019	2020	2021	2022	2023
Number of eligible subscribers	2,353	2,089	2,081	2,011	2,033
Number of subscribers	625	543	573	553	579
Subscription rate	26.6	26.0	27.5	27.5	28.5

In addition, in the fiscal year ended December 2020, we introduced a Stock Benefit Trust (J-ESOP) for employees of the Company and some of its subsidiaries.

## 17-15 Retirement Pay System

Nissha has updated to a retirement pay system based around role and ability as of the fiscal year ending December 2024 in order to unify it with its human resources system. In addition, expanding the defined benefit pension plan, in which pension assets can be carried, from the existing system allows both dealing with employment flexibility and supporting employee asset growth.

# 18. Safety and Health

## 18-1 Policy and Principles

The Nissha Group has established a Basic Policy for Occupational Health and Safety and Basic Principles for Occupational Health and Safety which outlines specific actions and disciplines, and has informed all employees of their content, aiming to ensure the health and safety of all people involved in our business activities.

### Occupational Safety and Health Policy

Nissha Group places safety first in its business activities and continues to actively work on areas such as improving the working environments and health of Nissha People, remaining a company where Nissha People can remain healthy in both physical and mental.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

### Occupational Safety and Health Principles

1. We shall strive to eliminate and reduce risks through increasing risk sensitivity and responding to changes for achieving "zero accidents".
2. We shall promote measures related to health and promote the maintenance and improvement of both physical and mental health.
3. We shall introduce appropriate management resources to ensure the safety and promote the health of Nissha People, and work to improve their effectiveness.
4. We shall ensure the safety of Nissha People by having them mutually interact and act with discipline.
5. We shall construct a management system and promote continuous improvements to suit changes in the business environment.
6. We shall comply with relevant laws and regulations, act with integrity, and create a safe culture.

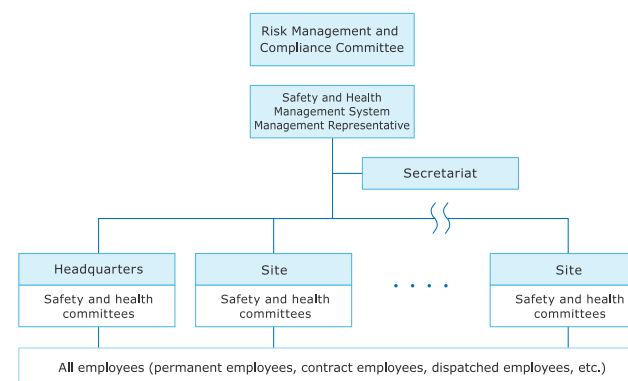
Daisuke Inoue  
Director of the Board, Senior Executive Vice President, General Affairs  
Nissha Co., Ltd.

Established on April 1, 2007 / Revised on May 1, 2022

## 18-2 Safety and Health Management System

Under the Risk Management and Compliance Committee, the Nissha Group in Japan operates an environmental occupational health and safety management system that includes compliance with items required by customers and by laws and regulations, based on the ISO14001 Environmental Management System and the ISO45001 Occupational Health and Safety Management System. We formulated an action plan to achieve our targets, and in addition to repeating the PDCA cycle with an eye to sustained improvements, we are striving to implement assessments through regular internal audits and management reviews. The Safety and Health Committees established at each base are formed from representatives from the bases, such as the safety manager and the health manager, along with employee representative members selected from the Nissha Crew Alliance (labor union) and workplaces. The Committee is responsible for responding to occupational accidents and implementing corrective measures, as well as bringing about safe and comfortable workplaces.

### Safety and Health Management Structure



The Nissha Group in Japan manages the progress of safety and health objectives, conducts safety and health risk assessments at workplaces, takes measures to prevent the recurrence of occupational accidents, monitors the number of accidents and the results of working environment measurements, and conducts internal audits and takes corrective action. The progress of these activities is reported

at management review report meetings that all bases participate in. At the end of the fiscal year, a review is held on whether the management system is functioning effectively and to link it to activities for the next fiscal year as part of the PDCA cycle.

### 18-3 Initiatives for FY2023

The Nissha Group in Japan has set safety and health targets in line with our Occupational Safety and Health Policy and Occupational Safety and Health Principles, and are developing a range of occupational accident prevention activities with the goal of zero occupational accidents over the three-year period linked with the Medium-term Business Plan.

#### Workplace Risk Reduction - Risk Assessment

We conduct risk assessments to reduce occupational safety and health risks in the workplace in accordance with our internal regulations. Risk assessments are conducted regularly on a workplace basis to continuously identify sources of hazards, conduct risk assessments, and determine and implement risk reduction measures based on the risk assessments. When an injury accident occurs, we conduct a risk assessment for that work, and take risk reduction measures. Chemical substance risk assessments are conducted at workplaces that use chemical substances, such as technical development departments and production facilities. A major revision to the laws concerning chemical substance management in 2023 meant a substantial shift from the existing legal compliance focus to autonomous management. In the Nissha Group in Japan, we aim for zero health effects from chemical substances, and are moving ahead with the responses needed for autonomous management.

#### Safety Patrols

A team led by the safety manager, health manager and industrial physician conducts safety patrols of workplaces. In addition to checking for potential hazards and unsafe work practices in the workplace, and whether chemical substances are being managed appropriately, the patrols also try to raise workplace safety awareness by incorporating the perspective of customer requirements.

We honor workplaces that have worked diligently on these safety and health activities and have not experienced any accidents during the year. We also present an annual safety and health award, the Annual Zero Accident Award, in an effort to foster a culture of safety.

### 18-4 Occurrence of Occupational Accidents

The following table shows the occurrence of occupational accidents in the Nissha Group in Japan. There were two more accidents in the fiscal year ended December 2023 than the previous year, with a total of nine occupational accidents. However, our goal is zero, and we are continuing to push ahead with initiatives for this.

#### Occurrence of Occupational Accidents (Nissha Group in Japan)

Item	FY2021	FY2022	FY2023
Number of occupational accidents	15	7	9
4 or more days of leave	7	0	5
Occupational accident frequency* <sup>1</sup> (%)	1.48	0.35	0.91
Occupational accident severity* <sup>2</sup> (%)	0.05	0.00	0.04
Fatal accidents	0	0	0

\* Figures include accidents involving temporary employees.

\*1. Refers to the number of injuries and casualties resulting from occupational accidents (one or more days of leave) per one million working hours.

\*2. Refers to the severity of occupational accidents in terms of the number of working days lost per one thousand working hours.

#### Occurrence of Occupational Accidents by Region (Nissha Group major overseas production bases)

The numbers of occupational accidents at the Nissha Group major overseas production bases in the fiscal year ended December 2023 are given in the table below.

Region	North America	Central and South America	Europe	Asia
Number	14	2	13	1

\* Work-related accidents requiring absence from work. The count for the number of accidents is based on the standard in each region.

## 18-5 Safety and Health Education and Training

In accordance with our Safety and Health Education and Management Regulations, we are focusing on education and training to raise safety awareness and foster a culture of safety, using remote education and e-Learning. We also share information and develop educational programs at our major overseas production bases.



General lifesaving training



Individual safety education

### Training Participation

Category	Lesson/Session	Number of attendees in FY2023
General training	Training on intake	62
	Safety training at the time of assignment	5
	Training when installing new equipment	77
	Health and safety training (health education)	141
	Health training (prevention of heatstroke)	70
	Risk assessment training (safety and health/chemical substances)	151
	Foreman education	15
	Chemicals training (risk assessment of chemicals/chemical emergencies)	125
	Safety training (chemical substances)	724

General training	Individual safety education	120
	General lifesaving training	72
	AED lessons/First aid team training	133
	Traffic safety education	1,574

## 18-6 Safety Slogan

We created a safety slogan to raise awareness of safety with the aim of eradicating occupational accidents. This slogan is displayed at all of our production bases in Japan and overseas.

**“Safety”**  
Not because I have to,  
But because I *want* to.  
**NISSHA**

## 18-7 External Evaluation

The Nissha Group in Japan received the following awards related to health and safety in the fiscal year ended December 2023.

Award target	Award name	Awarding body
Nissha Industries, Inc.	Excellent Safe Driving Management Office	Koka Konan Safe Driving Management Association
Nissha Precision and Technologies, Inc.	“Challenge 100” accident-free, violation-free movement	Automobile Safe Driving Center
Nissha Precision and Technologies, Inc. Tsu (production base)	Chairman’s Award of Mie Prefecture Labor Standards Association Federation Superior Workplace Award	Mie Labor Bureau Mie Prefecture Labor Standards Association Federation Labor standards associations around the country etc.



# 19. Health and Productivity Management

## 19-1 Policy

Nissha Group sees its Mission, "We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group." To achieve this, we have formulated a Health and Productivity Management Policy based on the belief that it is important for the realization of our Mission that each and every employee to be healthy in mind and body and to be highly motivated in their work, as this will lead to improvements in company performance.

### Health and Productivity Management Policy

Nissha Group aims to create new values through our diverse capabilities and passion. We consider the maintenance and improvement of mental and physical health to allow employees to fully exercise their abilities to be an important management issue, and promote a range of measures to that end.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

Established on September 3, 2018  
Revised on July 1, 2021

## 19-2 Structure

We have appointed Senior Vice President, Chief Human Resources Officer in charge of health and productivity management as part of our health and productivity management promotion structure. Under the Risk Management and Compliance Committee, the Health and Productivity Management Subcommittee, led by the director of the committee, staff plan and promote health measures for the Group.

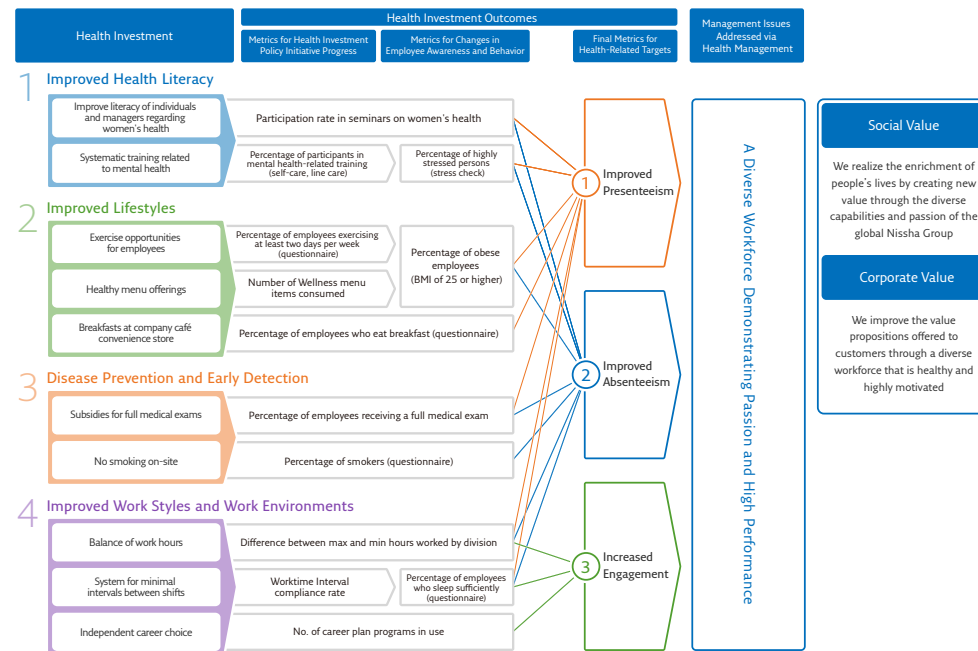
## 19-3 Health and Productivity Management Strategy Map

The Health and Productivity Management Strategy Map is a visualization by corporations engaged in health and productivity management of the problems they face and their initiatives to solve them.

In the Group, we include “Diverse people flying high in their roles with passion” as one of the management issues we want to solve through health and productivity management, and have set three KPIs (presenteeism, absenteeism, and engagement). We are moving ahead with concrete actions in four categories to make these improvements.

### Final health-related target indices (Scope: Nissha Group in Japan)

		FY 2022	FY 2023	FY 2024
<b>Presenteeism</b> <small>*Measurement started from the fiscal year ending December 2024</small>	• Average lost work time rate per employee in the survey, Wfun (A questionnaire developed by the University of Occupational and Environmental Health to measure the degree of work impairment due to health problems)	—	—	12.9%
	• Number of respondents	—	—	2,151
	• Response rate	—	—	100%
<b>Absenteeism</b>	• Number of people on leave + number of long-term absences / total number of employees <small>*Figures as of the end of December each year</small>	0.72%	0.81%	—
<b>Engagement</b> <small>*Measurement started from the fiscal year ended December 2023</small>	• Positive response rate for the question “I find my work rewarding” in the engagement survey	—	62.1%	62.4%
	• Number of respondents	—	2,005名	2,039名
	• Response rate	—	97.0%	99.2%



## 19-4 Various Measures

The Health and Productivity Management Subcommittee, which includes occupational health staff, plays a central role in promoting health management through various measures based on the Strategy Map.

	Initiatives	Results in FY2023	Targets in FY2026
<b>Improvements to number of Wellness Plates consumed</b>	We provide low-salt plated menus with balanced nutrition in the company cafeteria.	Consumption rate: 11.2%	In progress
<b>Boost the rate of detailed medical checkups</b>	Those employees whose health check results showed that they needed further detailed examinations will be eligible to have the company will pay costs for detailed examinations (up to a maximum of 10,000 yen per examination) and their time will be counted as working hours if their examination is during working hours (once per examination).	Screening rate: 67%	Screening rate: more than 70%
<b>Reduction in ratio of smokers</b>	To support employees in quitting smoking, we offer our correspondence course in quitting smoking, the Stop Smoking Challenge, and the Graduate from Smoking health guidance from company health staff. We also provide a subsidy (up to 10,000 yen) for participants to purchase aids for stopping smoking.	Ratio of smokers: 25.7%	—
<b>Specific health guidance</b>	Industrial health staff provide support for reviewing the lifestyle habits of employees who are at high risk of developing lifestyle diseases and who are likely to benefit by modifying their lifestyle.	Ratio taking: 94% Ratio continuing: 98%	—

<b>Participation rate in seminars on women's health</b>	We hold seminars on women's health that are open to both men and women (simultaneously available online, with recordings available later).	Participation rate: 6%	In progress
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## 19-5 Certified Health and Productivity Management Outstanding Organizations

We have been recognized as a "Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry for the third year in a row. The certification is given to companies with especially excellent health management practices.



# 20. Intellectual Property

## 20-1 Basic Concept

The use of intellectual property is essential for the Nissha Group to appropriately protect and provide customers with products obtained as a result of our R&D and business activities. In order to contribute to our business performance and conduct effective and safety R&D and business activities, the Group emphasizes "building an intellectual property portfolio" and "avoiding intellectual property risks" under the leadership of the Intellectual Property Management Department.

## 20-2 Initiatives

### ■ Building an intellectual property portfolio

We use the intellectual property system to properly safeguard the results of our research and development. Right acquisition is not limited to patents, but covers a wide range of other rights, including designs, trademarks, and copyrights. In addition, as the Group's products are sold globally, we are working to obtain rights in other countries as well as Japan. The Intellectual Property Management Department coherently manages, from application to rights expiration, and intellectual property rights we have obtained are utilized strategically throughout the entire Nissha Group.

### ■ Avoiding intellectual property risks

To prevent inadvertent use of the intellectual property of other companies or the unauthorized use of our intellectual property by third parties, we have established a SDI (Selective Dissemination of Information) system that constantly monitors whether these intellectual properties are being used appropriately.

To prevent problems related to intellectual property, the Intellectual Property Management Department examines contracts related to intellectual property, such as joint research and joint development.

### ■ Training

The Nissha Group is enhancing its various training programs so that each and every employee works with an understanding of intellectual property right acquisition and usage and the risk associated with intellectual property.

We offer a wide range of training for all employees taught by Intellectual Property department staff, from fundamental curriculum such as explanations on how to read patent publications and the process of patent acquisition to on-the-job curriculum such as techniques for surveying patents from other companies. In the fiscal year ended December 2023, a total of 165 employees attended.

In mandatory training for employees in engineering fields, we invited an outside specialist instructor to teach about ways to find inventions and techniques for searching for development themes, and so on. This training was designed to continuously improve employees' skills and knowledge regarding intellectual property. In the fiscal year ended December 2023, a total of 65 employees attended.



# 21. Partnership with Our Suppliers

## 21-1 Basic Policy

The Nissha Group procures the materials, equipment, and services necessary for production and a wide range of business activities from suppliers in various regions. We work fairly and equally with all suppliers to promote sustainable procurement based on our Purchasing Principles in order to share awareness of our social responsibility and enhance mutual enterprise value.

Our Purchasing Principles apply to all business operations throughout the Nissha Group. Based on these principles and the Purchasing Management Regulations as a management framework outline, we operate a system for each business.

### Purchasing Principles

Nissha Group achieves sustainable procurement by building relationships of trust with our suppliers through mutually fair purchasing.

Nissha Group evaluates our suppliers in terms of fairness, impartiality, and comprehensively based on the following criteria.

1. Stable business foundation and reliable management principles
2. Excellent technology development and the abilities to propose products or services that consider environmental impacts
3. Provision of stable, high-quality products or services
4. Price competitiveness
5. Stable production capacity and lead times
6. Effective business continuity management plans

Nissha Group achieves sustainable procurement by working with our suppliers in the following areas.

1. Labor and human rights
2. Health and safety
3. Environment
4. Ethics
5. Information security

Hisashi Iso  
Director of the Board, Executive Vice President, Corporate Supply Chain  
Nissha Co., Ltd.

Established on April 2, 2009 / Revised on January 1, 2024

We request all of our suppliers to comply with the Purchasing Principles and the CSR Procurement Guidelines. These Guidelines are based on the Responsible Business Alliance (RBA), a code of conduct mainly for the electronics and automotive industries, and on other codes of conduct that our customers request we follow. The items are listed below.

### Items of CSR Procurement Guidelines and SAQ (Self Assessment Questionnaire)

#### 1. Labor and human rights

- (1) Elimination of Involuntary Labor
- (2) Prohibition of child labor, protection of young workers and student workers
- (3) Working hours
- (4) Wages and benefits
- (5) Humane treatment
- (6) Non-discrimination
- (7) Freedom of association

#### 2. Health and safety

- (1) Occupational safety and health
- (2) Emergency preparedness
- (3) Prevention of occupational injury and illness
- (4) Industrial hygiene
- (5) Physically demanding work
- (6) Machine safeguarding
- (7) Sanitation, food, and housing
- (8) Health and safety communication

#### 3. The environment

- (1) Environmental permits and reporting
- (2) Pollution prevention and resource reduction
- (3) Hazardous substances
- (4) Solid waste
- (5) Air emissions
- (6) Materials restrictions
- (7) Water management
- (8) Energy consumption and greenhouse gas emissions

#### 4. Ethics

- (1) Business integrity
- (2) No improper advantage
- (3) Disclosure of information
- (4) Intellectual property
- (5) Fair business, advertising and competition
- (6) Protection of identity and non-retaliation
- (7) Responsible sourcing of minerals

#### 5. Information Security

- (1) Building of information management system
- (2) Defense against threats on computers and networks
- (3) Management and protection of personal information and confidential information

## 21-2 Maintaining Purchasing Related Rules

After the sweeping revision of our Purchasing Management Regulations in 2021, we are currently working on formulating a range of regulations that will form the subordinate documents, with the aim of further unifying rules and improving control over purchasing operations at each Group company. In particular, in order to ensure compliance with laws and regulations such as the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (hereinafter referred to as the "Subcontractors Act"), and others that have become stricter in recent years, we formulated the Subcontractors Act, etc. Compliance Regulations, and are working to create internal rules and spread awareness of content that we expect to see required by the law soon ahead of time.

In addition, to ensure the content of these new regulations and rules are understood and put into practice, the Nissha Group as a whole will hold briefings that include comprehension testing, and will check operational status using internal audits.

In September 2020, we established and announced our Declaration of Partnership Building as promoted by government agencies such as the Cabinet Office, and are promoting activities designed to build trust relationships with all of our suppliers and enhance mutual enterprise value.

Purchasing Principles

Purchasing Management Regulations



Handling rules for samples

New transaction rules

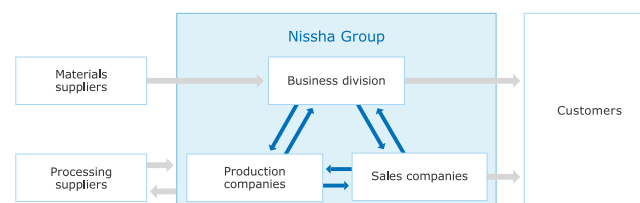
CSR Procurement Guidelines

Business division purchasing department regulations, manuals, etc.

## 21-3 Nissha Group Supply Chain

We at the Nissha Group collaborate with various suppliers through our business activities, and our supply chain is expanding globally. The global supply chain has been severely affected recently by the pandemic, regional conflict, the sharp rise in raw material and fuel prices due to dramatic foreign exchange shifts, supply shortages and price hikes due to labor shortages, as well as natural disasters. However, thanks to the cooperation of our suppliers, the Nissha Group is continuing sound business activities.

### Main Entities of the Nissha Group Supply Chain



## 21-4 CSR Audit and Labor and Human Rights Risk Survey

### ■ CSR Audit

At the same time as accepting CSR audits from customers, the Nissha Group carries out annual inspections using our own unique Self Assessment Questionnaire (SAQ) so that we can ascertain the status of suppliers as we build a safe, reliable supply chain. The CSR auditing and Self Assessed Questionnaires (SAQ) are based in our CSR Procurement Guidelines (21-1).

Carrying on from the previous year, in the fiscal year ended December 2023 the Industrial Materials Business Unit and the Devices Business Unit carried out surveys of 95 companies (73 existing suppliers, 22 new suppliers) in Europe and Asia, including China, in addition to Japan. The results showed no points of concern.

We will continue to conduct these surveys, and if any concerns are identified in the SAQ responses, Nissha employees qualified as internal auditors will act in accordance with the procedures such as visiting suppliers and conducting on-site audits.

### ■ Labor and Human Rights Risk Survey

In the fiscal year ended December 2023, the ESG Task Force\* took the lead in conducting a survey on labor and human rights. The survey targeted suppliers that meet the following two criteria.

- (1) Located in areas of high labor and human rights risk (ILO Standard: China, Southeast Asia, etc.).
- (2) Top 80% of purchase value per base or there is no alternative procurement source.

The survey found no points of concern at any of the targeted

suppliers (131 companies). Additionally, we conducted on-site audits for nine of these companies. We followed up on the issues identified during the on-site audits and confirmed the completion of corrective actions. The specific countries and number of targeted companies of our suppliers are as follows.

- China, 4 companies
- Malaysia, 2 companies
- Mexico, 2 companies
- Brazil, 1 company

In the fiscal year ending December 2024, we will continue this survey and conduct on-site audits of suppliers that we deem particularly necessary in order to reduce risk in our transactions.

\* The ESG task force is set up under the umbrella of the Sustainability Committee on themes considered particularly important from an ESG perspective, and responsible for accelerating the respective activities.

## 21-5 Development of Procurement Personnel

Focusing its efforts on training procurement personnel, the Nissha Group in Japan has continued to provide the basic procurement education and procurement training by external instructors since the fiscal year ended March 2009. To date, more than 1,000 employees have taken these courses.

In the fiscal year ended December 2023, we carried out e-Learning on basic matters of the Subcontractors Act and revisions to operating standards related to beating down prices. These targeted not only the procurement and sourcing division but also departments related to procurement, such as technical and development departments. All 329 targeted personnel completed the training.

In addition, 448 people took the basic procurement education course, which incorporates laws, regulations, and contract items related to procurement and internal rules such as our Purchasing Principles and Purchasing Management Regulations. Follow-ups were also done after testing comprehension of the training, such as re-training and re-testing of those who were deemed in need of re-training.

Training was also held for overseas Group companies, and in the fiscal year ended December 2023, basic procurement education was given to a total of 84 people in 6 overseas Group companies in Europe and North America, and 5 overseas Group companies in Asia outside China. This training will be expanded to other Group companies in future, and standardized between sites.

We are currently moving ahead with a plan to implement training globally to help reinforce procurement departments and improve procurement skills. We are studying the use of skill maps to promote visualization of work skills and the construction of a

training system (mechanism) in a plan to improve the level of each and every employee.

# 22. Along with Local Communities

## 22-1 Policy

Along with aiming to "realize the enrichment of people's lives" our Mission calls for through our business activities, the Nissha Group engages in social contribution by clarifying key activity areas.

### Social Contribution Policy

Nissha and Nissha People contribute widely to society to realize the enrichment of people's lives professed in our Mission by resolving social issues through our businesses and supporting the fields listed below.

Main fields of our support:

- Environment
- Arts and Culture
- Medical and wellness

Junya Suzuki  
Chairman of the Board  
President and CEO  
Nissha Co., Ltd.

Established on March 6, 2009 / Revised on June 1, 2022

## 22-2 Initiatives

The Nissha Group are expanding our business globally. We promote activities that meet the needs of our stakeholders through communication with them in each region.

As a company with its headquarters in Kyoto, Nissha Co., Ltd., engaged in the following activities in the fiscal year ended December 2023.

### Environment / support for future generation

- Participated in the activities for environmental workshops at elementary schools organized by the Kyoto Chamber of Commerce

Employees visited elementary schools in Kyoto City to carry out environmental workshops. The workshops gave children the opportunity to think about environmental issues such as global warming and plastic waste, introduced our initiatives for reducing environmental impact and sustainable materials, and explained how the company is taking on social issues.



Workshop at: Kyoto Municipal Yusei Elementary School on September 6, 2023  
Kyoto Municipal Kotoku Elementary School on September 26, 2023

### Support for future generation

- Introduced our business as part of social studies courses

Our Kyoto Global Headquarters received requests from local elementary schools, and dispatched staff to talk about our business and a factory as part of the schools' social studies courses. The classrooms and factory were linked online on the day, so the children and the factory workers could interact.





- Participated in Children's Monodzukuri Project run by the Kyoto City Board of Education

Exhibited a corporate booth at the Kyoto Monodzukuri Hall of Fame, Kyoto City Inquiry Learning Center for Career Education (Kamigyo-ku, Kyoto) held by the BOE. In addition, we provided teaching materials for about 1,100 people to use in the Workshop Class hands-on study program for manufacturing that the Hall runs for elementary school children.

### Promotion and support of arts and culture

- Sponsorship of arts and crafts exhibitions

We sponsor exhibitions and art displays in Japan.

Special Exhibition: Visionaries: Making Another Perspective (Kyoto City KYOCERA Museum of Art)

Henri Matisse: The Path to Color (Tokyo Metropolitan Art Museum)

Special Exhibition: Ancient Mexico: Maya, Aztec, and Teotihuacan (Tokyo National Museum, Kyushu National Museum, National Museum of Art, Osaka)

Special Exhibition: Numinous Minamiyamashiro Treasures from the Mountains between Nara and Kyoto (Nara National Museum)

Claude Monet: Journey to Series Paintings (Ueno Royal Museum, Nakanoshima Museum of Art, Osaka)

KYOTO GRAPHIE international photography festival 2023 (The Museum of Kyoto and other venues in Kyoto City)

- Participation as a museum partner

Kyoto National Museum (Higashiyama-ku, Kyoto)

### Humanitarian Assistance

- Support for the areas and people affected by the 2023 Turkey-Syria Earthquake

In February 2023, we donated 3 million yen to support the victims of the 2023 Turkey-Syria Earthquake and to help with reconstruction in the affected areas.

Donation made through: Japan Platform\*, a non-profit organization

- Support for the areas and people affected by the 2024 Noto Peninsula Earthquake

In January 2024, we donated 10 million yen (5 million yen each from Nissha Co., Ltd. and Nissha Precision and Technologies, Inc.) to support the victims of the Noto Peninsula Earthquake and to help with reconstruction in the affected areas.

Donation made through: Japan Platform\*, a non-profit organization

\* Emergency humanitarian assistance framework established in 2000 as an intermediary support organization to support the activities of NGOs. Japan Platforms works to deliver aid from Japan quickly and effectively to victims of natural disasters in Japan and abroad, refugees and internally displaced persons due to conflicts.

## 22-3 Membership in Community Organizations (Nissha)

Nissha participate in various activities in the region.

Organization / host	Position / membership status	Company registered
Kyoto Association of Corporate Executives	Special secretary	Nissha
Kyoto Chamber of Commerce and Industry	Permanent member	Nissha
Kyoto Employers' Association	Councilor	Nissha
Kyoto Industrial Association	Director	Nissha
Kyoto Institute of Technology	Joint management council member	Nissha
Kyoto City University of Arts	Management advisory board member	Nissha
Ritsumeikan University Business School	Education Curriculum Council Member	Nissha
Kyoto Institute of Invention and Innovation	President	Nissha
NISSHA FOUNDATION	Representative Director	Nissha

## 23. Quality Management

We need to expand the provision of products and services aimed at the medical and mobility markets, priority markets for us, to achieve our sustainability vision. The quality of these products and services has a high likelihood of influencing the life and health of people, so require sophisticated quality management. To achieve this, it is essential that we not only operate systems that can be applied globally in line with the various target markets, but develop human resources with the mindsets, knowledge, and skills that can adapt to these.

The Nissha Group has identified the “responsible provision of products and services” as a materiality and address the issue by setting KPIs and action items.

Strategy Items	KPIs and Action Items (FY2024)
<ul style="list-style-type: none"> <li>Maintain and expand quality management system in accordance with business strategy</li> <li>Building quality with an emphasis on product safety and feasibility at the design stage, operation of per-product design reviews and increasing their level</li> <li>Fostering and improving the quality mindset (Implementation of function-based training)</li> </ul>	Number of serious quality incidents: 0

### 23-1 Policy / Nissha Quality Way

In April 2022, along with a revision of our Quality Policy, we established the Nissha Quality Way as a code and standard of conduct necessary to actualize the Quality Policy. These are our fundamental philosophies for quality in the Nissha Group and the upper level policies for all the quality policies currently featured in the Quality Management System (QMS).

The Chief Quality and Production Officer (CQPO) carries out plant assessments for all our production bases in Japan and major overseas production bases. Additionally, he uses an array of opportunities to spread and percolate our Quality Policy and the Nissha Quality Way, including training at foreign bases, training targeting new employees and promoted employees, and inclusion in internal company publications (published in Japanese, English, and Chinese).

#### Quality Policy

Nissha Group’s products and services enhance value for customers and society through the establishment and operation of quality management system that is designed to ensure quality, cost, robust supply chains, and compliance with relevant laws and regulations.

Junya Suzuki  
Chairman of the Board  
President and CEO  
Nissha Co., Ltd.

#### Nissha Quality Way

- CUSTOMER FOCUS**  
We continuously achieve customer-defined quality.
- LEADERSHIP**  
We are all committed to upholding and executing our Quality Policy – each and every one of us is a leader.
- PROCESS APPROACH**  
We work based on systematic approach and continue to improve.
- QUALITY BY DESIGN**  
We build quality into design, focusing on product safety and feasibility.
- VALIDATED DECISION MAKING**  
We are established in evidence-based and scientific approach.
- QUALITY BY CONNECTED SUPPLY CHAIN**  
Quality is at the core of our trusting relationship within our supply chain.
- BAD NEWS FIRST**  
We quickly address challenges through rapid response and escalation process.

Yutaka Nishimoto  
Director of the Board, Executive Vice President, Chief Quality and Production Officer  
Nissha Co., Ltd.

Established on April 1, 2011 / Revised on April 1, 2022

## 23-2 Quality Slogan

For the quality improvement, it is essential to take actions with a strong awareness of customers. Across the entire the Nissha Group, every single employee is required to be responsible for their daily work and to constantly improve quality. To actualize that, it is necessary for each employee to work with “passion” and to consolidate the “wisdom” and ingenuity” of all employees.

Following our Quality Policy revision and the establishment of the Nissha Quality Way, we revised our quality slogan in April 2022. The slogan shows that the protagonist who creates quality is “me”, that is, all employees working in our group. Just as in our Quality Policy and the Nissha Quality Way, we are spreading and permeating this slogan throughout all Nissha Group companies both in and outside Japan.

**“Quality”**  
Quality by Everyone, Everyday,  
with Passion

## 23-3 Quality Management System (QMS)

Out of our belief that the systematization of work is important, the Nissha Group constructs our quality management systems to align with their target markets. We also create quality targets that conform with quality policies as well as planning to meet those targets. This is employed in the process of cycling through PDCA and in our quest to actualize target performance.

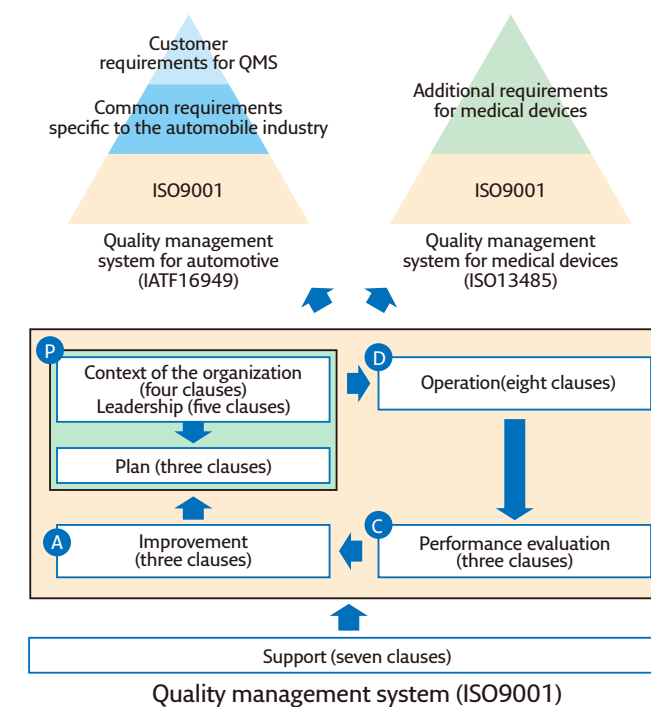
In addition to creating, implementing, and continually improving quality control systems based in the international ISO9001 (2015 version), we are steadily constructing quality assurance systems individually aligned with medical, mobility, and sustainable materials designated as the priority markets in our Sustainability Vision (long-term vision) for where we want to be in 2030.

In businesses oriented towards the medical market, we have acquired a first-class marketing license for medical devices, an operating permit required to manufacture and sell medical devices within Japan. Affiliated companies Nissha FIS, Inc. and Nissha Precision and Technologies, Inc. have also both registered as businesses manufacturing medical devices. Moreover, fourteen Nissha Group bases have obtained ISO13485, the international standard for quality management systems in the medical devices industry (as of March 2024).

In businesses targeting the mobility market, eight Nissha Group factories and support sites, including Nissha Precision and Technologies, Inc. Himeji Factory (including the Kyoto site), which manufactures touch sensor modules, have obtained IATF16949 certification for quality management systems in the automotive industry (as of March 2024).

These quality management systems include quality performance

management, confirmation of compliance in internal audits (promises to customers, standards and regulations, and company rules), and confirmation of QMS status in management reviews and instructions for improvement. Through these operations, we are continuously improving the structure and performance of our quality management systems.





## ■ The Pursuit of Lean Operation at the Mass Production Stage (Nissha Operational Excellence)

Nissha Operational Excellence is a principle to maximize profit margin. It expresses our commitment to evolve globally by raising our capability / quality and will to maximize profit margin to a higher level, learning from sharing best practices among bases in addition to sustained continuous improvements at each base. Nissha Operational Excellence is universal to all our bases, departments, and functions regardless of location, and all teams within whole Nissha to embrace and practice it. The idea is never about pushing the Global Headquarters or Japanese way of operations to other bases. We use all bases that yield excellent results as role models.



Safety	There's a shield that symbolizes our strong focus on Safety. Nissha Group saying, "Not because I have to, but because I want to," reflects our dedication to safety and keeping our employees healthy.
5S	The logo features five gears that represent, which stand for sort, straighten, shine, standardize and sustain. Each gear signifies one of these principles, showing how they all work together to make the whole system run smoothly.
TARGETS	The logo stands for our main targets: Quality, Cost, and Delivery.
KAIZEN	The logo represents KAIZEN, the concept of continuous improvement. We used moving arrows to show our dedication to always making processes better.

\*The Corporate Marketing and Communications team of Nissha Medical Technologies proposed Nissha Operational Excellence in order to present the Plant Management Overview in an easy-to-understand way and to spread awareness of this.

## 23-5 Overall Optimization and Continuous Improvement

The Nissha Group sees linkages between departments and between company functions as process linkages. As such, we promote the accurate identification of "input" and "output". We are aiming for overall optimization by being aware of process connections and thoroughly implementing the importance of division of roles within the company, and by having all employees stand from the customer's perspective. We believe that basic concepts like this and the sorting out of functions will build the foundation as a manufacturing company.

The accumulation of bits of insight and ingenuity from all employees is the source of great improvements in work processes. This approach forms the foundation of Nissha Group's "small-group activities" and "improvement proposal system". We believe this is extremely important as a manufacturing company, and we are deepening this approach across the entire Nissha Group. Moreover, based on the idea that employees are our most important management resource, we are actively engaging in the development of human resources, such as through the continuous planning and implementation of a range of education. Through these activities, we are implanting the concepts of (1) always interweaving ingenuity into your work, (2) judging based on data (facts), and (3) using the PDCA (Plan, Do, Check, Act) Cycle to continuously improve, so that we can further improve our customers' satisfaction. As specified in the "VALIDATED DECISION MAKING" in the Nissha Quality Way, we are constantly pursuing improvement from a fact based, scientific approach.

### Training

- ① General quality training (for new employees, promoted employees, new managerial staff, managers, and overseas assignees)
- ② Priority markets skill training
- ③ Management system training (ISO9001, IATF16949, core tools, internal quality auditor)
- ④ Quality control training (QC Exam levels 3 and 4, QC Seven Tools, New QC Seven Tools, basic statistics)
- ⑤ Quality methodology training (statistical methods, experimental design, Taguchi methods, reliability engineering, etc.)
- ⑥ Digital Transformation training (AI, statistical processing, Python, etc.)

### Practical education

- ① Support for small-group activities
- ② Support for Digital Transformation activities

### Information sharing

- ① Company-wide Presentation Meeting of Small-group Activities
- ② Presentation Meeting of Digital Transformation activities
- ③ Utilize the company intranet to inform all Nissha Group employees on improvement content including small-group activity, improvement proposals, Digital Transformation activity, and automatization examples

## 23-6 Quality and Safety of Products

Information on product handling and safety is clearly stated in the delivery specifications, etc. to customers. In the unlikely event that an incident involving a defect in our products or services leads to a violation of laws and regulations or a serious accident related to quality assurance, we will respond in accordance with our Regulations for Responding to Serious Quality Incidents and work to resolve the situation as soon as possible. In addition to providing appropriate reports to government agencies in accordance with the law, we have a system in place to inform customers of any necessary information as quickly as possible. Employees are made aware of the importance of ensuring product quality and safety through corporate ethics and compliance training and other programs. As stated in "BAD NEWS FIRST" in the Nissha Quality Way, we think that when a problem occurs, prompt escalation and early response is an opportunity to strengthen trust from all of our stakeholders, including customers.

The evaluation of our product quality is determined by our customers. The Nissha Group indexes and manages quality performance with factors including quality defects and delivery disappointments communicated by customers as a "customer satisfaction level" index.

In the fiscal year ended December 2023, there were no serious quality incidents or violations (no fines), as defined in the Regulations for Responding to Serious Quality Incidents. We will continue striving to maintain the number of serious quality incidents and violations at zero.

# 24. Efficiency and Productivity Improvement

## 24-1 Approach

The Nissha Group includes efficiency and productivity improvement as a materiality. By enhancing these through the use of digital technologies, we can not only strengthen our own competitiveness, but provide value to our customers and contribute to solving social issues. Initiatives to improve efficiency and productivity are a vital part of our Mission: "creating technology and developing it into economic and social value" The Nissha Group aims to create sustained growth and social value through the use of digital technologies.

Strategy Items	KPIs and Action Items (FY2026)
Improve efficiency and productivity by digitalization of value creation processes	<ul style="list-style-type: none"> <li>Expand data-based decision-making mechanisms</li> <li>Reduce working hours through the introduction of productivity enhancement tools at overseas subsidiaries: 20,000 hours / year (compared to 2023)*</li> <li>Reduce working hours for non-routine tasks by using generative AI</li> </ul>

\* Working hours before introducing automatization and efficiency tools (A) - Working hours after introducing tools (B) = Hours reduction per task (C)  
(C) × Annual work frequency = Annual hours reduction

We are gradually moving ahead with DX in the following three steps, and working to develop the environment and human resources to support it. In particular, Step 1, Cost reduction, and Step 2, Added value increase, are linked with improving efficiency and productivity.

	Contents	Examples of initiatives
STEP1	Cost (input) reduction	Increase productivity through the digitization of internal business processes. Resources secured through this to be reinvested into high-value-added operations.
STEP2	Added value (output) increase	Extend digitization to the entire organization to increase the added value we provide to our customers by leveraging accumulated data.
STEP3	New added value (output) creation	Contribute to the creation of new added value and the resolution of social issues by utilizing accumulated data and know-how and digital technology.

Currently, society is experiencing unprecedented and rapid changes thanks to digital technology. DX is not just digitalization; it requires transforming internal processes as well. We are reforming not just production but all internal processes through going digital. To move ahead with these changes and reforms, we consider human resources are the most important thing, so are focusing efforts on employee training.

## 24-2 Initiatives Through FY2023

The Nissha Group is both moving ahead with the digitalization of its production bases as well as the digitization of the departments responsible for indirect operations.

In the fiscal year ended December 2023, the following results were achieved in the digitalization of indirect operations.

- Image-based stamps using images or diagrams were completely abolished, all approval processes were systematized, and governance strengthened.
- Storage of documents related to product design was systematized, strengthening Nissha's asset safety.

Projects to promote DX (DX projects) also had notable results.

- A system was developed to use AI to assess the content and output simple estimates from past

design information when designing a new product.

- Visual control was brought in for the operational status of equipment in Nissha Group production bases around the world.
- Performance forecast and planning was systematized (simulations of planned values, calculations of optimal values).
- System log data was analyzed to optimize all work processes.

Additionally, as a method of productivity improvement in desk work arenas, we introduced features including RPA (Robotic Process Automation), an electronic approval system, and AI-powered chatbot functionality. We also saw results from automating and streamlining work through enlarging the scope of system application by interweaving multiple systems so as to transcend the discrete effects gained by using each individual system alone. RPA in particular has seen impressive results: since its full scale implementation in 2019 to the end of 2023, an approximate 84,000 hours of work time per year was automatized and streamlined.

In addition, employee training included content related to data science such as statistics or the creation of AI/machine learning models using Python. Training also focused on the business process of creating workflow diagrams, as well as on thinking abilities such as logic. Awareness of the convenience and usefulness of training that uses online platforms has gradually penetrated, and a corporate environment has evolved where even employees themselves will actively learn.

## 24-3 Initiatives for FY2024 and beyond

In the fiscal year ending December 2024 we are creating systems for sustained growth such as pushing ahead with Group-wide digitalization, promoting customer satisfaction, and boosting our competitiveness as ways to improve efficiency and productivity. Digitalization means we can expect improvements in the quality of the products and services we provide to our customers. It will also lead to improvements in customer satisfaction through prompt and accurate provision thanks to automated processes.

### - Digitalization and automatization of processes

We will analyze existing work processes and move ahead with digitalization and automatization. We will utilize technologies such as workflow management systems and RPA (Robotic Process Automation) to try to improve work efficiency. For example, automating billing processing or report creation will increase the amount of work that can be done without direct employee engagement, allowing for increased productivity. In the fiscal year ending December 2024, we plan to focus on expanding them to our overseas subsidiaries.

### - Strengthen data utilization and improve analysis processes

We will move further ahead with the utilization of our accumulated data, and strengthen systems such as visualization and analysis that lead to better productivity and product quality. We will use big data and AI to strengthen our collection and analysis of work-related data and to encourage data-driven decision-making, we will bring in technologies such as visualization tools like management dashboards and digital twins that allow simulations in virtual space. Through visualization of information and rapid analysis, we can propose effective measures and opti-

mize work processes, increasing productivity.

In a labor market that is getting tougher on a daily basis, it is getting harder to secure human resources with advanced digital technology skills in particular. Nissha aims to develop 100 "human resources who can promote DX through their own abilities" over the three-year period from 2024 to 2026 in order to ensure sustained growth. We are carrying out the following human resources development strategies in order to achieve this goal.

### - Enriching training programs

We are improving our training contents through the provision of teaching materials and analysis of questionnaire results based on a comprehensive partnership agreement with Shiga University. We dispatch employees to Shiga University's Graduate School of Data Science, promoting the training of human resources who can create value from data.

### - Spreading DX literacy

We spread DX literacy among all Group employees through events themed around IT and DX. We also use in-house training and online education platforms, establishing a curriculum to promote the development of human resources who will promote DX.

### - Providing opportunities for practice

We hold workshops that focus on particular issues as a way to provide opportunities to put learned knowledge and skills into practice, working to revitalize our DX projects.

It is vital to ensure and foster the right people for digital transformation. To grow sustainably while responding to labor market changes, there are three key pillars: enrich solid training programs, spread DX literacy, and provide opportunities for practice. Nissha will strive to achieve our targets through these initiatives.



# 25. Corporate Governance

## 25-1 Basic Approach to Corporate Governance

Nissha, since its foundation, has been executing strategies that promptly address external challenges, under committed leadership. The Company believes that strengthening corporate governance along with such leadership will promote agile and decisive decision making, as well as ensuring management transparency and fairness.

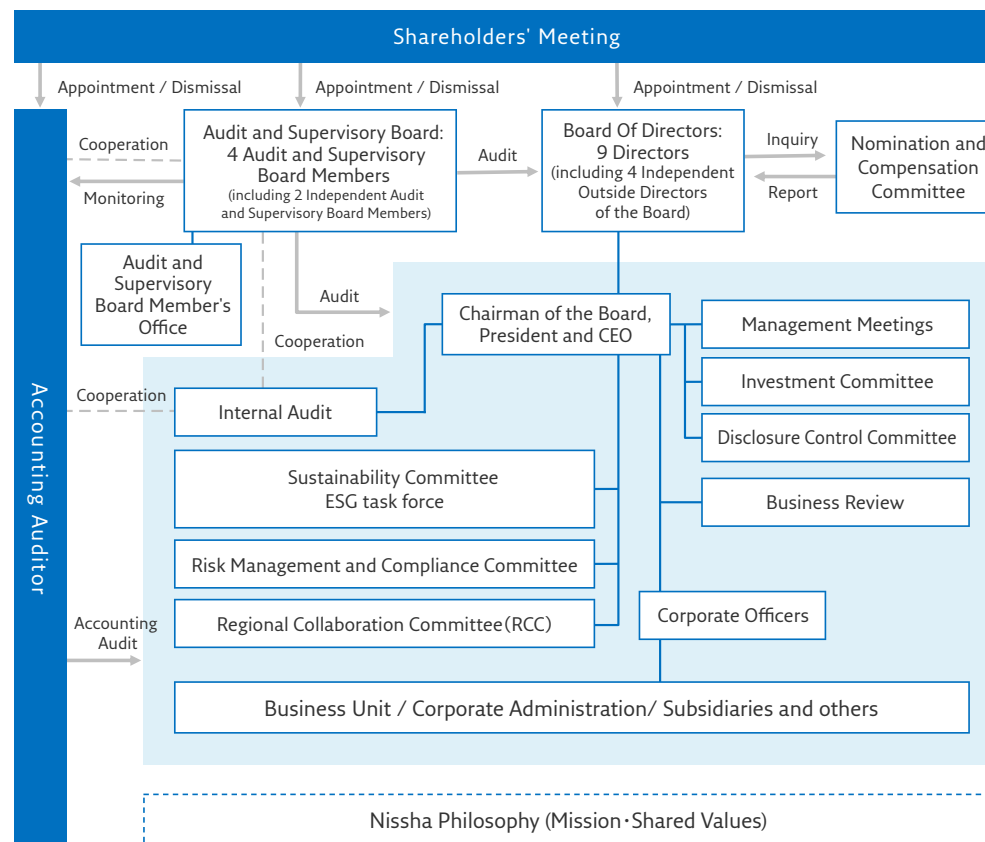
Based on this recognition, the Company places corporate governance as one of the key management issues, strives to maintain and improve it, and seek out sustainable corporate growth and an increase in corporate value over the medium- to long-term. In an effort to clarify the Nissha Group's basic approach to and policy for implementing corporate governance, we established a Corporate Governance Policy.

\* For further information, please follow the link below.

- [About > Corporate Governance Corporate Governance Policy \(PDF\)](#)

## 25-2 Overview of Corporate Governance

We have established a corporate governance structure as shown in the figure below (as of January 1, 2024).



We make major business judgments and oversees the execution of the duties of the Directors of the Board at meetings of the Board of Directors, and as a company with an Audit and Supervisory Board, will strive to maintain and improve the oversight and checking functions by Audit and Supervisory Board Members and an Audit and Supervisory Board which are independent from the Board of Directors. We adopt a corporate officer system in an effort to clarify the powers and authority in the speedy decision making and the implementation of decisions, under which the Board of Directors will be in charge of the formulation of strategies and business oversight, and the Corporate Officers will be in charge of the execution of business.

The President chairs the following meetings toward appropriate and efficient business execution.

#### Management Meeting

Comprises Inside Directors of the Board as core members. Deliberates on matters relating to the direction of important managerial issues within the scope of the President's authority.

#### Investment Committee

Ensures discipline in investment decisions by discussing the strategic rationale for investments and the appropriateness of investment recovery plans prior to submitting particularly important investment matters to the Board of Directors, and by monitoring investments after they are made once every quarter.

#### Business Review

A committee for each business division made up of Internal Directors and management from the business division (such as Corporate Officers). It checks business strategies every month or every quarter based on the KPIs and considers the actions to take in the short term. Along with monitoring work execution by the Corporate Officers, it is designed to respond quickly to changes in the business environment.

We also have in place the following organizations in order to enhance the management monitoring function, ensure that business execution complies with laws and regulations as well as our Articles of Incorporation, and to manage risks.

#### Sustainability Committee

Chaired by the president and CEO and vice-chaired by the Senior Executive Vice President (ESG promotion). The Sustainability Committee is made up of business organizations and responsible departments, as well as the ESG Task Force. Based on the Sustainability Vision, it collaborates to work on the themes of creating business opportunities, risk reduction, strengthening management foundation and corporate governance. The ESG Task Force was established to address issues that are considered to be particularly important from an ESG perspective, and is promoting these respective activities.

#### Risk Management and Compliance Committee

This committee is chaired by the Director of the Board, Senior Executive Vice President, Legal Affairs. The Risk Management and Compliance Committee centrally manages risks that would hamper business activity continuance (risks related to business strategies and business content, risks related to finance, and risks that encompass the entire Group). It liaises with committees and departments that manage risks to prioritize them from a Group-wide, cross-cutting perspective and control them appropriately.

#### Disclosure Control Committee

Chaired by the President. Discusses the necessity of timely disclosure of corporate information and the contents of disclosure.

#### Internal Audit Office

Under the direct control of the President, audits the internal control systems of the Nissha Group, analyzes and evaluates their status of establishment and operation, and offers suggestions for improvement.

## 25-3 Directors of the Board and the Board of Directors

### Policy and Procedures for Appointment/Dismissal of Directors of the Board

The Board of Directors of Nissha is comprised of an appropriate number of Directors, up to twelve. The selection of Directors is done with respect to the diversity and balance of skills that the Board requires. In addition, Independent Outside Directors of the Board comprise at least one third of the Board, and these Independent Outside Directors are those who satisfy the "Standards for Independence of Independent Officers" set out by the Board of Directors.

In the event that a Director of the Board damages the trust or honor of the company, markedly diminishes our corporate value, or gives rise to grounds that he or she is unfit to perform his or her duties, the Board of Directors confirms the presence of a valid reason and makes the Director of the Board subject to a proposal for dismissal. To ensure clarity in management responsibilities for each fiscal year, the term of office of Directors of the Board is set at one year.

Having received reporting from the Nomination and Compensation Committee, based on the policy above, the Board of Directors makes decisions on proposals for the appointment/dismissal of a Director of the Board to be deliberated at the general meeting of shareholders.

\* For further information, please follow the link below.

[About > Corporate Governance](#)

[Standards for Independence of Independent Officers \(PDF\)](#)

## ■ The skill set necessary for the Board of Directors, and the values, experiences, and skills in common required for all Directors

We require all Directors to share certain values, experiences, and skills to make important management decisions, exercise high levels of effectiveness in supervising the execution of the Company's business, and contribute to the enhancement of our corporate value. Moreover, we consider the optimal and balanced distribution of skills (experience and knowledge) among the Board of Directors in those fields that are necessary based on our management strategy to be key for the Board. In addition, those fields will change as the business environment changes.

Where we want to be by 2030 is presented in the form of our Sustainability Vision (long-term vision for 2030). In addition, we have established a medium-term strategy reflecting our Sustainability Vision for 2030, and formulated strategies to take us there in the form of three-year medium-term business plans. To achieve these plans, the Company considers the skills (experience and knowledge) in the fields indicated on the right of particular importance for the Board of Directors.

The following skills matrix illustrates our approach to the values, experience, and skills required of all Directors, as well as the distribution of skills (experience and knowledge) necessary for the Board of Directors as a whole.

### Skills Matrix (Board of Directors)

	Term	Age	Independence *Outside Directors	Career at other companies *Inside Directors	Areas of particular specialty for each Director					
					Corporate management	Experience in priority markets	Business development, M&A	Marketing	Production, Technology, Quality	Legal, Risk management
Junya Suzuki	24 years 9 months	50s	—	○	○	○	○	○		
Daisuke Inoue	6 years	50s	—	○	○	○		○		○
Wataru Watanabe	6 years	50s	—		○	○	○	○		
Yutaka Nishimoto	3 years	50s	—		○	○			○	
Hisashi Iso	3 years	50s	—		○	○		○		
Kazuhito Osugi	7 years 9months	70s	○	—			○			○
Kazumichi Matsuki	5 years	70s	○	—	○		○			○
Juichi Takeuchi	2 years	60s	○	—	○	○	○	○		
Yukiko Hashitera	—	50s	○	—	○	○	○		○	

\*Term and age are at the conclusion of the ordinary general meeting of shareholders in March 22, 2024

\*The above fields are those where Directors can particularly exercise their specialties based on the experiences, etc., of each member of the Board. It does not show all the experiences, knowledge, or skills possessed by each Director.

### Values, Experiences, and Skills (Shares Among Directors)

Global	Directors must have experience in overseas management or other experience and knowledge to recognize management issues from a broad perspective to accelerate global business development
Finance	Directors must have experience and knowledge in finance to improve the profitability and capital efficiency of the business as well as to secure a stable financial base to increase corporate value over the medium to long term
Changes and Discontinuous Growth	Directors must be able to take appropriate risks and branch out into new areas without being bound by preconceived notions to adaptively cope with changes in the business environment and ensure the survival and development of the business
Long-Term Strategic Orientation	Directors must have the ability to develop long-term visions and backcasts to formulate strategies aimed at growth through the reorganization of our business portfolio
Communication Skills	Directors must have the ability to ensure mutual understanding and respect through communication to build trust with stakeholders

As of March 22, 2024, four of the Company's nine Directors of the Board are Independent Outside Directors and one is a female. In addition, all four Independent Outside Directors of the Board have been designated as independent directors, based on the judgment that they meet the criteria for independence stipulated by the stock exchange and that there are no conflict of interest risks between them and general shareholders.

### ■ Role of the Board of Directors

Our Board of Directors convenes for regular meetings once a month and for extraordinary meetings as needed. The meetings are chaired by the President.

The Board of Directors is responsible for formulating strategies and supervising. Along with making decisions in accordance with the Board of Directors Regulations regarding matters requiring a decision by the Board of Directors in accordance with the provisions of laws, regulations, and articles of incorporation, and on key matters for business management, it also supervises the work of Directors and Corporate Officers.

In order to ensure flexibility and expertise in business judgments, we have in place a system in which matters to be resolved at the general meeting of shareholders, such as distribution of surpluses and acquisition of treasury stock, can be decided by the Board of Directors.

We confirm an investigation into the existence of any transactions between the Company and related parties such as the Directors of the Board and Audit & Supervisory Board Members, Corporate Officers, and their relatives, and if any material facts exist, they will be resolved by the Board of Directors, which will make a decision after duly deliberating the reasonableness of the transaction. In addition, we must obtain the approval of the

Board of Directors when engaging in conflict of interest transactions as prescribed by laws and regulations with the Directors of the Board.

### ■ Initiatives to Enhance the Content of Discussions

Our Board of Directors meetings involve brisk, substantive discussions. Independent Outside Directors of the Board draw on deep insight into their respective fields of specialty to provide accurate advice and opinions, contributing to the enhancement of both management transparency and the Board's oversight functions.

To improve the quality of discussions among the Board of Directors, and to enhance its roles of strategy formation and supervision, Nissha sends the minutes and related materials for the Board of Directors meetings ahead of time, and in addition, holds preliminary briefings focused on key agenda items for Independent Outside Directors of the Board and Independent Outside Audit and Supervisory Board Members. Also, in order to ensure full discussion, key agenda items such as the Medium-term Business Plan and corporate acquisitions above a certain size are discussed multiple times as reporting items before being put on the agenda for resolution. By allocating time for explanations and deliberation of agenda items based on their importance and nature, meetings can be conducted more thoroughly and efficiently.

Furthermore, in order to further improve the monitoring function of the Board of Directors, the management status of acquired corporations above a certain size is regularly reported directly at the Board of Directors meetings by local managers. The Board of Directors meeting confirms the details and makes any necessary points regarding them.

To secure attendance by Directors of the Board and Audit and

Supervisory Board Members, the secretariat of the Board of Directors creates an annual schedule of board meetings and notifies members in advance.

### ■ Evaluation of Effectiveness of the Board of Directors

Since April 2016, our Board of Directors has been working on continuous improvements to enhance the effectiveness of corporate governance by conducting an annual analysis and evaluation of the composition and operation of the Board of Directors in the previous year.

For the Board of Directors meetings held in the fiscal year ended December 2023, we conducted a questionnaire on the evaluation of the effectiveness of the Board of Directors and third-party interviews from December 2023 to January 2024, and the Board of Directors analyzed and evaluated the results at its meeting in February 2024. An outline of the results was disclosed in the Corporate Governance Report submitted to the Tokyo Stock Exchange at the end of March 2024.

## Reasons for Appointment and Board of Directors Meeting Attendances in FY ended December 2023

Name	Reason for appointment	Attendance at meetings of the Board of Directors
Junya Suzuki	Mr. Junya Suzuki has duly performed his duties as Chairman of the Board, President and CEO, such as decision-making on important managerial issues and the supervision of the execution of operations. He has also committed to management from medium- to long-term perspectives and has shown strong leadership and decisiveness toward the realization of the Nissha Group's Mission since he assumed office as Chairman of the Board, President and CEO in 2007. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (18/18 meetings)
Daisuke Inoue	Mr. Daisuke Inoue has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. In addition, he assumes responsibility for business management as Senior Executive Vice President and General Manager of Devices Business Unit, working to establish and implement marketing-based strategies for winning new orders while showing strong leadership from the perspective of the Nissha Group as a whole as an executive responsible for General Affairs and Legal Affairs. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (18/18 meetings)
Wataru Watanabe	Mr. Wataru Watanabe has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. As well as drawing up and promoting medium-term business plans as Senior Executive Vice President and Chief Strategy Officer, he shows strong leadership in accelerating the reorganization of the business portfolio of the Company and expanding business performance by creating new businesses as Senior Director of New Business Development Office. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (18/18 meetings)
Yutaka Nishimoto	Mr. Yutaka Nishimoto has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. As Executive Vice President and Chief Quality and Production Officer, he is working to establish a comprehensive quality assurance system and to design and implement the optimum deployment of production capacity in accordance with our business strategy from the perspective of the Nissha Group as a whole. At the same time, he shows strong leadership in putting in place an efficient and cost advantageous logistics system from a global point of view as an executive responsible for Corporate Logistics. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (18/18 meetings)
Hisashi Iso	Mr. Hisashi Iso has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He assumes responsibility for business management as Executive Vice President and General Manager of Industrial Materials Business Unit, working to establish and implement marketing-based strategies for winning new orders while showing strong leadership in putting in place an efficient and cost advantageous procurement system from a global point of view as an executive responsible for Corporate Supply Chain. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (18/18 meetings)

Name	Reason for appointment	Attendance at meetings of the Board of Directors
Kazuhito Osugi	Mr. Kazuhito Osugi has given valuable advice and opinions across the whole range of the Company's management, making the most of the deep insight in the field of finance he has cultivated in the Bank of Japan over the years and broad experience fostered by participating in corporate management as an Independent Outside Director of the Board for the Company or other companies. Mr. Kazuhito Osugi has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (18/18 meetings)
Kazumichi Matsuki	Mr. Kazumichi Matsuki has given valuable advice and opinions across the whole range of the Company's management, making the most of his hands-on experience in proactive and broad business development and deep insight concerning its governance as he assumed important posts regarding legal affairs and compliance at a company globally developing business while participating in corporate management at manufacturers. Mr. Kazumichi Matsuki has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (18/18 meetings)
Juichi Takeuchi	Mr. Juichi Takeuchi has given valuable advice and opinions across the whole range of the Company's management, making the most of his broad hands-on experience and extensive knowledge in the medical market, a priority market of the Company, as he has been engaged in management strategies, alliances, sales and marketing in a medical devices company, where he led its global strategies and assumed responsibility for its overseas subsidiaries over the years. Mr. Juichi Takeuchi has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (18/18 meetings)
Yukiko Hashitera	Ms. Yukiko Hashitera has experience in leading an IPO and corporate management as Representative Director and President of a bio venture company after engaging in research and development in the pharmaceutical industry related to the medical market, a priority market of the Company. Ms. Yukiko Hashitera also has broad hands-on experience and extensive knowledge in corporate management, innovations, and human resources development gained by co-founding and serving as CEO of an incubator to create new businesses. We appointed her as an Independent Outside Director of the Board because we expect that she will give her valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	Appointed in FY2024

## Major Items Discussed in the Board of Directors meeting in FY ended December 2023

Theme	Agenda
Management strategy	<ul style="list-style-type: none"> <li>Interim review of the 7th Medium-term Business Plan and formulation of the 8th Medium-term Business Plan</li> <li>Personnel matters concerning Directors of the Board and Audit and Supervisory Board Members/Corporate Officers</li> <li>Compensation of Directors of the Board</li> </ul>
Corporate measures	<ul style="list-style-type: none"> <li>Consideration of shareholder return measures</li> <li>Financing (including issuing bonds, borrowing, etc.)</li> <li>Verification of the reasonableness of cross-shareholdings</li> <li>Activity reports of Sustainability Committee, ESG Task Force</li> </ul>
Investment projects and monitoring	<ul style="list-style-type: none"> <li>Preliminary deliberations related to corporate acquisitions</li> <li>PMI of major overseas subsidiaries, management briefings by CEO</li> </ul>
Others	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Evaluation of the effectiveness of the Board of Directors</li> <li>IR and SR reporting</li> <li>Presentations by corporate officers (business reports)</li> </ul>

## 25-4 Nomination and Compensation Committee

### ■ Purpose

We establish a Nomination and Compensation Committee as an advisory panel for the Board of Directors in order to ensure the objectiveness and fairness of the appointment/dismissal of Directors of the Board and the appointment of Audit & Supervisory Board Members, and incorporate the knowledge of Independent Outside Directors of the Board, as well as the compensation of the Directors of the Board. The chair and the majority of the members are selected from Independent Outside Directors of the Board.

### ■ Role

With consultation from the Board of Directors, the Nomination and Compensation Committee deliberates on and provides a response regarding the following matters.

- (1) The appointment/dismissal standards for Directors of the Board and the appointment standards for Audit & Supervisory Board Members
- (2) Proposals for candidates for Directors of the Board and Audit and Supervisory Board Members, and proposals for dismissal of Directors of the Board
- (3) Proposals for the appointment/dismissal of the Chairman of the Board, titled directors, and the CEO
- (4) Matters related to the succession plan for the President
- (5) Policy on compensation of Directors of the Board
- (6) Compensation of Directors of the Board

### ■ Membership (as of March 22, 2024)

- (1) Four independent members:
  - Kazuhito Osugi (Independent Outside Director of the Board and Committee Chair)
  - Kazumichi Matsuki (Independent Outside Director of the Board)
  - Juichi Takeuchi (Independent Outside Director of the Board)
  - Yukiko Hashitera (Independent Outside Director of the Board)
- (2) Two inside members:
  - Junya Suzuki (Chairman of the Board, President and CEO)
  - Wataru Watanabe (Director of the Board and Senior Executive Vice President)

### ■ Nomination and Compensation Committee meetings held and attendance in FY ended December 2023

During the fiscal year ended December 2023, there were four meetings of the Committee, and the attendance status of each member is described below.

Name	Attendance	
Kazuhito Osugi	100%	4/4meetings
Asli M. Colpan*	100%	4/4meetings
Kazumichi Matsuki	100%	4/4meetings

Name	Attendance	
Juichi Takeuchi	100%	4/4meetings
Junya Suzuki	100%	4/4meetings
Wataru Watanabe	100%	4/4meetings

\*As of March 22, 2024, Ms. Asli M. Colpan stepped down from the Nomination and Remuneration Committee, and Ms. Yukiko Hashitera was newly appointed to the same committee.

### ■ Major Items Discussed by the Nomination and Compensation Committee in FY ended December 2023

- Composition and candidates for Directors of the Board and Audit and Supervisory Board Members
- Chairman of the Board, Titled Directors, and the CEO
- Remuneration for Directors towards the 8th Medium-term Business Plan
- Amount of compensation of Directors of the Board

## 25-5 Audit and Supervisory Board Members and the Audit and Supervisory Board

### ■ Policy and Procedure for Electing Auditors

Our Audit and Supervisory Board comprises an appropriate number of four or fewer members.

Inside Audit and Supervisory Board Members are elected for the wealth of experience required in auditing. Independent Audit and Supervisory Board Members are elected from certified public accountants and attorneys with a focus on specialized knowledge in financial matters, accounting, and legal affairs, who satisfy the requirements of not only the Companies Act but also the standards for independence of independent officers, established by our Board of Directors.

Having received reporting from the Nomination and Compensation Committee, and with prior approval of the Audit and Supervisory Board, based on the policy above, the Board of Directors makes decisions on proposals for the appointment of Audit and Supervisory Board Members to be deliber-

ated at the general meeting of shareholders.

At present, our Board consists of four members, of which two are Full-time Audit and Supervisory Board Members and two are Independent Audit and Supervisory Board Members. All two Independent Audit and Supervisory Board Members have been designated as independent officers, as they meet the standards of independence established by the stock exchange and are judged not to have a conflict of interest with general shareholders.

### ■ Role of Audit and Supervisory Board Members and the Audit and Supervisory Board

Our Audit and Supervisory Board Members and Audit and Supervisory Board audit the execution of duties by Directors, Members of the Board and Corporate Officers as stipulated by laws and regulations, our Articles of Incorporation, and internal regulations, and make appropriate decisions from an independent, objective standpoint on electing and dismissing accounting auditors and exercising their authority relating to audit fees, etc. Independent Audit and Supervisory Board Members draw on their highly specialized knowledge as certified public accountants and attorneys to contribute to the maintenance and improvement of our corporate governance structure.

Our Audit and Supervisory Board determines the duties of Audit and Supervisory Board Members, the audit structure, and the audit standards that describe the evaluation basis for audits and the action guidelines. In accordance with these, the Board develops auditing policies and Nissha Group's Corporate Governance auditing plans.

In compliance with the above, Audit and Supervisory Board Members attend Board of Directors' meetings and other important meetings, review approval documents and other important documents, perform visiting audits at major offices and affiliated companies, and regularly exchange views with the President and CEO, Directors of the Board, and General Managers. In order to increase the effectiveness of audits, Audit and Supervisory Board Members hold regular meetings and coordinate closely with the Accounting Auditor, Internal Audit, and corporate divisions such as Corporate Finance and Corporate Legal Affairs.

Full-time Audit and Supervisory Board Members regularly hold the Group board of auditors' meetings with the Audit and Supervisory Board Members of the Nissha Group companies in Japan, at which they share information and exchange opinions, as well as work to strengthen and enhance auditing in the Group companies, such as by jointly conducting visiting audits.

### Reasons for Appointment and Board of Directors/Audit and Supervisory Board Meeting Attendances in FY ended December 2023

Name	Reason for appointment	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Board
Tetsuya Taniguchi	Mr. Tetsuya Taniguchi engaged in operations of corporate communications, investor relations and corporate social responsibility, after having been in charge of operations in the general affairs, and strived for transparency and clarity in disclose for shareholders and investors. Also, he has extensive knowledge of the Nissha Group's business as a whole. Since he assumed the position in March 2020, Mr. Tetsuya Taniguchi has duly performed supervisory functions as a Full-time Audit and Supervisory Board Member of the Company, making the most of the broad experience and insight he has gained. We appointed him as an Audit and Supervisory Board Member since we believe that he will continue to execute his duties appropriately.	100% (18/18 meetings)	100% (13/13 meetings)
Kenji Imai	Mr. Kenji Imai is well-versed in the Group's businesses and has broad experience and deep insight cultivated through his long career of engaging in sales and business strategies in the Industrial Materials and Devices businesses of the Company by leading the formulation and implementation of performance and investment plans. Since he assumed the position in March 2022, Mr. Kenji Imai has duly performed supervisory functions as a Full-time Audit and Supervisory Board Member of the Company, making the most of the broad experience and insight he has gained. We appointed him as an Audit and Supervisory Board Member since we believe that he will continue to execute his duties appropriately.	100% (18/18 meetings)	100% (13/13 meetings)

Yusuke Nakano	Mr. Yusuke Nakano has deep knowledge of finance, accounting and management administration as a certified public accountant and profound wisdom in governing corporate management, and has been auditing the Company from his professional perspective. He also participates in corporate management as an independent outside director of the board of another company, an Independent Audit and Supervisory Board Member of the Company and an independent audit and supervisory board member of other companies. We appointed him as an Audit and Supervisory Board Member since we believe that he will continue to reflect his experience and deep insight in the audit of the Company from an independent point of view.	100% (18/18 meetings)	100% (13/13 meetings)
Yusaku Kurahashi	Mr. Yusaku Kurahashi has extensive insight in corporate governance, risk management, and corporate legal affairs cultivated through his hands-on experience as a lawyer, as well as a global perspective gained through his experience abroad. He has also participated in corporate management as an Independent Outside Director of the Board (Audit and Supervisory Committee Member) and an Independent Audit and Supervisory Board Member of other companies. In light of such broad experience and deep insight, we appointed him as an Audit and Supervisory Board Member since we judge that he can appropriately execute his duties as an Independent Audit and Supervisory Board Member from an independent point of view.	Appointed in FY2024	Appointed in FY2024



## 25-6 Compensation of Directors of the Board and Audit and Supervisory Board Members

### ■ Basic Policy on Compensation of Directors of the Board and Audit and Supervisory Board Members

We establish a compensation system for Directors of the Board and Audit and Supervisory Board Members based on the individual's role in business execution and management oversight, and so that the role may be fulfilled appropriately, toward linking the compensation with the sustainable growth of the Nissha Group and the enhancement of our corporate value over the medium to long term. In particular, our policy on compensation of Directors of the Board who are responsible for business execution, is to ensure that the system promotes value sharing with our shareholders and contributes to the improvement of our financial results and corporate value.

### ■ Policy for determining the details of individual compensation for Directors of the Board (hereinafter, the "determination policy")

#### Method of determining the determination policy

The Company resolved the determination policy at the meeting of the Board of Directors held on February 19, 2021. The Company consulted the Nomination and Compensation Committee in advance regarding the details of the resolution made at the meeting of the Board of Directors and received its report.

#### Outline of the details of the determination policy

The Company's compensation plan for Directors of the Board was designed to lead to the sustainable growth of the Nissha Group and the improvement of corporate value over the medium to long term and to ensure that their respective duties are duly performed.

The basic policy on compensation for Directors of the Board who are responsible for business execution is to promote the sharing of value with shareholders and contribute to the improvement of corporate performance and corporate value. The compensation consists of a base salary (monetary compensation), which is fixed compensation, bonus (monetary compensation), which is short-

term performance-linked compensation, and stock compensation, etc., which is medium- to long-term performance-linked compensation. The base salary (monetary compensation) is fixed monthly compensation and determined based on the importance of duties each Director of the Board is responsible for and their positions. The bonus (monetary compensation), which is short-term performance-linked compensation, is based on periodic profit or loss, such as consolidated net sales and consolidated operating profit, as indicators to function as an incentive to achieve performance targets for each fiscal year and to encourage appropriate management. The Company determines the amount of the bonus by evaluating the level of achievement of the performance targets and pays it at a fixed time each year. Stock compensation, etc., which is medium- to long-term performance-linked compensation (non-monetary compensation, etc.), was designed to function as an incentive to promote a sense of contribution to the sustainable growth of the Nissha Group and the improvement of corporate value over the medium to long term. Specifically, a Board Benefit Trust (BBT) is used. Under this system, the Company awards points to Directors of the Board, etc. according to their titles and the attainment levels of consolidated performance targets as well as medium-term performance targets for each fiscal year during a three-year period covered by the medium-term business plan. On a fixed date in every final fiscal year of the medium-term business plan, the Company grants or pays shares in the Company and cash equivalents of such shares at their market value (hereinafter together, "Company Shares") through the trust according to the number of points awarded. As for indicators for awarding points, consolidated net sales and operating profit are used for the consolidated performance targets for each fiscal year, while the level of achievement of ROE, one of our key business management indicators set forth in a medium-term business plan, is used for the medium-term performance target.

The ratios of compensation by type are determined based on the compensation level of companies of a similar scale to the Company and those in related industries and general trends.

Compensation for Independent Outside Directors of the Board does not include performance-linked compensation as they supervise management from a standpoint independent from business execution. It consists solely of a basic salary, which is fixed compensation, and is determined by considering the career and responsibilities of the relevant Independent Outside Director of the Board.

The Company has established a Nomination and Compensation Committee as an advisory panel for the Board of Directors of the Company. The Nomination and Compensation Committee is chaired by an Independent Outside Director of the Board and the majority of its members are Independent Out-

side Directors of the Board. The Chairman of the Board, President and CEO prepares proposed compensation amounts for Directors of the Board in accordance with predetermined calculation methods within the range of compensation limits determined at general meetings of shareholders. Upon consultation by the Board of Directors, the Nomination and Compensation Committee deliberates the details of the proposed compensation amounts and submits a report to the Board of Directors. The Board of Directors then determines the compensation amounts based on the report.

**Reasons for the Board of Directors' determination that the details of compensation for Directors of the Board for the fiscal year ended December 2023 are in line with the determination policy**

The Nomination and Compensation Committee deliberated on the individual compensation for Directors of the Board for the fiscal year ended December 2023 from various viewpoints and confirmed that the details of compensation for Directors of the Board and the determination process are in line with the determination policy. With respect for the report from the Nomination and Compensation Committee, the Board of Directors determined that the details of compensation are in line with the determination policy.

### ■ Matters regarding compensation for Audit and Supervisory Board Members

Compensation for Audit and Supervisory Board Members is determined through discussions among Audit and Supervisory Board Members within the range of compensation limit determined at a general meeting of shareholders. It consists solely of a fixed basic salary as Audit and Supervisory Board Members are responsible for auditing the entire Nissha Group from an independent standpoint.

### ■ Results of FY ended December 2023

Title	Total compensation (Million yen)	Compensation by category (Million yen)			Number of members
		Fixed compensation	Performance-related compensation		
		Base salary	Bonuses	Stock compensation, etc. (Non-monetary compensation, etc.)	
Directors of the Board (Excluding Independent Outside Directors of the Board)	257	171	45	40	5
Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	33	33	—	—	2
Independent Outside Directors and Independent Audit and Supervisory Board Members	54	54	—	—	6

\* The performance-linked stock compensation, etc. is stated at the amount of provision for management board benefit trust recorded for the current fiscal year. The Company Shares were delivered on a fixed date after the end of the period covered by the 7th Medium-term Business Plan (from January 1, 2021 through December 31, 2023).

## 25-7 Corporate Officers

To respond flexibly to changes in the business environment, Nissha considers it important that the experiences, knowledge, abilities, ages, and so on of Corporate Officers be both the best and distributed without bias. The term of Corporate Officers is one year.

### ■ Diversity of Corporate Officers (as of January 1, 2024)

At present, we have 18 Corporate Officers, of which two are

foreign nationals and one is female.

Corporate Officers include persons with experience of working overseas or at other companies, as well as those with expertise such as those with master's or doctoral degrees.

## 26. Initiatives of Internal Audit Office

### 26-1 Systems

In order to maintain independence and objectivity, the Internal Audit Office is independent of operating departments and is under the direct control of the Chairman of the Board.

Our Internal Audit Regulations outline fundamental matters concerning internal audits. They set forth a system for drafting or revising our medium-term audit plans and fiscal year audit plans that adjust to our medium-term business plans and changes in law and the social and economic environment, and then acquiring the approval of the Chairman of the Board, President and CEO. The audits are implemented for all Nissha Group business operations in a method that covers all major sites over the three years medium-term business plan, and conducted in accordance with the annual plan.

After the audit, advice and recommendations are given to the departments subject to the audit, and after a certain period of time, follow-up audits are conducted to check the status of improvements in the areas identified. Audit results are reported and advice given at monthly meetings with the Chairman of the Board, President and CEO.

Additionally, the Internal Audit Office hold one meeting per quarter with the Full-time Audit and Supervisory Board members in which they report on their activity status, exchange opinions, and ensure mutual collaboration with the Audit and Supervisory Board. Moreover, once per quarter, the three entities of the in-house Directors, Full-time Audit and Supervisory Board members, and Internal Audit hold a meeting (Triangle QBR). Therein, the Internal Audit reports on information and issue awareness it gained during the processes of auditing. This content is reported, together with the annual audit plan, once per half-year at the Board of Directors meeting. It contributes to the strengthening of Nissha's audit and supervisory functionality.

### 26-2 Audit Content

Audits by Internal Audit Office are broadly classified into "internal control audits" and "theme audits" based on the Financial Instruments and Exchange Act. Internal control audits are conducted jointly with accounting auditors by selecting the scope of evaluation from the perspectives of company-wide controls, financial reporting, business processes, and IT controls. This auditing is aimed at guaranteeing the reliability of financial reporting as a result of assessing the effectiveness and efficiency of the Nissha Group's business activities. The Internal Audit Office also audits the legal compliance status of business activities of the Nissha Group and the Risk Management and Compliance Committee activities. In this context, the assessments concerning important risks selected by the Risk Management and Compliance Committee include business ethics matters such as the prohibition of corruption. These assessments are audited to ensure they are being properly and effectively conducted in accordance with risk management and compliance regulations. Theme audits, on the other hand, use a risk-based approach to select themes at the beginning of each fiscal year to audit risks that cannot be covered by internal control audits.

### 26-3 Initiatives for FY2023

In the fiscal year ended December 2023, in addition to an internal control audit, a theme audit was carried out on the status of support for laws and regulations in relation to the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and the Electronic Books Maintenance Act, as well as one on the status of management of poisonous or hazardous item storage facilities. An audit was also carried out related to the overall business management of domestic and overseas affiliated companies selected through risk analysis.

## 27. Internal Control System

Nissha has established an Internal Control Policy by a decision of the Board of Directors to provide a system to ensure the appropriateness of work as stipulated by the Companies Act. Nissha is working to improve our corporate value by constructing and operating an Internal Control System to guarantee that the work in each of the company's organizations is being done legally, appropriately, and efficiently. To ensure reliability of financial reporting, we submit the assessment results of our internal control system in the form of internal control reports to the Prime Minister of Japan and disclose the contents to our shareholders and investors.

# 28. Risk Management and Compliance

Through our Risk Management and Compliance Committee, and based on our Risk Management Policy, the Nissha Group conducts centralized management over risks that hinder business operations. Once a year, based on the business models for each company and the business organizations, we prioritize and appropriately control risks that could hinder the continuity of business activities for all companies, in cooperation with the departments and subcommittees that have primary responsibility for risk.

## 28-1 Policy

### Risk Management Policy

Nissha Group strives to accurately identify the risks we face, avoid unexpected loss, and appropriately control risks, thereby ensuring business continuity and enhancing our corporate value toward realizing the enrichment of people's lives by creating technology and developing it into economic and social value.

1. We build and maintain a structure for responding to the various risks present in our business environment.
2. We promote risk management at the managerial level toward conducting organization-wide activities and preserving management resources.
3. In the event of an emergency, we work to minimize damage, resume business activities as quickly as possible, and prevent recurrence.
4. We conduct in-house training to enhance awareness of and the ability to respond to risks, and ensure that each employ takes responsible, swift, and appropriate action.
5. We periodically review our risk management structure, including this policy, and make improvements on a continuous basis to ensure effective risk management at all times.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

Established on July 1, 2015 / Revised on January 1, 2022

## 28-2 Guidelines

The Group has sets "Act with Integrity" (we act with integrity and maintain the trust placed) as one of the Shared Values that are principle of employee behavior. And we declared that each officer and employee should act in good faith and continue to be a trusted company. We established the Corporate Ethics and Compliance Guidelines, which sets out the basic ideas concerning corporate ethics and compliance that each officer and employee is expected to follow.

In addition, the Nissha Group has prepared the Corporate Ethics and Code of Conduct Manuals as a way to more clearly embody the Corporate Ethics and Compliance Guidelines and make it more understandable to our employees. Along with distributing this to all employees, it has also been posted on the Nissha intranet. This Manual was prepared in Japanese, English, Chinese, and Vietnamese, and having the entire company study it at the same time is designed to ensure awareness, along with the Corporate Ethics and Compliance Guidelines.

### Corporate Ethics and Compliance Guidelines

Nissha Group acts according to the "Principles" in order to realize the enrichment of people's lives by always creating technology and developing it into economic and social value.

#### Principles

1. We value and hold on to high ethical standards, integrity in our actions, and act with good common sense through our responsible behavior.
2. We pursue the Co-existence with the Stakeholders including our customers, shareholders, suppliers, local communities and our employees.
3. We will comply with all laws and regulations, internal corporate regulations, and socially accepted rules and norms, also act according to "Corporate Ethics and Code of Conduct".
4. If we witness any actions contrary to the "Corporate Ethics and Code of Conduct" or are suspicious of certain behaviors or decisions, we should immediately report to and consult with our supervisors.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

Established on April 1, 2012 / Revised on January 1, 2022

## 28-3 Structure

Nissha has established a Risk Management and Compliance Committee chaired by Director of the Board, Senior Executive Vice President (in charge of legal affairs) and composed of all in-house Directors of the Board. The Risk Management and Compliance Committee holds a general meeting once a year and progress confirmation meetings every quarter, and reports to the Board of Directors each year on the status of activities. The Board of Directors oversees the activities of the Risk Management and Compliance Committee, discusses reports from the Committee, and gives improvement instructions as necessary.

The Risk Management and Compliance Committee centrally manages the cross-company risks, business risks, and financial risks of the Nissha Group on a global basis. Of these, for the cross-company risks, the Committee selects key risks in line with the results of the risk assessment at the annual general meeting. The selected key risks are set as key performance indicators for the lead departments or subcommittees, and minimized through their activities. In addition, the status of these activities is reported in the progress meetings, and the Committee confirms whether the set KPIs are progressing as planned, and rotates the PDCA cycle (the Sustainability Committee manages the progress of materiality risk items).

The Business Review for each business division and the Investment Committee for the corporate finance department manage business risks and financial risks. Progress is reported at the annual general meeting, and the Committee checks the contents.

In addition, if a serious risk incident arises (including a serious report to the hotline), the Risk Management and Compliance Committee convenes on an emergency basis.



## 28-4 Risk Assessments

The Risk Management and Compliance Committee carries out risk assessments on the 16 items to the right under its purview. The lead departments or subcommittees that manage the key risks selected through this risk assessment set Key Performance Indicators and action items, and work to mitigate these risks through their activities.

We aim to conduct risk reduction that is even more in line with business activities. In addition to the Headquarters Corporate Division risk assessment, risk priority levels will be considered in business units and affiliated companies as well. General Managers will select key risks, taking into account the process of confirming appropriateness from a business management perspective. Furthermore, Group companies overseas study within their business departments the priorities and appropriateness of high-priority risks selected by each company and select key risks.

### Risk Assessments and Risk Management Methods

#### (1) Evaluation targets

- All Group companies in Japan
- 55 Group companies oversea (Including when major overseas subsidiaries and their own subsidiaries have been evaluated.)

#### (2) Target risks

- Cross-group risks (including compliance risks)

#### (3) Selection process for key risks

The following process is used by the Risk Management and Compliance Committee to select key risks.

(i) For the above cross-group risks, the high-value risks calculated using the "probability of occurrence" and "impact when it occurs" horizons are considered the "inherent risks".

(ii) In addition, the "effectiveness of control activities" is evaluated, and risks with low "effectiveness of control activities" with respect to "inherent risks" are selected as key risks.

#### (3) Management method

Key risks Low "effectiveness of control activities" with respect to "inherent risks"	The lead department or subcommittee sets the Key Performance Indicators and action items to mitigate risks. The progress of these activities is monitored by the Risk Management and Compliance Committee. (Business risks are spearheaded by the business organization, which checks via business reviews, etc.)
High "effectiveness of control activities" with respect to "inherent risks"	Subject to monitoring, and the Risk Management and Compliance Committee confirms the status of maintenance and operation by the lead department or subcommittee.
Cross-group risks other than "inherent risks"	Managed by the business organization and lead department, and reported at the Monthly Business Review (MBR)

The following items are also positioned as content for corporate ethics and compliance that officers and employees of the Nissha Group should follow.

1. Fair business practices (violation of antitrust laws, violation of unfair competition laws, threats and coercion against anti-social forces and companies, bribery and collusion with business partners, insider trading, circular transactions, etc.)
2. Labor and human rights (harassment (e.g. sexual harassment, power harassment), health and mental health management, health and safety, etc.)
3. Enhancement of human capital (ensuring management human resources and global human resources, mismatch between business portfolio and human resources portfolio, etc.)
4. Ensuring quality and safety of products/services (use of banned substances, quality falsification, recalls and serious complaints, etc.)
5. Ensuring quality and safety of medical products/services (use of banned substances, violation of the Pharmaceuticals and Medical Devices Act)
6. Intellectual property rights (patent infringement, information contamination, etc.)
7. Supply chain management (supplier management (labor and human rights, health and safety, environment, information security, compliance), child labor and forced labor, etc.)
8. Environmental protection (climate change response, waste management, chemical substances management, water pollution, etc.)
9. Trade management (trade management (e.g. violation of foreign exchange and customs laws))
10. Information systems (theft and leakage of confidential

and personal information, information leaks via SNS, malware infection, etc.)

11. Asset management (misappropriation of company property (money), theft or loss of company assets)
12. Business continuance (natural disasters (earthquakes, typhoons, floods, etc.), fire and accidents)
13. Business strategies (changes in competitive/market environments)
14. Business development (development delays, interruption in technology)
15. Production activities (design defects, release of defective products)
16. Finance (failure of capital planning, exchange rate fluctuations)

\*Items in parenthesis are examples of risks.

In the fiscal year ended December 2024, as a result of the risk assessment, the Nissha Group in Japan has chosen as key risks fair business practices, labor and human rights, product and service quality and safety, medical product and service quality and safety, supply chain management, information systems, and business continuity. The Nissha Group overseas has selected labor and human rights, financial affairs, information systems and business continuity.

## 28-5 Promotion of Corporate Ethics and Compliance

The Risk Management and Compliance Committee promotes corporate ethics and compliance activities throughout the entire Nissha Group. All Nissha Group bases in Japan and overseas appoint managers and group leaders in charge of promoting corporate ethics and compliance. Concerning compliance with the Pharmaceutical and Medical Device Act, in order to achieve

further promotion of the priority markets, we have maintained a Medical Healthcare Consultation Desk since the fiscal year ended December 2021 in addition to providing the above training efforts, etc.

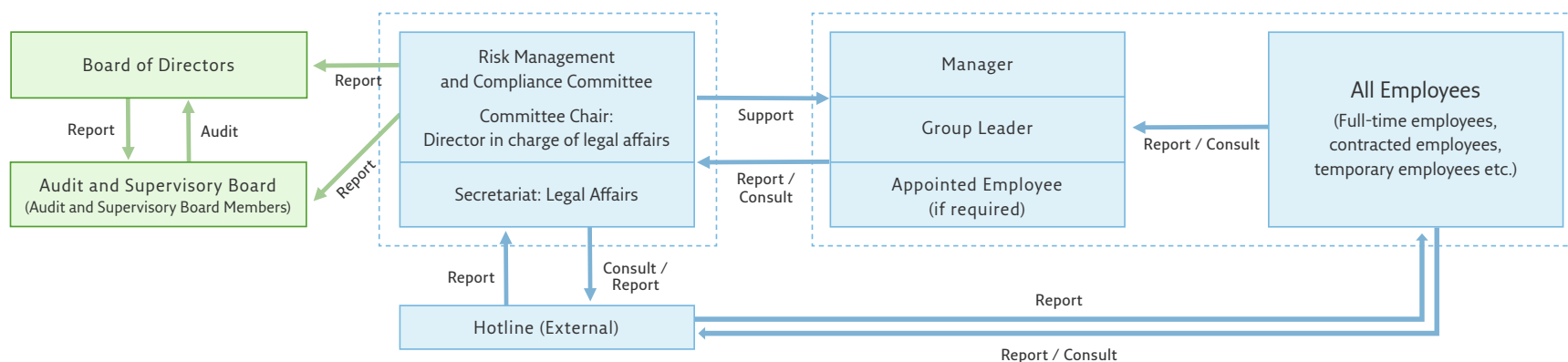
### Promotion Structure

The managers and group leaders in charge of promoting corporate ethics and compliance not only implement initiatives to improve the awareness of corporate ethics and compliance in their respective divisions but also implement corporate ethics and compliance on a day-to-day basis through organizational management, serve as handy consultants for their workplace, and, should an incident arise, work with Corporate Legal Affairs to deal with it.

### Awareness-raising activities

Corporate Legal Affairs also holds training sessions, etc., as a way to further boost awareness among these promotion managers, leaders, and other employees. During the fiscal year ended December 2023, training was conducted as appropriate for each

### Corporate Ethics and Compliance Structure



department or affiliated company with themes such as the Anti-monopoly Act or insider trading restrictions. Carrying out training that is relevant to the work of trainees has further improved on-site employee awareness of compliance.

And overseas, our Europe, China, and North American bases are identifying and reducing risks according to regional characteristics. During the fiscal year ended December 2023, training was held at EU bases on money laundering and personal data, at Chinese bases on the RBA Action Guidelines, and at North American bases on internal whistleblowing systems.

### ■ Company-wide Simultaneous Training, etc.

The Group designates every October and November as Corporate Ethics and Compliance Months, and provides groupwide training at all bases in Japan and overseas. This simultaneous training is provided not just for full-time, contract, and temporary employees, but for managers of subcontractors and even part-timers.

In the fiscal year ended December 2023, at domestic bases, we selected training themes from the significant risks identified through risk assessment, focusing on fair business practices, labor and human rights, and appropriate handling of information. In our Western and Asian bases as well, we introduce examples on themes the Nissha Group deems important and hold training corresponding to the laws and customs related to each differing business operation content at all domestic and overseas bases. The ratio of those taking training during the fiscal year ended December 2023 at domestic bases was 100% (2,911 people).

Questionnaires are sent out after each company-wide simultaneous training session to collect a wide range of information and opinions from all employees about concerns and actions that need to be improved in the workplace from the perspective of corporate ethics and compliance. Examples and results of improvements based on this information are reported to the Risk

Management and Compliance Committee, along with reports on training implementation.

### ■ Officer Training, etc.

At the Nissha Group, in addition to company-wide simultaneous training, we also hold compliance training designed for officers.

In April 2024, we invited an external instructor (a lawyer) to provide training on global compliance and global internal whistleblowing systems.

## 28-6 Hotline

The Nissha Group in Japan has in place an Internal Reporting Code and a hotline based on the Whistleblower Protection Act for the purposes of quickly identifying the facts about illegal, unfair, or unethical conduct by an organization or individual, minimizing the risk of a crisis, promoting ethical and legal compliance, and ultimately enhancing our corporate value.

We are working to disseminate information about the hotline through the Corporate Ethics and Code of Conduct distributed to all employees, the Labor and Human Rights Handbook, the Nissha Group intranet, in-house training, and awareness posters. All employees working for the Group in Japan and overseas can use this service, and in the fiscal year ended December 2019, we expanded the scope of users by establishing a contact point for some of our domestic suppliers. This contact point is an outside attorney, an independent and impartial third party.

The Internal Reporting Code contains the following.

- The whistleblower shall not be subjected to any disadvanta-

geous treatment by the Company or other employees due to their report.

- Anonymous reporting is also possible.

All complaints received are relayed from the hotline (an outside attorney) to the Corporate Legal Affairs. The Corporate Legal Affairs liaises with the relevant departments after consulting with the outside attorney about the best way to investigate and confirm the issue. Said investigation and confirmation are then carried out with consideration for the protection of the whistleblower. The content is reported to the Risk Management and Compliance Committee, where it is discussed as necessary, after which, measures are taken according to the results of the investigation and discussion.

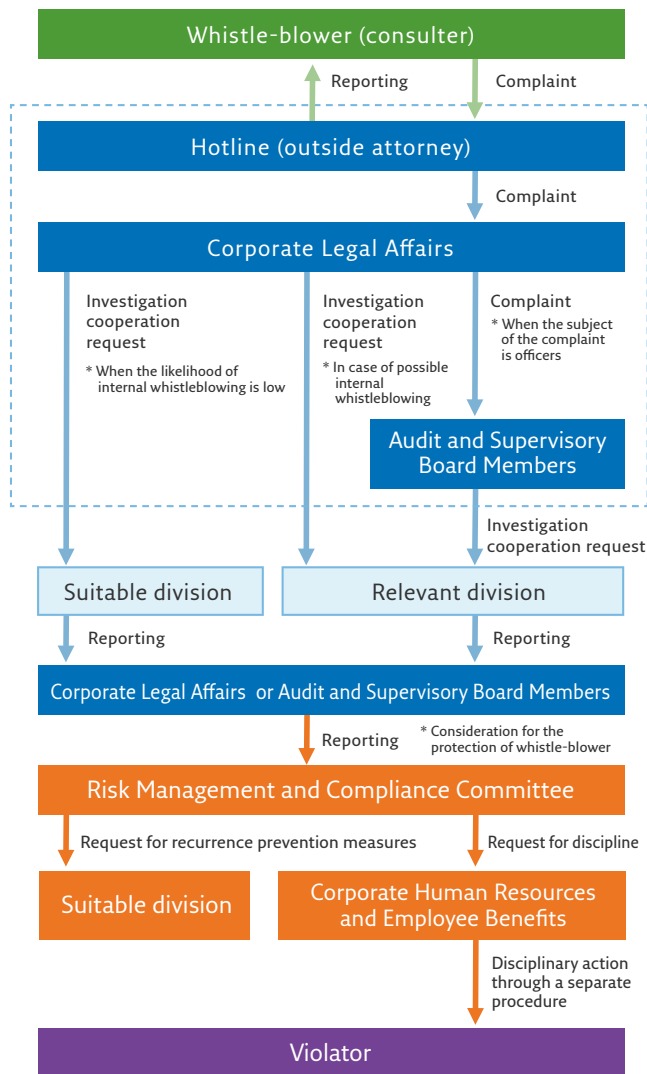
The number and main content of consultations received during the fiscal year ended December 2023 are shown below.

- Hotline Consultations (for employees): 8 cases (Including 2 from overseas bases)  
The contents mainly dealt with human relations in the workplace and harassment. In all cases, warnings and guidance were given and the workplace environment improved, correcting the issues. An overview summary was disseminated via the Nissha intranet, awareness was raised for everyone instead of just for the perpetrators, and measures were taken to prevent recurrence.
- Supplier hotline: 0 cases

For overseas locations as well, in addition to already operating report acceptance services for some group companies in China and the Southeast Asian region, we commenced the operation of report acceptance services in some North American and European bases starting in the fiscal year ended December 2023.



Hotline Organizational Chart (Nissha Group in Japan)



## 28-7 Dealing with Antisocial Forces

In accordance with our basic policy for dealing with antisocial forces and our regulations for dealing with antisocial forces, etc., Nissha has established that it will have no dealings whatsoever with antisocial forces. In principle, we confirm in advance through the prescribed procedures that our existing and new business partners are not members of antisocial forces. This has cut off all possibilities of involvement in money laundering by antisocial forces.

# 29. Information Security

## 29-1 Policy and Principles

The Nissha Group has created, and continues to operate, an Information Security Management System (ISMS) based in the ISO27001 that is applied to all group companies, and that reflects our Information Security Policy and our principles outlining specific conduct and regulations known as the Information Security Principles. We prevent threats to the leak of important information received from our customers and suppliers and important information managed under tight control within the company, particularly highly confidential information assets such as new product information, advanced technological information, and personal information.

### Information Security Policy

Nissha Group constructs a reliable and safe information security management system (ISMS) based on an understanding of the importance of information security in business activities and continually improve this in order to continue to be a company that provides economic and social value to our stakeholders.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

### Information Security Principles

1. We shall continually improve our information security management system by establishing, implementing, and reviewing the information security objectives so that the confidentiality, integrity, and availability of information assets can be maintained and improved.
2. We shall comply with laws, regulations, and contract stipulations related to information security.
3. We shall establish criteria for rationally evaluating risks related to information security and methods for risk assessment, and work to maintain and improve information security.
4. We shall work to prevent the occurrence of incidents or accidents related to information security, and, if an accident does occur, shall respond promptly and work to both minimize damage and prevent recurrence.
5. Nissha People shall understand the Information Security Policy and Basic Principles, and always act with an awareness of information security.

Shinichiro Kobayashi  
Vice President, Chief Information Officer  
Nissha Co., Ltd.

Established on July 1, 2013 / Revised on May 1, 2022

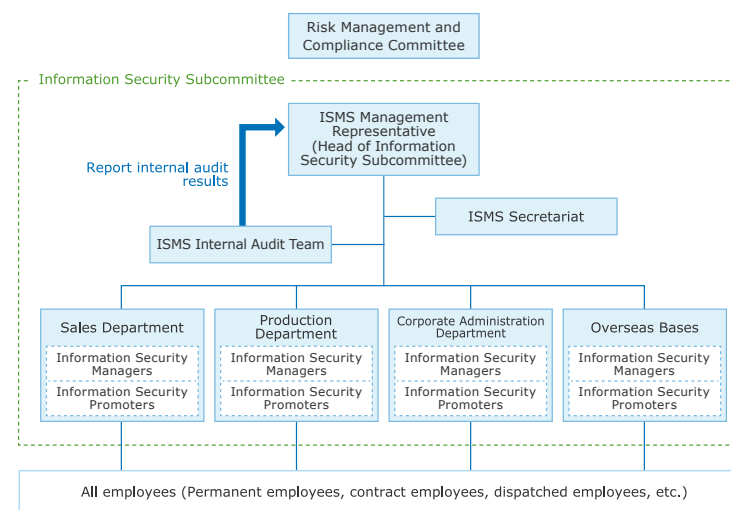
## 29-2 Management Structure

As an organization to promote information security within the Nissha Group, the Information Security Subcommittee was established under the Risk Management and Compliance Committee, and works on maintaining and improving the ISMS\*.

Under the CIO (Chief Information Officer), the head of the Information Security Subcommittee is the ISMS management representative, and the ISMS secretariat has been established in the IT department to oversee all IT environments in the Group. The ISMS covers all bases within the entire Nissha Group, including overseas affiliates. For each affiliated company and department, an information security manager and an information security promoter are appointed, and ensures the system operates in each workplace. In addition, the ISMS secretariat plays a central role in conducting reviews for top management, internal audits of the ISMS, and regular ISO27001 audits by external examiners to provide opportunities for improvement.

\* ISMS=Information security management system

### Management Structure



Domestic	282 employees	Information Security Managers	89 employees
		Information Security Promoters	193 employees
Overseas	52 employees	Information Security Managers	16 employees
		Information Security Promoters	36 employees

### 29-3 Deployment of the Management System

The Nissha Group operates the ISMS across all its corporations, both in Japan and overseas.

In Japan, we have obtained ISO27001 certification, the international standard for ISMS. Overseas, we have been rolling out ISMS as a unified standard globally, including for corporations that have newly joined our Group as a result of M&A and so on. This rollout was completed in the fiscal year ended December 2019. At present, in addition to an annual ISMS internal audit, we are working to maintain and improve ISMS operations through the PDCA cycle.



### 29-4 Efforts for Risk Reduction

The Nissha Group maintains an Information System (confidential information, personal information, information security) as one risk area managed under the Risk Management and Compliance Committee. In the fiscal year ended December 2020, we worked on appropriate management of trade secrets and operation. In the fiscal year ended December 2021, we permeated this operation, performed internal auditing of the implementation status, and promoted expansion abroad. In the fiscal year ended December 2022, we launched an initiative to appoint internal auditors from among locally hired employees to strengthen the effectiveness of internal audits overseas and to improve education and awareness. We brought in Multi-Factor Authentication (MFA) to deal with recent security threats in the fiscal year ended December 2023.

Information assets are important information that differentiates us from our competitors and increases our competitiveness, so it is essential to reduce risks such as information leaks. Through ISMS internal audits, we advance the permeation of control methods corresponding to the level of importance, and particularly implement thorough and strict control concerning trade secrets.

In addition, with the rapid progress of IT and the diversification and spread of devices, we are working on measures to reduce the risk of our corporate image and brand being affected or information leaks through social media postings. We are also working on information security measures for personal information devices as used for BYOD (Bring Your Own Device), in addition to company-supplied computers and terminals.

### 29-5 Training

Cyber attacks are becoming increasingly sophisticated day by day, so merely strengthening systems will not prevent all of them. To prevent damage, it is essential for each and every employee to be fully aware of information security and act with discipline so that they can learn about threats and methods, and recognize issues as soon as possible.

The Group holds training sessions for all employees, using e-Learning, based on training materials that reflect our internal information security policies determined in-company. The fiscal year ended December 2023 training attendance rate was 100%. We intend to carry out initiatives to increase awareness and literacy among employees regarding information security. The Nissha Group aims to improve information security through both system enhancements and a high level of awareness and literacy of information security among each and every employee.

# 30. Trade Management

## 30-1 Policy and Principles

The Nissha Group's ratio of overseas sales is 86.6% in the fiscal year ended December 2023. As the Group's businesses expand globally, disciplined trade management is an essential issue from the perspective of business continuity.

Targeting all group companies, we maintain "Trade Management Policy" and "Trade Management Principles" outlining specific conduct, compulsory conduct, and regulations. As an Authorized Economic Operator (AEO), we also establish necessary rules and regulations, and maintain a structure toward continuous improvement of trade management in order to respond to various internal and external changes in the environment.

### Trade Management Policy

Nissha Group fulfills its responsibilities as a company to its stakeholders by developing a trade management system and complying with laws and regulations related to trade management, such as security export control.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

### Trade Management Principles

1. We comply with laws and regulations related to trade management in each country and region.
2. We shall appoint a person responsible for trade management in our bases, and in addition to developing the trade management system, this system shall be maintained and improved.
3. We shall cooperate with public agencies and logistics partners in each country to establish a sound trade management system.
4. Nissha People will undergo any training required for trade management, and each person shall carry out their work appropriately.

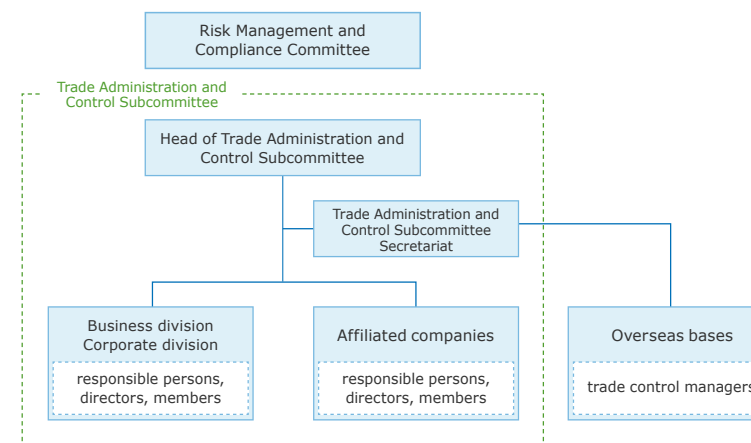
Hisashi Iso  
Director of the Board, Executive Vice President, Corporate Supply Chain  
Nissha Co., Ltd.

Established on October 1, 2016 / Revised on January 1, 2024

## 30-2 Structure

Nissha Group trade management is now consolidated in the Trade Management Subcommittee under the Risk Management and Compliance Committee. Across the entire Nissha Group, including overseas affiliates, we select trade management supervisors and engage in trade management based on the Trade Management Policy, Trade Management Principles, and Trade Management Basic Regulations.

At Nissha Group in Japan, we place Trade Management Subcommittee members (responsible persons, directors, and members) in business divisions, corporate management departments, and affiliated companies to create a management system. At the same time, since overseas Nissha Group companies have different laws, regulations, and business practices in each country or region, we assign a trade control manager to each base to manage.



At Nissha Group in Japan, a range of operational regulations and rules for trade-related operations required of AEO businesses have been established, while each department is preparing work standards and manuals to ensure export and import operations are carried out appropriately. At Nissha Group bases overseas, we are working on permeation of the Trade Management Policy, Trade Management Principles, and Trade Management Basic Regulations as well as preparing management documents.

### 30-3 AEO Approval

Nissha Co., Ltd. obtained approval as an AEO Exporter in June 2014, and as an AEO Importer in June 2015. Their second postaudits were conducted in October 2019, and we maintain all approvals. As of December 14, 2023, 60 companies in Japan are approved as both AEO Importer and AEO Exporter. Being one of these companies with dual approval, we have in place a system for safe and smooth international logistics.

Nissha Precision Technologies Malaysia Sdn. Bhd., based in Malaysia, obtained approval as both an AEO Exporter and an AEO Importer in October 2014. Their post-audits were conducted in May 2022, and we maintain both approvals.

#### AEO Approval Form



#### Authorized Economic Operator (AEO) Program

The AEO program is designed to secure and facilitate global trade and to strengthen a country's international competitiveness by providing benefits such as reduced or simplified customs controls to operators with cargo security management and compliance structures. The September 11, 2001, terrorist attacks on the United States raised awareness of the necessity of an international framework for reinforcing anti-terrorism measures by ensuring both security and efficiency in the international movement of goods. In 2006, the World Customs Organization (WCO) adopted a set of AEO guidelines as a global standard and the basis on which countries enact laws and operate their respective AEO programs. Japan launched its AEO program in 2006, starting with exporters and expanding gradually into the current form.

### 30-4 Initiatives for FY2023

In the fiscal year ended December 2023, following on from the previous fiscal year, we engaged in the following two items aiming to implement proper and lawful operations during importing and exporting.

- Aim 1: Zero incidents of illegal/unlawful declarations: During the fiscal year ended December 2023, there were no cases in the shipping divisions, where one had arisen the previous fiscal year, but there were 12 new cases in the administrative divisions. We are working to build a system to prevent recurrences of human error by employees who have short

employment histories with Nissha.

- Aim 2: Zero omitted declaration of charge factors: By regularly operating that the internal post-checking system established to prevent occurrence is working correctly in cooperation with related departments, no incidents occurred in the fiscal year ended December 2023, as in the previous fiscal year.

### 30-5 Training

Starting in the fiscal year ended December 2020, we provide theme-based education oriented towards employees involved in actual importing and exporting. In the fiscal year ended December 2023, we carried out training for 235 employees actually involved in trade operations in Japan, regardless of their department.

#### Themes

- Security trade controls
- Determining relevance and screening transactions
- Incoterms and HS codes
- Internal import/export steps

# 31. Anti-corruption

## 31-1 Guidelines

The Nissha Group regards corrupt practices, such as bribery, collusion with business partners, violations of the Competition Law and the Unfair Competition Prevention Act to be one of the major risks managed by the Risk Management and Compliance Committee. We have established the Nissha Group Anti-Corruption Guidelines and made them known to our bases both in Japan and overseas.

### Nissha Group Anti-Corruption Guidelines

The Nissha Group makes clear that all officers and employees are prohibited from presenting customers, suppliers, and government officials, either directly or indirectly, with gifts or entertainment that may constitute corrupt practice, and observes Japan's Unfair Competition Prevention Act, the United States' Foreign Corrupt Practices Act, the United Kingdom's Bribery Act, and the regulations of other countries and regions regarding anti-corruption.

1. We neither present to nor accept from customers, suppliers, and government officials offers of unfair advantage.
2. We neither present to nor accept from customers, suppliers, and government officials offers with gifts or entertainment that exceed the limit permitted by internal standards, laws, and regulations.
3. We strive to understand the circumstances of the Nissha Group overall, and periodically review our initiatives.
4. We respond with sincerity to requests from our customers for cooperation in investigations, by providing necessary information.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

Established on April 1, 2017 / Revised on January 1, 2018

## 31-2 Efforts to Ensure Awareness and Internal Audits

In addition to these Guidelines, the Nissha Group has set out specific standards for domestic and overseas bases, and used the Nissha intranet to spread awareness. Also, training is provided for all operations of the Group to ensure compliance with the relevant laws, regulations, and customs.

In the fiscal year ended December 2023, one of the case studies in the company-wide simultaneous training on corporate ethics and compliance was bribery at an overseas base. Because bribery is an entrenched practice in some countries and regions, we conduct internal audits on a regular basis.

The Group has not identified any cases of corruption in the fiscal year ended December 2023.

# 32. Business Continuity

## 32-1 Policy and Principles

We at the Nissha Group establish the Business Continuity Plans Policy, which the Business Continuity Management (BCM) Subcommittee under the Risk Management and Compliance Committee plays a central role in promoting in preparing for and responding to emergencies such as a natural disaster or pandemic.

### Business Continuity Plans Policy

Nissha Group formulates business continuity plans to minimize damage and work towards prompt business recovery, while ensuring the safety of human life first, in the event of a major natural disaster, fire, power cut, epidemic, or other major event that interrupts business. In addition, we carry out regular revisions and drills to ensure the effectiveness of these plans, and promote business continuance management.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

### Business Continuity Plans Principles

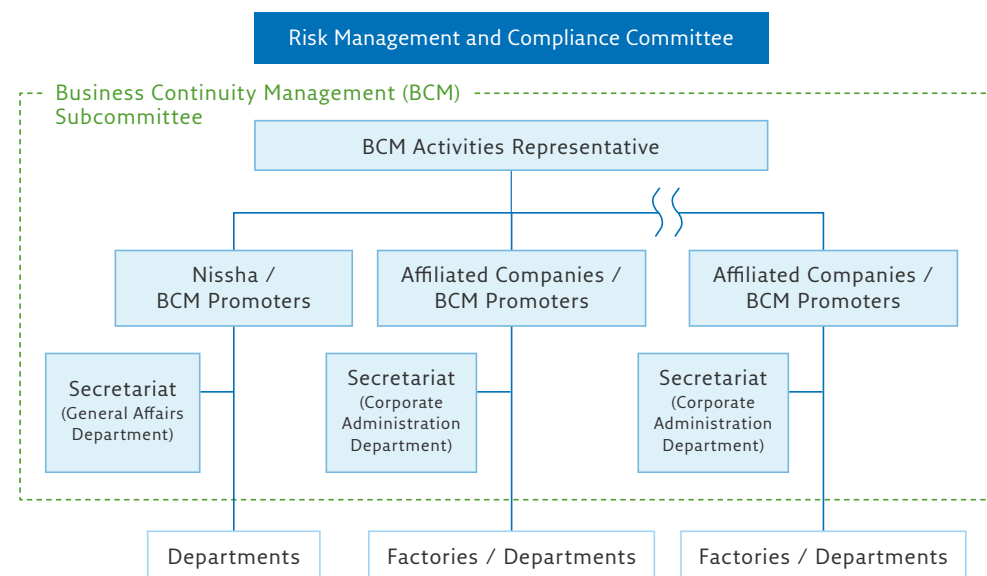
1. In the event of a major interruption of our business, we shall ensure the safety of human life as our top priority while preventing secondary disasters.
2. We shall define buildings, equipment, information systems, human resources, and suppliers as key management resources/ stakeholders, and formulate business continuity plans. In addition, we shall consider changes in the business environment and regularly revise these plans.
3. We shall clarify which businesses are to be prioritized for continuance/ recovery, and achieve this recovery within the target timeframe.
4. We shall regularly conduct training and drills related to business continuance, and work to improve our organizational capacity to respond to risks.
5. We shall contribute to society through working with local communities to support recovery and rebuilding.
6. We shall comply with laws, policies in Japan and overseas, and other norms with regards to business continuance.

Daisuke Inoue  
Director of the Board, Senior Executive Vice President, General Affairs  
Nissha Co., Ltd.

Established on September 28, 2006 / Revised on May 1, 2022

## 32-2 Structure

The BCM Subcommittee has been set up under the Risk Management and Compliance Committee as a system for operating BCM in the Nissha Group. The President and CEO serves as the person responsible for BCM activities, and BCM Promoters have been appointed at the Nissha Co., Ltd. Head Office and each Group company. The secretarial office holds BCM Subcommittee meetings on a regular basis. These are used to confirm initiatives and the status of improvement of BCM measures for the Nissha Group overall, training persons in charge, and planning and carrying out BCM drills.



### 32-3 Initiatives

Nissha Group in Japan has in place a set of Emergency Response Regulations that defines “emergency” and stipulates the action and structure required between initial response to a disaster and business recovery. In the event of a serious interruption of business due to emergency over a certain level, such as a natural disaster or pandemic, we set up a response task force headed by the President. In addition to habitually stockpiling supplies at major bases in Japan in preparation for emergencies, we also distribute “survival cards” listing information about what to do when an earthquake strikes, educate employees using an e-Learning, and conduct emergency training to promote thorough awareness about the general rules for action and response in an emergency.

Our Basic Plan for BCM stipulates in detail the steps to be taken in order to promote early recovery of key business locations. In efforts to verify the effectiveness of these steps, we organize business continuity planning (BCP) exercises on a regular basis for employees including the management. We respond quickly to changes in management environment and reorganization, such as managing the latest editions of relevant documents.

#### Operation of a safety confirmation system

We have introduced a system under which employees register their safety information so that we can smoothly and quickly confirm their safety status in the event of a major natural disaster such as an earthquake or typhoon, a pandemic or other emergency. As part of our safety confirmation drill during our biannual disaster drills, we send an e-mail to all employees simultaneously, and managers confirm the safety of the members of the company based on employees’ responses to the e-mail.

In 2023, the other Group companies in Japan also brought in the same system. This system allowed us to smoothly confirm employee safety after the 2024 Noto Peninsula Earthquake.

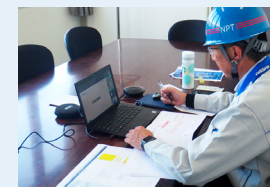


#### Implementation of management BCP training

We hold BCP drills annually in accordance with the BCM Subcommittee Action Plan. These drills are simulations to check that BCP functions adequately in the event of an incident such as an earthquake.

During the fiscal year ended December 2023, targeted at the Devices Business Unit, Nissha Precision and Technologies, Inc. Himeji Factory and Kaga Factory, Nissha FIS, Inc., and the Nissha Head Office were linked online, and carried out drills simulating an earthquake in Hyogo Prefecture. This drill started with setting up a base headquarters, then participants rapidly responded within their own scope of responsibility, working to ensure employee safety and minimize business risk.

We consider the construction and operation of BCP/BCM important for improving the company’s competitiveness and also leading to improved corporate value, and we continue to conduct a diverse range of situation-based drills each year.





## Risk Surveys

The Nissha Group carries out annual risk surveys at affiliated companies in Japan and overseas. These surveys draw on the expertise of specialists in risk consulting. For the fiscal year ended December 2023, the surveys covered Nissha FIS, Inc. The risk of fire or explosion was assessed in terms of fire management, building and motive power, use and processes, fire-fighting equipment, and fire hazards, while for natural hazards, disaster prevention measures for lightning, earthquakes, flooding and so on were also confirmed. Overall, the evaluation was positive, but we will continue to implement the PDCA cycle to make further improvements.



Nissha FIS, Inc.

## Responses to the Noto Peninsula Earthquake

In the Noto Peninsula Earthquake that struck at 16:10 on January 1, 2024, Nissha Precision and Technologies, Inc. Kaga Factory (Kaga City, Ishikawa Prefecture) experienced an earthquake registering an upper 5 on the Japanese seismic intensity scale. Nissha immediately moved to confirm related people's safety and the situation at the factory, and at 18:00 we set up the Noto Earthquake Measures Headquarter and began activities. This allowed us to quickly confirm that none of our employees, including dispatch employees and contract workers, had been harmed. Although there was some damage at the factory to production equipment and the roof, there was no major damage.

Later, while checking the effects on the production system including the supply chain, we worked on recovery, and were able to get up and running again quickly.



# 33. Tax Principle

Nissha Group will compliance with tax laws and regulations in each country and each region based on Tax Principle, in order to fulfill our corporate social responsibilities (CSR).

## Tax Principle

### Basic Principle

Nissha Group will strive to minimize tax risks, enhance our corporate value by complying with tax laws and regulations in each country and each region.

Nissha Group will pay close attention to the trends in the international tax framework such as Base Erosion Profit Shifting (BEPS) project and make properly responses to such changes as a global company.

### 1. Nissha Group's approach to tax planning

Nissha Group will enter into transactions with a business purpose and a business activity and in case we approach to tax planning, we will implement it properly and efficiently in compliance with tax laws and regulations.

Our group will consider taxes as an essential factor in our business planning and make use of available tax incentives within the scope of normal business activities. However, we will not engage in transactions for the primary purpose of tax avoidance and transactions without any actual business activities.

### 2. The level of risk to taxation that Nissha Group is prepared to accept

Nissha Group's Tax Principle is to minimize tax risks wherever possible when undertaking tax matters.

We will work to identify, evaluate, and manage tax risks in each country and region to reduce such risks, and where there is significant uncertainty or complexity in relation to tax risks, we will ask for advice from third parties.

### 3. The approach of Nissha Group towards its dealings with Tax authorities in each country and region

Nissha Group believe that we can build and maintain good relationship with tax authorities in each country and region corresponding with them and disclosing necessary information in a sincere and appropriate manner.

Therefore, We will strive to provide necessary information appropriately and cooperatively in response to requests from tax authorities in each country and region while issuing tax returns properly and paying appropriate amount of tax according to tax laws and regulations in each country and region.

If tax authorities inform us of tax adjustments, we will immediately take appropriate measures to prevent similar issues happen unless we file a petition of objection against their action or interpretation.

### 4. The approach of Nissha Group to risk management and governance arrangements in relation to taxation in each country and region

Nissha Group's tax policy is reviewed and controlled by our group's Chief Financial Officer who is responsible for our group's tax strategy and policies, and the status is reported to Board of Directors on an on-going basis through our group's Chief Financial Officer.

Where there is significant uncertainty or complexity in relation to application or interpretation of tax laws, we will take appropriate measures after seeking external advices.

Hitoshi Koya  
Executive Vice President, Chief Financial Officer  
Nissha Co., Ltd.

Established on December 25, 2017  
Revised on May 1, 2022

# 34. Responsible Mineral Procurement

## 34-1 Policy

Nissha's policy on conflict minerals is outlined in our Basic Approach to Responsible Mineral Procurement. We clearly state our belief that Nissha Group products do not use materials made from conflict minerals, which are used to finance armed groups involved in human rights abuses such as looting, assault, and forced labor, and we follow the OECD's conflict minerals due diligence guidance.

### Basic Approach to Responsible Mineral Procurement

The Nissha Group is deeply concerned that a portion of the conflict minerals extracted by the Democratic Republic of the Congo and its neighboring countries are being used as a source of funding for militia that through acts of looting, violence and forced labor are infringing on fundamental human rights.

In April 2012, Nissha became a signatory to the "Global Compact" as advocated by the United Nations. We at Nissha Group have fully embraced the Ten Principles stated in the Global Compact as a cornerstone of our Corporate Mission. Based upon our recognition of the importance of these principles and aiming for co-existence with our stakeholders, we are committed to non-use of these conflict minerals, as raw materials in our products as they result in an infringement of basic human rights. Accordingly where our company becomes aware of the use of any conflict minerals, we will immediately implement all measures required regarding that use.

1. Nissha Group is presently implementing ongoing control systems for conflict minerals which we maintain continuously.
2. Nissha Group will promptly provide to its customers conflict minerals information including its smelters, etc.
3. Nissha Group in respect of this issue will publish the relevant information in its sustainability reports.

We will continue to make sincere efforts for the responsible procurement of related minerals in order to fulfill our corporate social responsibilities.

Junya Suzuki  
Chairman of the Board, President and CEO  
Nissha Co., Ltd.

Established on March 12, 2014 / Revised on January 1, 2018

## 34-2 Initiatives

### 34-2-1 3TG Usage Status

The 3TG (tin, tantalum, tungsten, and gold) used in Nissha Group's products are shown in the table below.

Segment	Applicable product group	3TG in use
Industrial Materials	Only a small portion of Decoration (Mobility) and Decoration (Home appliances and others)	Tin
Devices	For Tablet devices, Smartphones, Portable game players, Industrial equipment (logistics related), Mobility, Gas sensors and others	Tin, tantalum, tungsten, and gold
Medical Technologies	Only a small portion of Medical devices (CDMO)	Tin, tungsten, and gold

\* The names of the segments and product lineups are in line with "25. Net sales (2) Disaggregation of revenue" in our Annual Securities Report from January 1, 2023 to December 31, 2023. The proportion of net sales of products using 3TG accounted for approximately 30% in the fiscal year ended December 2023.

### 34-2-2 Survey Requests to Suppliers

The Nissha Group, mainly through its related business units, requests suppliers to conduct a survey of 3TG used mainly in materials for mass-produced products using the latest CMRT (Conflict Minerals Reporting Template), generally once a year. Then, based on the CMRTs submitted by suppliers, we prepare our CMRTs and submit them to our customers.

We review the content of CMRTs submitted by suppliers, and if a refinery, etc. is no longer in business or has changed its name, we ask suppliers to resurvey.

Concerning the survey for the fiscal year ended December 2023, in addition to handling refineries

that were removed from the Responsible Minerals Assurance Process (RMAP) compliance list due to the impact of sanctions imposed by the U.S. government and others on Russia and refineries our customers requested not to be used, we encouraged our suppliers to procure their 3TG from Conformant Smelters & Refiners. We intend to continue these kinds of efforts in the future.

### 34-2-3 Developing and Implementing Strategies to Address Identified Risks

In some cases, we may ask suppliers to utilize the RMAP audit program if non-certified refineries are included in the refinery information they have submitted in the CMRT. Additionally, concerning 3TG, if it becomes clear that a relationship exists with a refinery upstream in the supply chain that is involved in armed forces or human rights abuses, we will consider taking strict measures in line with our customer's requests. However, there were no such cases in the fiscal year ended December 2023.

### 34-2-4 3TG Survey Results

The CMRT provided by the Responsible Minerals Initiative (RMI) is designed so that the scope of declaration during responding can be selected from (1) company level, (2) product level, and (3) user-defined level. However, we ask suppliers to respond at the product level in order to ensure that the smelters of minerals used in the parts and materials for Nissha Group products can be definitively identified. We believe that this type of surveying will enable us to identify targets for risk reduction, such as non-certified smelters and refineries, and will lead to effective due diligence.

In our 3TG survey for the fiscal year ended December 2023, we received responses from 100% of our suppliers for almost all product lineups. As a result of analyzing the responses from suppliers, in cases that included smelters that were not accredited by RMI, we took steps to reduce risk by changing suppliers and asking suppliers to utilize the RMAP audit program.

Recently, we are receiving surveys with Extended Mineral Reporting Template (EMRT) from our customers concerning minerals other than the 3TG such as cobalt.

In light of this situation, we are considering incorporating environmental perspectives in addition to human rights violations in our current policies, Basic Approach to Responsible Mineral Procurement.

# 35. Management System and Other Certification Acquisitions

The Nissha Group's management system and other certification status are as follows. (as of March 2024)

## ■ Quality

Subject Areas	ISO9001
	Quality
Nissha Co., Ltd.	○ *1
Nissha Precision and Technologies, Inc.	○ *2
Nissha Industries, Inc.	○
Nissha Printing Communications, Inc.	○
Nissha F8, Inc.	○ *3
Nissha Business Service, Inc.	○
Nissha FIS, Inc.	○
Nissha Metallizing Solutions N.V.	○
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions GmbH	○
Nissha Metallizing Solutions Ltd.	○
Nissha Metallizing Solutions Produtos Metalizados Ltda	○
Nissha Advanced Technologies Europe GmbH	○
Nissha Back Stickers International	○
Nissha SB Poland Sp.oz.o.	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

\*1. Only obtained at sales, purchasing, design and development, production and logistics departments of Industrial Materials Business Unit, Devices Business Unit and RB Business and Product Development in Global Headquarters, Tokyo Division Headquarters and Kameoka Factory.

\*2. Obtained at the Himeji Factory and Kyoto (production base).

\*3. Obtained at the Kyoto studio.

## ■ Quality

Subject Areas	ISO13485
	Medical devices
Nissha Co., Ltd.	○ *4
Nissha Precision and Technologies, Inc.	○ *5
Graphic Controls Acquisition Corp.	○
Lead-Lok, Inc.	○
CEA Medical Manufacturing, Inc.	○
Sequel Special Products, LLC	○
Nissha Medical Technologies (Ohio), Inc.	○
Nissha Medical Technologies SAS	○
Nissha Medical Technologies Ltd.	○
CEA Global Dominicana, S.R.L.	○
Isometric by Nissha Medical Technologies	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

\*4. For departments related to BS Probe Holder EX in Global Headquarters.

\*5. For departments related to BS Probe Holder EX products at Kyoto (production base).

## ■ Quality

Subject Areas	ISO22716
	Cosmetics
Nissha Co., Ltd.	○ *6

\*6. Obtained for the production of microneedle patch for cosmetics in the PCBU Production department of the New Business Development Office at the Global Headquarters.

## Quality

Subject Areas	IATF16949
	Automotive
Nissha Co., Ltd.	○ <sup>*7</sup>
Nissha Precision and Technologies, Inc.	○ <sup>*8</sup>
Nissha Eimo Technologies	○
Nissha PMX Technologies, S.A. de C.V.	○
Nissha Advanced Technologies Europe GmbH	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

\*7. For the support departments related to the touch sensor module for automotive in Global Headquarters and Kameoka Factory.

\*8. Obtained at the Himeji Factory and Kyoto (production base).

## Environment

Subject Areas	ISO14001
	Environment
Nissha Co., Ltd. Global Headquarters	○ <sup>*9</sup>
Nissha Industries, Inc. Headquarters / Koka Factory	○
Nissha Precision and Technologies, Inc. Headquarters / Himeji Factory	○
Kaga Factory	○
Tsu (production base)	○
Kyoto (production base)	○
Nissha FIS, Inc.	○
Nissha Business Service, Inc.	○
Nissha PMX Technologies, S.A. de C.V.	○
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions GmbH	○
Nissha Metallizing Solutions Produtos Metalizados Ltda	○
Nissha Medical Technologies SAS	○
Nissha Advanced Technologies Europe GmbH	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

\*9. Obtained at administration departments and design and product development departments.

## Energy

Subject Areas	ISO50001
	Energy
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions GmbH	○
Nissha Advanced Technologies Europe GmbH	○

## Occupational health and safety

Subject Areas	ISO45001
	Occupational health and safety
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions Produtos Metalizados Ltda	○

## Information security

Subject Areas	ISO27001
	Information security
Nissha Co., Ltd. Global Headquarters	○
Tokyo Division Headquarters	○
Nagoya Sales Office	○
Kameoka Factory	○
Nissha Industries, Inc. Headquarters / Koka Factory	○
Kameoka Factory	○ <sup>*10</sup>
Nissha Precision and Technologies, Inc. Headquarters / Himeji Factory	○
Kaga Factory	○
Tsu (production base)	○
Kyoto (production base)	○
Nissha FIS, Inc.	○
Nissha Printing Communications, Inc. Headquarters	○
Osaka Sales Office	○
Tokyo Sales Office	○
Kameoka Factory	○ <sup>*10</sup>
Nissha F8, Inc. Tokyo Studio	○
Kyoto Studio	○
Nissha Business Service, Inc.	○

\*10. Certification is included in the Kameoka Factory of Nissha Co., Ltd.

## Others

Subject Areas	FSC COC	PEFC	EN15593	EC93/42/EEC
Nissha Co., Ltd.	○ <sup>*11</sup>			
Nissha Printing Communications, Inc. Headquarters	○			
Osaka Sales Office	○			
Tokyo Sales Office	○			
Kameoka Factory	○			
Nissha Metallizing Solutions N.V.	○			
Nissha Metallizing Solutions S.r.l.	○	○		
Nissha Metallizing Solutions GmbH	○	○	○	
Nissha Metallizing Solutions Ltd.	○			
Nissha Metallizing Solutions Produtos Metalizados Ltda	○			
Graphic Controls Acquisition Corp.				○
Nissha Medical Technologies Ltd.				○

\*11. For paper purchasing departments in Nissha Co., Ltd.

# 36. GRI Standards Content Index

Nissha Sustainability Report 2024 refers to GRI Sustainability Reporting Standards. The relationship between the standards and the content of our report are as shown in the table below. Unless otherwise specified, the location indicate the pages of Nissha Sustainability Report 2024.

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF	
General Disclosures				
1. The organization and its reporting practices				
GRI 2: General Disclosures 2021	2-1	Organizational details	Website About > Company Outline Website About > Nissha Group	
	2-2	Entities included in the organization's sustainability reporting	1-4 Scope of Reporting	1-1
			1-5 Major Affiliated Companies and Businesses	1-2
			1-6 Major Changes in Reporting Scope	1-2
			Website > Investors > IR Library > Securities Report (only in Japanese)	
	2-3	Reporting period, frequency and contact point	1-3 Publication Dates	1-1
		1-7 Publishing Division and Contact for Inquiries	1-2	
2-4	Restatements of information	15-3 Foreign Employees in Active Roles	15-3	
2-5	External assurance	8. Third Party Verification	8	
2. Activities and workers				
	2-6	Activities, value chain and other business relationships	1. Editorial Policy	1-1
			21. Partnership with Our Suppliers	21-1
			Website About > Company Outline Website About > Nissha's Business Website Business > By Industry	
	2-7	Employees	15-1 Nissha Group Employee Composition	15-1
	2-8	Workers who are not employees	-	
3. Governance				
	2-9	Governance structure and composition	3-3 Promotion Framework for Sustainability	3-2
			25-2 Overview of Corporate Governance	25-1
	2-10	Nomination and selection of the highest governance body	25-3 Directors of the Board and the Board of Directors, 25-4 Nomination and Compensation Committee	25-2

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF	
	2-11	Chair of the highest governance body	25-3 Directors of the Board and the Board of Directors > Role of the Board of Directors	25-4
	2-12	Role of the highest governance body in overseeing the management of impacts	3-1 Nissha Philosophy, 3-2 Sustainability Vision (long-term vision for 2030), 3-3 Promotion Framework for Sustainability, 3-4 Materialities (Key Issues) and KPIs	3-1
			13-5 Relationship with Labor Union	13-3
			27. Internal Control System	26, 27
	2-13	Delegation of responsibility for managing impacts	3-3 Promotion Framework for Sustainability	3-2
			25-2 Overview of Corporate Governance	25-1
	2-14	Role of the highest governance body in sustainability reporting	3-3 Promotion Framework for Sustainability	3-2
	2-15	Conflicts of interest	25-3 Directors of the Board and the Board of Directors > Role of the Board of Directors	25-4
			Website > Investors > IR Library > Securities Report (only in Japanese)	
	2-16	Communication of critical concerns	3-3 Promotion Framework for Sustainability	3-2
			27. Internal Control System	26, 27
			28-5 Promotion of Corporate Ethics and Compliance	28-4
	2-17	Collective knowledge of the highest governance body	25-3 Directors of the Board and the Board of Directors > The skill set necessary for the Board of Directors, and the values, experiences, and skills in common required for all Directors	25-3
	2-18	Evaluation of the performance of the highest governance body	25-3 Directors of the Board and the Board of Directors > Policy and Procedures for Appointment/Dismissal of Directors of the Board, Evaluation of Effectiveness of the Board of Directors, Reasons for Appointment and Board of Directors Meeting Attendances in FY ended December 2023	25-2
	2-19	Remuneration policies	25-6 Compensation of Directors of the Board and Audit and Supervisory Board Members	25-9
			Website > Investors > IR Library > Securities Report (only in Japanese)	
	2-20	Process to determine remuneration	25-6 Compensation of Directors of the Board and Audit and Supervisory Board Members	25-9
		Website > Investors > IR Library > Nissha Report 2024 p76		
		Website > Investors > IR Library > Securities Report (only in Japanese)		



GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	2-21	Annual total compensation ratio	-	
<b>4. Strategy, policies and practices</b>				
	2-22	Statement on sustainable development strategy	2. CEO Message	2
	2-23	Policy commitments	3-1 Nissha Philosophy	3-1
			4. Environmental Policy and Management Structures	4-1
			13-1 Basic Policy	13-1
			27. Internal Control System	26, 27
	2-24	Embedding policy commitments	28-2 Guidelines	28-2
			7. CO <sub>2</sub> Emissions and Reduction Efforts	7-1
			13-3 Initiatives Related to Labor and Human Rights	13-2
			27. Internal Control System	26, 27
	2-25	Processes to remediate negative impacts	28-5 Promotion of Corporate Ethics and Compliance	28-4
			28-6 Hotline	28-5
	2-26	Mechanisms for seeking advice and raising concerns	13-4 Harassment Prevention	13-3
			28-6 Hotline	28-5
	2-27	Compliance with laws and regulations	10. Management of Chemical Substances and Environmental Risks	10-1
			12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)	12-1
			21-4 CSR Audit and Labor and Human Rights Risk Survey	21-2
			31. Anti-corruption	31
	2-28	Membership associations	3-5-1 Initiatives in Which Nissha Participate	3-8
			22-3 Membership in Community Organizations (Nissha)	22-2
<b>5. Stakeholder engagement</b>				
	2-29	Approach to stakeholder engagement	3-6 Nissha Group Stakeholders	3-11
	2-30	Collective bargaining agreements	13-5 Relationship with Labor Union	13-3

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
<b>Material Topics</b>				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	3-4-1 Materiality Identification	3-3
	3-2	List of material topics	3-4 Materialities (Key Issues) and KPIs	3-3
	3-3	Management of material topics	3-4-1 Materiality Identification	3-3
4. Environmental Policy and Management Structures			4-1	
6. Responding to Climate Change (Addressing the TCFD Recommendations)			6-1	
12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)			12-1	
13-1 Basic Policy, 13-2 Structure, 13-3 Initiatives Related to Labor and Human Rights			13-1	
14-1 Policy, 14-2 Human Resources System (Scope: Nissha Group in Japan), 14-3 ESG Task Force Initiatives, 14-4 Talent Management System			14-1	
16-2 Training Systems, 16-3 Support for Employees' Voluntary Desires to Learn and Grow, 16-4 Career Planning Support, 16-6 In-House Training Programs			16-2	
18-1 Policy and Principles, 18-2 Safety and Health Management System			18-1	
21-1 Basic Policy > CSR Procurement Guidelines			21-1	
23-1 Policy / Nissha Quality Way			23-1	
27. Internal Control System			26, 27	
28. Risk Management and Compliance			28-1	
29. Information Security			29-1	
30. Trade Management	30-1			
32. Business Continuity	32-1			
33. Tax Principle	33			
<b>Economic</b>				
<b>Economic performance</b>				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Website > Investors > IR Library > Securities Report (only in Japanese)	
	201-2	Financial implications and other risks and opportunities due to climate change	4-3 Environmental Management System (EMS)	4-2
6. Responding to Climate Change (Addressing the TCFD Recommendations)			6-1	
		28. Risk Management and Compliance	28-1	
		Website > Investors > IR Library > Securities Report (only in Japanese)		

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	201-3	Defined benefit plan obligations and other retirement plans	17-15 Retirement Pay System Website > Investors > IR Library > Securities Report (only in Japanese)	17-6
	201-4	Financial assistance received from government	-	
Market presence				
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
	202-2	Proportion of senior management hired from the local community	15-1 Nissha Group Employee Composition	15-1
Indirect economic impacts				
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	-	
	203-2	Significant indirect economic impacts	-	
Procurement practices				
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	-	
Anti-corruption				
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	-	
	205-2	Communication and training about anti-corruption policies and procedures	28. Risk Management and Compliance 31. Anti-corruption	28-1 31
	205-3	Confirmed incidents of corruption and actions taken	31. Anti-corruption	31
Anti-competitive behavior				
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	n/a	
Tax				
GRI 207: Tax 2019	207-1	Approach to tax	33. Tax Principle	33

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	207-2	Tax governance, control, and risk management	33. Tax Principle	33
	207-3	Stakeholder engagement and management of concerns related to tax	33. Tax Principle	33
	207-4	Country-by-country reporting	-	
Environmental				
Materials				
GRI 301 : Materials 2016	301-1	Materials used by weight or volume	5. Impact on the Environment out of Our Business Operations	5-1
	301-2	Recycled input materials used	-	
	301-3	Reclaimed products and their packaging materials	-	
Energy				
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	5. Impact on the Environment out of Our Business Operations 7. CO <sub>2</sub> Emissions and Reduction Efforts	5-1 7-1
	302-2	Energy consumption outside of the organization	7-6 Initiative in Scope 3 Management	7-3
	302-3	Energy intensity	7. CO <sub>2</sub> Emissions and Reduction Efforts	7-1
	302-4	Reduction of energy consumption	5. Impact on the Environment out of Our Business Operations 7. CO <sub>2</sub> Emissions and Reduction Efforts	5-1 7-1
	302-5	Reductions in energy requirements of products and services	-	
Water and effluents				
GRI 303 : Water and Effluents 2018	303-1	Interactions with water as a shared resource	11-3 Understanding Water Stress Areas, 11-4 Management of Water Intake and Wastewater, 11-5 Initiatives for Appropriate Water Use, 11-6 Water Data	11-1
	303-2	Management of water discharge-related impacts	10-6 Prevention of Water Pollution 11-1 Basic Concept, 11-3 Understanding Water Stress Areas, 11-4 Management of Water Intake and Wastewater	10-5 11-1
	303-3	Water withdrawal	5. Impact on the Environment out of Our Business Operations 11-6 Water Data	5-1 11-2

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	303-4	Water discharge	5. Impact on the Environment out of Our Business Operations 10-6 Prevention of Water Pollution 11-6 Water Data	5-1 10-5 11-2
	303-5	Water consumption	-	
<b>Biodiversity</b>				
GRI 304 : Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
	304-2	Significant impacts of activities, products and services on biodiversity	-	
	304-3	Habitats protected or restored	-	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	
<b>Emissions</b>				
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO <sub>2</sub> Emissions and Reduction Efforts	7-1
	305-2	Energy indirect (Scope 2) GHG emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO <sub>2</sub> Emissions and Reduction Efforts	7-1
	305-3	Other indirect (Scope 3) GHG emissions	5. Impact on the Environment out of Our Business Operations 7. CO <sub>2</sub> Emissions and Reduction Efforts	5-1 7-1
	305-4	GHG emissions intensity	5. Impact on the Environment out of Our Business Operations	5-1
7. CO <sub>2</sub> Emissions and Reduction Efforts			7-1	
305-5	Reduction of GHG emissions	5. Impact on the Environment out of Our Business Operations 7. CO <sub>2</sub> Emissions and Reduction Efforts	5-1 7-1	
305-6	Emissions of ozone-depleting substances (ODS)	-		

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7-3 Trends in CO <sub>2</sub> Emissions and Energy Consumption, etc.	7-2
			10-8 Prevention of Air Pollution	10-7
<b>Waste</b>				
GRI 306 : Waste 2020	306-1	Waste generation and significant waste-related impacts	9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	9-1
			9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	9-1
			5. Impact on the Environment out of Our Business Operations	5-1
			9-1 Total Amount of Waste Generated by Nissha Group	9-1
			5. Impact on the Environment out of Our Business Operations	5-1
306-2	Management of significant waste-related impacts	9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	9-1	
		9-1 Total Amount of Waste Generated by Nissha Group	9-1	
306-3	Waste generated	5. Impact on the Environment out of Our Business Operations	5-1	
		9-1 Total Amount of Waste Generated by Nissha Group	9-1	
306-4	Waste diverted from disposal	5. Impact on the Environment out of Our Business Operations	5-1	
		9-1 Total Amount of Waste Generated by Nissha Group	9-1	
306-5	Waste directed to disposal	5. Impact on the Environment out of Our Business Operations	5-1	
		9-1 Total Amount of Waste Generated by Nissha Group	9-1	
<b>Environmental compliance</b>				
GRI 307 : Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	10. Management of Chemical Substances and Environmental Risks	10-1
			12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)	12-1
			21-4 CSR Audit and Labor and Human Rights Risk Survey	21-2
<b>Supplier environmental assessment</b>				
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	-	
			12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)	12-1
	308-2	Negative environmental impacts in the supply chain and actions taken	21-1 Basic Policy, 21-2 Maintaining Purchasing Related Rules, 21-3 Nissha Group Supply Chain, 21-4 CSR Audit and Labor and Human Rights Risk Survey	21-1

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
Social				
Employment				
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	15-1 Nissha Group Employee Composition	15-1
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	
	401-3	Parental leave	17-4 Child-Rearing and Family Care Support	17-2
Labor/management relations				
GRI 402 : Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	13-5 Relationship with Labor Union	13-3
Occupational health and safety				
GRI 403 : Occupational Health and Safety 2018	403-1	Occupational health and safety management system	18-1 Policy and Principles, 18-2 Safety and Health Management System	18-1
	403-2	Hazard identification, risk assessment, and incident investigation	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2023 32-3 Initiatives > Risk Surveys	18-1 32-3
	403-3	Occupational health services	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2023	18-1
	403-4	Worker participation, consultation, and communication on occupational health and safety	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2023	18-1
	403-5	Worker training on occupational health and safety	18-5 Safety and Health Education and Training	18-3
	403-6	Promotion of worker health	19. Health and Productivity Management	19-1
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2023	18-1
	403-8	Workers covered by an occupational health and safety management system	18-1 Policy and Principles, 18-2 Safety and Health Management System	18-1
	403-9	Work-related injuries	18-4 Occurrence of Occupational Accidents	18-2
	403-10	Work-related ill health	18-4 Occurrence of Occupational Accidents	18-2

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
Training and education				
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	16-5 Training Records	16-3
	404-2	Programs for upgrading employee skills and transition assistance programs	14-4 Talent Management System	14-3
			15-4 Promotion of Women's Advancement	15-3
16. Human Resources Development			16-1	
17-11 Internal Job Posting System, 17-12 Awarding system (Nissha Group), 17-13 Career Resumption Program			17-5	
		20-2 Initiatives > Training	20	
		21-5 Development of Procurement Personnel	21-3	
		29-5 Training	29-2	
		30-5 Training	30-2	
404-3	Percentage of employees receiving regular performance and career development reviews	14-5 Fair Evaluation and Treatment (Scope: Nissha Group in Japan)	14-3	
Diversity and equal opportunity				
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	15-1 Nissha Group Employee Composition	15-1
			25-3 Directors of the Board and the Board of Directors > The skill set necessary for the Board of Directors, and the values, experiences, and skills in common required for all Directors, 25-7 Corporate Officers > Diversity of Corporate Officers (as of January 1, 2024)	25-3
	405-2	Ratio of basic salary and remuneration of women to men	14-6 Wage Management	14-3
Non-discrimination				
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	-	
Freedom of association and collective bargaining				
GRI 407 : Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	13-5 Relationship with Labor Union 21-1 Basic Policy, 21-2 Maintaining Purchasing Related Rules, 21-3 Nissha Group Supply Chain, 21-4 CSR Audit and Labor and Human Rights Risk Survey	13-3 21-1

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
Child labor			
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	13-1 Basic Policy, 13-3 Initiatives Related to Labor and Human Rights 21-1 Basic Policy, 21-2 Maintaining Purchasing Related Rules, 21-3 Nissha Group Supply Chain, 21-4 CSR Audit and Labor and Human Rights Risk Survey
Forced or compulsory labor			
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	13-1 Basic Policy, 13-3 Initiatives Related to Labor and Human Rights 21-1 Basic Policy, 21-2 Maintaining Purchasing Related Rules, 21-3 Nissha Group Supply Chain, 21-4 CSR Audit and Labor and Human Rights Risk Survey
Security practices			
GRI 410 : Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	-
Rights of indigenous peoples			
GRI 411 : Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	-
Human rights assessment			
GRI 412 : Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	13-3 Initiatives Related to Labor and Human Rights 21-4 CSR Audit and Labor and Human Rights Risk Survey
	412-2	Employee training on human rights policies or procedures	-
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
Local communities			
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	-
	413-2	Operations with significant actual and potential negative impacts on local communities	-

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
Supplier social assessment			
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	-
	414-2	Negative social impacts in the supply chain and actions taken	21-1 Basic Policy, 21-2 Maintaining Purchasing Related Rules, 21-3 Nissha Group Supply Chain, 21-4 CSR Audit and Labor and Human Rights Risk Survey 34. Responsible Mineral Procurement
Public policy			
GRI 415 : Public Policy 2016	415-1	Political contributions	-
Customer health and safety			
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	23-6 Quality and Safety of Products
Marketing and labeling			
GRI 417 : Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	-
	417-2	Incidents of non-compliance concerning product and service information and labeling	-
	417-3	Incidents of non-compliance concerning marketing communications	-
Customer privacy			
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
Socioeconomic compliance			
GRI 419 : Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	-

# 37. ESG Data

The ESG Data is a compilation of quantitative information shown in Nissha Sustainability Report and some additional information. The data for the five years from FY2019 to FY2023 are collected for each theme. In addition, a list of policies, principles and guidelines is posted at the end of this document.

\* In the boundary, Nissha Co., Ltd. is described as "Nissha" and the entire group companies including Nissha Co., Ltd. is described as "Nissha Group". In addition, domestic companies within the "Nissha Group" are referred to as "Nissha Group in Japan". Individual company names are abbreviated as below, and the grouping of production bases in Japan or overseas are stated accordingly.

- NII: Nissha Industries, Inc
- NPT: Nissha Precision and Technologies, Inc.

## Environment

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
5. Impact on the Environment out of Our Business Operations								
Total input		t	Nissha Group	101,398	114,036	127,430	123,982	85,273
Total input (production bases in Japan)		t	Production bases in Japan	19,612	20,482	22,981	19,114	16,466
PET/acryl film	Industrial Materials	t	Production bases in Japan	1,123	978	1,165	1,057	805
Solvents	Industrial Materials	t	Production bases in Japan	841	686	843	748	735
Ink	Industrial Materials	t	Production bases in Japan	751	671	742	705	616
Resin	Industrial Materials	t	Production bases in Japan	n/a	n/a	117	160	219
Materials used in manufacturing processes	Devices	t	Production bases in Japan	10,702	12,103	13,729	11,244	4,801
Chemical substances	Devices	t	Production bases in Japan	n/a	n/a	n/a	n/a	4,823
Packing materials	Devices	t	Production bases in Japan	n/a	n/a	n/a	n/a	553

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Others	Devices	t	Production bases in Japan	1,621	1,849	1,589	900	n/a
Product materials	Medical Technologies <sup>*1</sup>	t	Production bases in Japan	n/a	n/a	55	73	71
Paper	Others <sup>*2</sup>	t	Production bases in Japan	4,348	3,958	4,424	3,764	3,513
Ink	Others <sup>*2</sup>	t	Production bases in Japan	47	42	47	40	38
*1. Starting in the fiscal year ended December 2021, we added input data from the domestic Japanese Medical Technologies business.								
*2. Posted as "Information and Communication" until Nissha Sustainability Report 2021.								
Total input (Overseas production bases)		t	Overseas production bases	81,786	93,553	104,449	104,868	68,807
Resin		t	Overseas production bases	1,636	1,290	4,506	6,075	5,887
Molds and their materials		t	Overseas production bases	85	90	120	113	115
Touch sensors		t	Overseas production bases	0	0	0	0	0
Paper		t	Overseas production bases	69,630	78,391	88,131	88,318	55,185
Cardboards		t	Overseas production bases	1,391	1,752	1,073	123	1,263
Aluminum		t	Overseas production bases	140	2,594	2,218	1,991	1,163
Chemical substances		t	Overseas production bases	5,204	6,560	6,105	6,551	3,368
Others		t	Overseas production bases	1,571	1,031	568	1,438	104
Energy	Electricity	MWh	Production bases in Japan and overseas	274,593	257,464	264,973	250,732	217,027
	Gas	Thousand m <sup>3</sup>	Production bases in Japan and overseas	11,585	9,085	10,558	10,485	10,029

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Water	Tap water	Thousand m <sup>3</sup>	Production bases in Japan and overseas	1,291	1,287	1,249	993	912
	Underground water	Thousand m <sup>3</sup>	Production bases in Japan and overseas	103	40	46	49	42
	Industrial water	Thousand m <sup>3</sup>	Production bases in Japan and overseas	1,943	1,725	1,670	1,549	1,282
Total output (production bases in Japan)		t	Production bases in Japan	16,437	18,538	17,465	13,606	11,057
Recyclable resources (items sold for recycling)		t	Production bases in Japan	5,877	6,406	5,743	4,203	3,560
Recyclable resources (industrial waste)		t	Production bases in Japan	10,537	12,105	11,697	9,380	7,470
Waste for simple incineration/landfill		t	Production bases in Japan	23	27	25	22	27
Total output (Overseas production bases)		t	Overseas production bases	9,156	11,397	13,121	13,601	9,784
Recyclable resources (items sold for recycling)		t	Overseas production bases	7,272	8,433	9,838	10,904	7,407
Recyclable resources (industrial waste)		t	Overseas production bases	666	1,369	1,335	877	615
Non-recyclable waste		t	Overseas production bases	1,218	1,595	1,948	1,819	1,762
VOC		t	Production bases in Japan and overseas	808	700	826	752	681
Wastewater		Thousand m <sup>3</sup>	Production bases in Japan and overseas	3,305	3,033	2,594	2,342	2,002
<b>7. CO<sub>2</sub> Emissions and Reduction Efforts</b>								
Scope 1, CO <sub>2</sub> emissions		t-CO <sub>2</sub>	Production bases in Japan and overseas	26,603	20,853	24,196	28,435	25,609
Scope 2, CO <sub>2</sub> emissions		t-CO <sub>2</sub>	Production bases in Japan and overseas	152,399	103,351	101,048	86,255	75,354
CO <sub>2</sub> emissions	Total	t-CO <sub>2</sub>	Production bases in Japan and overseas	147,266 <sup>*1</sup>	124,204	125,244	114,691	100,963
	Production bases in Japan	t-CO <sub>2</sub>	Production bases in Japan	106,788 <sup>*1</sup>	85,570	83,652	64,806	61,388
	Overseas production bases	t-CO <sub>2</sub>	Overseas production bases	40,478 <sup>*1</sup>	38,634	41,592	49,885	39,575

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
CO <sub>2</sub> emissions basic unit of net sales		t-CO <sub>2</sub> / Million yen	Production bases in Japan and overseas	0.85 <sup>*1</sup>	0.69	0.66	0.59	0.60
* Up until FY 2019, CO <sub>2</sub> emission coefficients were fixed values. However, in FY2020 and beyond, these are derived from data calculated using market-based method for Japan and location-based method for overseas.								
*1. These are derived from data calculated using market-based method for Japan and location-based method for overseas.								
Scope 3, CO <sub>2</sub> emissions	Purchased goods and services	t-CO <sub>2</sub>	Domestic	n/a	n/a	n/a	50,616 <sup>*</sup>	38,891 <sup>*</sup>
		t-CO <sub>2</sub>	Overseas	n/a	n/a	n/a	97,144	Under investigation
	Capital goods	t-CO <sub>2</sub>	-	n/a	n/a	n/a	17,126	Under investigation
	Fuel and energy-related activities (not included in Scope 1, 2)	t-CO <sub>2</sub>	-	n/a	n/a	n/a	15,684	Under investigation
	Upstream transportation and distribution of purchased products	t-CO <sub>2</sub>	Domestic	48,682	45,646	18,603	4,272 <sup>*</sup>	4,368 <sup>*</sup>
		t-CO <sub>2</sub>	Overseas				10,341	Under investigation
	Upstream transportation and distribution of shipments	t-CO <sub>2</sub>	Domestic	4,553	19,720	17,766	7,398 <sup>*</sup>	6,561 <sup>*</sup>
		t-CO <sub>2</sub>	Overseas				19,296	Under investigation
	Waste generated in operations	t-CO <sub>2</sub>	-	n/a	n/a	n/a	4,462	Under investigation
	Business travel	t-CO <sub>2</sub>	Domestic	1,214	293	281	579 <sup>*</sup>	638 <sup>*</sup>
	Employee commuting	t-CO <sub>2</sub>	Domestic	2,347	2,244	2,204	2,261 <sup>*</sup>	2,038 <sup>*</sup>
	Use of sold products	t-CO <sub>2</sub>	-	n/a	n/a	n/a	7,739 <sup>*</sup>	10,370 <sup>*</sup>
	End of life treatment of sold products	t-CO <sub>2</sub>	Domestic	n/a	n/a	n/a	535	417
		t-CO <sub>2</sub>	Overseas	n/a	n/a	n/a	4,091	Under investigation
	* Some of these figures include those certified by a third party.							
Energy consumption	Total	Thousand GJ	Production bases in Japan and overseas	3,266	2,966	3,124	2,662	2,032
	Production bases in Japan	Thousand GJ	Production bases in Japan	2,208	1,999	2,040	1,607	1,256
	Overseas production bases	Thousand GJ	Overseas production bases	1,058	967	1,084	1,055	775

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Energy consumption basic unit of net sales		Thousand GJ/ Million yen	Production bases in Japan and overseas	0.0189	0.0165	0.0165	0.0137	0.0121
Electricity consumption	Total	MWh	Production bases in Japan and overseas	274,593	257,464	264,973	250,732	217,027
	Production bases in Japan	MWh	Production bases in Japan	197,029	183,200	182,488	158,335	140,384
	Overseas production bases	MWh	Overseas production bases	77,563	74,264	82,485	92,397	76,644
Gas consumption	Total	Thousand m <sup>3</sup>	Production bases in Japan and overseas	11,585	9,085	10,558	10,485	10,029
	Production bases in Japan	Thousand m <sup>3</sup>	Production bases in Japan	5,359	4,166	4,865	4,782	4,314
	Overseas production bases	Thousand m <sup>3</sup>	Overseas production bases	6,226	4,919	5,694	5,703	5,714
Gasoline, diesel, and heavy oil consumption	Total	kl	Production bases in Japan and overseas	246	205	220	207	198
	Production bases in Japan	kl	Production bases in Japan	97	72	70	60	64
	Overseas production bases	kl	Overseas production bases	150	133	151	147	133
<b>9. Waste Management</b>								
Recycling and resource reuse rate		%	Nissha Group in Japan	99.9	99.9	99.9	99.8	99.8
<b>10. Management of Chemical Substances and Environmental Risks</b>								
Measurements of Wastewater Quality, NPT Himeji Factory								
Discharged water		m <sup>3</sup>	NPT Himeji Factory	4,655	4,156	4,150	3,854	3,160
pH		-	NPT Himeji Factory	6.9 / 7.6	6.8 / 7.5	6.9 / 7.5	6.8 / 7.4	7.1 / 7.2
BOD		mg/l	NPT Himeji Factory	2.8	4.0	3.7	2.6	1.1
COD		mg/l	NPT Himeji Factory	7.3	5.2	4.4	4.8	2.9

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
SS		mg/l	NPT Himeji Factory	1.6	1.9	2.6	1.1	0.9
N-hexane		mg/l	NPT Himeji Factory	<0.5	<0.5	<0.5	<0.5	<0.5
Phenol		mg/l	NPT Himeji Factory	<0.005	<0.005	<0.005	<0.005	<0.005
Copper		mg/l	NPT Himeji Factory	0.04	0.05	0.02	0.01	0.01
Zinc		mg/l	NPT Himeji Factory	<0.01	<0.01	<0.01	<0.01	<0.01
Soluble iron		mg/l	NPT Himeji Factory	0.02	0.03	0.03	0.03	0.01
Soluble manganese		mg/l	NPT Himeji Factory	0.04	0.04	0.04	0.02	0.02
Chromium		mg/l	NPT Himeji Factory	<0.02	<0.02	<0.02	<0.02	<0.02
Nitrogen		mg/l	NPT Himeji Factory	8.0	4.2	4.5	4.3	3.7
Phosphorus		mg/l	NPT Himeji Factory	0.19	0.02	0.03	0.02	0.03
Measurements of Wastewater Quality, NPT Kaga Factory								
pH	Final effluent (Average)	-	NPT Kaga Factory	7.5	7.5	7.4	7.6	7.5
	Final effluent (Maximum)	-	NPT Kaga Factory	7.5	7.7	7.7	7.7	7.7
BOD	Final effluent (Average)	mg/l	NPT Kaga Factory	21.9	23.4	23.3	17.4	17.3
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	34.0	40.0	35.0	24.0	27.0
COD	Final effluent (Average)	mg/l	NPT Kaga Factory	34.0	33.5	37.7	25.8	22.1
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	47.0	47.0	44.0	36.0	29.0
SS	Final effluent (Average)	mg/l	NPT Kaga Factory	9.1	6.3	6.0	7.7	5.7
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	18.0	23.0	10.0	21.0	11.0
N-hexane	Final effluent (Average)	mg/l	NPT Kaga Factory	0.6	0.6	0.5	0.5	0.5
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	0.8	0.9	0.5	0.5	0.5



Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
PRTR-designated chemical substances, NII Koka Factory								
53 Ethylbenzene	Discharge into the atmosphere	kg	NII Koka Factory	1,211	710	2,273	1,211	894
	Transferred to industrial waste processing companies	kg	NII Koka Factory	463	286	928	494	364
80 Xylene	Discharge into the atmosphere	kg	NII Koka Factory	9,937	15,745	10,524	12,022	6,262
	Transferred to industrial waste processing companies	kg	NII Koka Factory	4,075	6,431	4,298	4,910	2,557
88 Hexavalent chromium compounds	Discharge into the atmosphere	kg	NII Koka Factory	0.1	0.1	0.1	0.1	0.1
	Transferred to industrial waste processing companies	kg	NII Koka Factory	0	0	850*	0	0
296 1,2,4-Trimethylbenz- z- end	Discharge into the atmosphere	kg	NII Koka Factory	265	25	59	1	1
	Transferred to industrial waste processing companies	kg	NII Koka Factory	95	10	24	0.3	0.3
300 Toluene	Discharge into the atmosphere	kg	NII Koka Factory	100,846	61,535	106,873	57,728	30,868
	Transferred to industrial waste processing companies	kg	NII Koka Factory	5,520	25,134	43,652	23,579	10,289
392 N-hexane	Discharge into the atmosphere	kg	NII Koka Factory	4,518	601	258	0	127
	Transferred to industrial waste processing companies	kg	NII Koka Factory	2,741	245	105	0	52
* The increase in the transfer amount of hexavalent chromium compounds transferred in FY2021 was due to the disposal of materials no longer needed as a result of the renewal of factory facilities.								
PRTR-designated chemical substances, NPT Himeji Factory								
71 Ferric chloride <sup>*1</sup>	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	n/a	n/a
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	0	0	0	n/a	n/a
272 Water-soluble copper salts (excluding complex salt)	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	1,352.8	1,820.2	2,677.4	2,491.4	2,588.8

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
453 Molybdenum and its compounds	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	0	0	0	0	0
627 Diethylene glycol monobutyl ether <sup>*2</sup>	Discharge into the atmosphere	kg	NPT Himeji Factory	n/a	n/a	n/a	n/a	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	n/a	n/a	n/a	n/a	13,568.0
*1. Not subject to notification from FY2023. *2. Subject to notification from FY2023.								
PRTR-designated chemical substances, NPT Kaga Factory								
71 Ferric chloride <sup>*1</sup>	Discharge into the atmosphere	kg	NPT Kaga Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	0	0	0	0	4,665.0
272 Water-soluble copper salts (excluding complex salt)	Discharge into the atmosphere	kg	NPT Kaga Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	0	0	0	0	0
627 Diethylene glycol monobutyl ether <sup>*2</sup>	Discharge into the atmosphere	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	14,405.0
*1. Not subject to notification from FY2023. In FY2023, unnecessary materials due to factory consolidation were disposed. *2. Subject to notification from FY2023.								
1.2. Environmental Objectives and Status of Achievement (Nissha Group in Japan)								
Environmental accidents		Number	Nissha Group in Japan	0	0	1 <sup>*1</sup>	1 <sup>*2</sup>	0
*1. In FY2021, there was one chemical leak accident at the NII Koka Factory, but it did not have a significant environmental impact. *2. In FY2022, a delivery company's truck experienced a fuel leak at Nissha FIS, Inc., but it did not have a significant environmental impact.								

## Human Rights

Items	Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023	
13. Human Rights								
Harassment Help Desk number of consultations	Number	Nissha Group	9	8 <sup>*1</sup>	12 <sup>*1</sup>	- <sup>*2</sup>	- <sup>*2</sup>	
<p>*1. As the Harassment Help Desk (outside the company) and the Hotline have been shared since January 2020, only the number of cases handled by the internal consultation service is shown in the number of cases handled by the Harassment Help Desk in the FY2020 and FY2021.</p> <p>*2. As the Harassment Help Desk (internal consultation service) and the Hotline have been shared since July 2022, the information has been consolidated into the number of cases reported to the Hotline.</p>								
Membership of Labor Union	Total	Number	Nissha Group in Japan	1,308	1,133	1,106	1,051	1,253
	The Nissha Labor Union	Number	Nissha Group in Japan	739	649	-	-	-
	The Nitec Industries Labor Union	Number	Nissha Group in Japan	433	354	-	-	-
	The Nissha Printing Communications Labor Union	Number	Nissha Group in Japan	136	130	-	-	-
<p>* In January 2021, the Nissha Crew Alliance was organized as the single labor union of the Nissha Group in Japan, led by employees of Nissha Co., Ltd., Nitec Industries, Inc. (currently, Nissha Industries, Inc.) and Nissha Printing Communications, Inc.</p>								
Number of reports on strike or lockout	Number	Nissha Group in Japan	0	0	0	0	0	

## Human Resources

Items	Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023	
14. Human Resources Policy and System								
Gap between male and female in terms of wages								
All workers	Male	-	Nissha	n/a	n/a	n/a	100	100
	Female	-	Nissha	n/a	n/a	n/a	76.3	75.9
Full-time workers	Male	-	Nissha	n/a	n/a	n/a	100	100
	Female	-	Nissha	n/a	n/a	n/a	77.7	78.1
Non-regular workers	Male	-	Nissha	n/a	n/a	n/a	100	100
	Female	-	Nissha	n/a	n/a	n/a	56.2	60.0
<p>* FY2022 and FY2023 are shown due to a change in the aggregation method from the fiscal year ended December 2022.</p> <p>* The figures show a comparison of female with a male wages set at 100.</p> <p>* Calculated based on the regulations in the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).</p> <p>* The human resources system used for full-time workers applies equally to male and female, and they are both treated the same. Differences arise from differences in rank or age composition. There is a smaller ratio of female in managerial positions or higher ranks, which have relatively higher salaries, and this affects the differences over all positions.</p> <p>* Non-regular workers include employees who are treated differently, such as contract employees who are rehired after mandatory retirement and employees working under individual labor contracts. The main reason for the difference between male and female is that employees rehired on an ongoing basis as non-regular workers in managerial positions following mandated retirement are, as noted above, mostly male, which affects the overall difference.</p>								
15. Respect for Diversity								
Number of locally hired CEO	Number	Nissha Group	8	8	8	8	8	
Number of employees by area (Japan)	Total	Number	-	2,300	1,988	1,990	1,915	1,922
	Male	Number	-	1,853	1,587	1,574	1,500	1,489
	Female	Number	-	447	401	416	415	433
Number of employees by area (Asia)	Total	Number	-	720	674	661	633	582
	Male	Number	-	336	310	312	319	281
	Female	Number	-	384	364	349	314	301
Number of employees by area (Europe)	Total	Number	-	523	680	698	693	744
	Male	Number	-	346	478	505	488	501
	Female	Number	-	177	202	193	205	243

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees by area (North America)	Total	Number	-	1,577	1,509	1,539	1,151	1,367
	Male	Number	-	918	841	873	690	750
	Female	Number	-	659	668	666	461	617
Number of employees by area (Central and South America)	Total	Number	-	598	539	521	933	606
	Male	Number	-	239	216	206	365	191
	Female	Number	-	359	323	315	568	415
Composition by employment status (Permanent)	Total	Number	Nissha Group	5,718	5,390	5,409	5,325	5,221
	Male	Number	Nissha Group	3,692	3,432	3,470	3,362	3,212
	Female	Number	Nissha Group	2,026	1,958	1,939	1,963	2,009
Composition by employment status (Temporary)	Total	Number	Nissha Group	1,741	2,012	1,443	1,438	1,368
	Male	Number	Nissha Group	1,209	1,429	866	865	894
	Female	Number	Nissha Group	532	583	577	573	474
Composition of Directors of the Board	Total	Number	Nissha	9	9	9	9	9
	Male	Number	Nissha	8	8	8	8	8
	Female	Number	Nissha	1	1	1	1	1
Composition of corporate officers, excluding concurrently serving as Directors of the Board	Total	Number	Nissha	12	11	12	12	11
	Male	Number	Nissha	12	11	12	12	11
	Female	Number	Nissha	0	0	0	0	0
Composition of Nissha fellows	Total	Number	Nissha	1	2	2	1	1
	Male	Number	Nissha	1	2	2	1	1
	Female	Number	Nissha	0	0	0	0	0
Composition of managerial staff	Total	Number	Nissha	172	153	166	163	164
	Male	Number	Nissha	162	145	157	153	152
	Female	Number	Nissha	10	8	9	10	12
Composition of employees	Total	Number	Nissha	819	720	731	710	720
	Male	Number	Nissha	609	531	534	513	514
	Female	Number	Nissha	210	189	197	197	206

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Average age	Average	Age	Nissha	39.8	41.5	42.2	42.9	42.9
	Male	Age	Nissha	42.9	43.0	43.8	44.7	44.8
	Female	Age	Nissha	36.7	37.3	37.8	38.2	38.1
Average years of employment	Average	Year	Nissha	13.2	14.4	14.3	15.7	15.6
	Male	Year	Nissha	15.3	15.4	15.6	17.2	17.2
	Female	Year	Nissha	11.0	11.5	10.8	11.8	11.6
Composition by age (18-19)	Total	Number	Nissha	2	0	2	2	4
	Male	Number	Nissha	0	0	0	0	0
	Female	Number	Nissha	2	0	2	2	4
Composition by age (20-29)	Total	Number	Nissha	116	94	82	72	81
	Male	Number	Nissha	63	54	42	33	36
	Female	Number	Nissha	53	40	40	39	45
Composition by age (30-39)	Total	Number	Nissha	246	217	217	193	172
	Male	Number	Nissha	164	133	135	117	106
	Female	Number	Nissha	82	84	82	76	66
Composition by age (40-49)	Total	Number	Nissha	281	262	269	261	276
	Male	Number	Nissha	225	214	218	205	213
	Female	Number	Nissha	56	48	51	56	63
Composition by age (50-59)	Total	Number	Nissha	172	145	155	175	179
	Male	Number	Nissha	156	129	134	152	152
	Female	Number	Nissha	16	16	21	23	27
Composition by age (over 60)	Total	Number	Nissha	2	2	6	7	8
	Male	Number	Nissha	1	1	5	6	7
	Female	Number	Nissha	1	1	1	1	1
Number of employees	Total	Number	Nissha Group	5,718	5,390	5,409	5,325	5,221
	Male	Number	Nissha Group	3,692	3,432	3,470	3,362	3,212
	Female	Number	Nissha Group	2,026	1,958	1,939	1,963	2,009

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Composition of managerial staff	Male	Number	Nissha Group in Japan	n/a	273	281	269	261
	Female	Number	Nissha Group in Japan	n/a	13	14	15	17
	Total	Number	Nissha Group in Japan	n/a	286	295	284	278
	Of which mid-carrier employees	Number	Nissha Group in Japan	n/a	86	94	91	89
	Of which foreign employees	Number	Nissha Group in Japan	n/a	2	2	1	1
Percentage of persons with disabilities employed		%	Nissha	2.38	2.11	2.12	2.07	2.67
<b>16. Human Resources Development</b>								
Annual training hours	Total	Hours	Nissha Group in Japan	22,265	26,337	42,426	30,613	28,739
	Male	Hours	Nissha Group in Japan	17,768	19,092	28,928	23,252	20,042
	Female	Hours	Nissha Group in Japan	4,497	7,245	13,498	7,361	8,697
Training hours per employee	Average	Hours	Nissha Group in Japan	9.7	13.1	18.2	14.4	13.4
	Male	Hours	Nissha Group in Japan	9.6	11.8	16.4	14.2	12.2
	Female	Hours	Nissha Group in Japan	10.0	17.9	24.0	15.3	17.7
<b>17. Employee Engagement</b>								
Engagement Survey								
Response rate		%	Nissha Group	n/a	n/a	n/a	83.0	94.2
Will to contribute to the organization	Percentage of Positive Responses	%	Nissha Group	n/a	n/a	n/a	95.6	95.5
Organizational Commitment	Percentage of Positive Responses	%	Nissha Group	n/a	n/a	n/a	87.8	89.0
Rewarding	Percentage of Positive Responses	%	Nissha Group	n/a	n/a	n/a	82.3	83.4
Feeling of contributing to society	Percentage of Positive Responses	%	Nissha Group	n/a	n/a	n/a	78.8	80.6
* We started engagement surveys in 2022.								
Average days of annual paid leave used		Days	Nissha Group in Japan	12.2	11.4	11.5	12.9	14.1
Average percentage of annual paid leave used		%	Nissha Group in Japan	65.9	61.4	60.3	66.1	72.0

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees who used child-rearing leave	Total	Number	Nissha Group in Japan	61	69	67	73	81
	Male	Number	Nissha Group in Japan	18	19	21	25	38
	Female	Number	Nissha Group in Japan	43	50	46	48	43
Number of employees who worked shorter hours for child-rearing	Total	Number	Nissha Group in Japan	97	95	89	95	88
	Male	Number	Nissha Group in Japan	7	2	2	3	6
	Female	Number	Nissha Group in Japan	90	93	87	92	82
Number of employees who took days off for child nursing	Total	Number	Nissha Group in Japan	157	120	108	115	122
	Male	Number	Nissha Group in Japan	79	56	49	50	60
	Female	Number	Nissha Group in Japan	78	64	59	65	62
Reinstatement rate after child-rearing leave	Average	%	Nissha Group in Japan	96.8	100	97.1	97.6	100
	Male	%	Nissha Group in Japan	100	100	100	100	100
	Female	%	Nissha Group in Japan	95.0	100	95.6	95.8	100
Retention rate after child-rearing leave (1 year)	Average	%	Nissha Group in Japan	93.5	90.0	88.5	94.7	90.6
	Male	%	Nissha Group in Japan	100	92.0	83.3	87.5	95.0
	Female	%	Nissha Group in Japan	90.0	88.6	91.3	100	88.6
Number of employees who used family care leave	Total	Number	Nissha Group in Japan	4	1	0	0	0
	Male	Number	Nissha Group in Japan	3	1	0	0	0
	Female	Number	Nissha Group in Japan	1	0	0	0	0
Number of employees who used shorter hours for family care	Total	Number	Nissha Group in Japan	1	0	0	0	1
	Male	Number	Nissha Group in Japan	0	0	0	0	0
	Female	Number	Nissha Group in Japan	1	0	0	0	1
Number of employees who used days off for family care	Total	Number	Nissha Group in Japan	17	15	6	12	15
	Male	Number	Nissha Group in Japan	12	8	5	6	8
	Female	Number	Nissha Group in Japan	5	7	1	6	7
Number of employees who used outpatient sick leave system	Total	Number	Nissha Group in Japan	3	4	6	9	9
	Male	Number	Nissha Group in Japan	1	2	3	5	5
	Female	Number	Nissha Group in Japan	2	2	3	4	4
Number of internal job posting		Number	Nissha Group in Japan	9	0	15	31	14

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Successful applicants (transferees)	Total	Number	Nissha Group in Japan	5	n/a	7	2	1
	Male	Number	Nissha Group in Japan	4	n/a	6	2	0
	Female	Number	Nissha Group in Japan	1	n/a	1	0	1
Number of award winners	CEO's Award (Company-wide)	Number	Nissha Group	n/a	n/a	0	0	0
	CEO's Award (Group Companies)	Number	Nissha Group	n/a	n/a	10	0	11
	BU Head's Award	Number	Nissha Group	n/a	n/a	35 <sup>*1</sup>	21	41
	Synergy Award	Number	Nissha Group	n/a	n/a	32	79	57
	New Hope Award	Number	Nissha Group	n/a	n/a	13	8	15
	Nissha People Award	Number	Nissha Group	111	111	n/a	n/a	n/a
* In FY2021, the award system was revised and the Nissha People Award was abolished, while other awards were newly established.								
*1. Includes the number of winners of the Director's Special Award, which corresponds to the BU Head's Award.								
Subscription rate in employee stock ownership plan	%	Nissha Group in Japan	26.6	26.0	27.5	27.5	28.5	
<b>18. Safety and Health</b>								
Frequency of work-related accidents	-	Nissha Group in Japan	0.49	0.98	1.48	0.35	0.91	
Severity of work-related accidents	-	Nissha Group in Japan	0.00	0.01	0.05	0.00	0.04	
Fatal accidents (employee fatalities due to accidents at work)	Number	Nissha Group in Japan	0	0	0	0	0	
Number of work-related accidents	Number	Nissha Group	59	48	53	60	39	
Number of work-related accidents (Japan)	Number	-	13	15	15	7	9	
4 or more days of leave	Number	-	2	3	7	0	5	
Number of work-related accidents (North America)	Number	-	21	10	14	19	14	
Number of work-related accidents (Central and South America)	Number	-	11	2	2	2	2	
Number of work-related accidents (Europe)	Number	-	12	19	17	30	13	
Number of work-related accidents (Asia)	Number	-	2	2	5	2	1	
<b>19. Health and Productivity Management</b>								
Regular health checkup rate	%	Nissha Group in Japan	100	98.8	99.7	100	100	
Detailed checkup rate after regular health checkup	%	Nissha Group in Japan	37.8	34.7	51.7	60.3	75.3	
Lung cancer screening rate	%	Nissha Group in Japan	98.7	99.4	100	100	100	

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Stomach cancer screening rate	%	Nissha Group in Japan	99.3	92.4	94.0	93.0	92.9	
Colorectal cancer screening rate	%	Nissha Group in Japan	95.6	96.8	96.8	96.2	97.3	
Uterus cancer screening rate	%	Nissha Group in Japan (held on a biennial basis)	49.4	60.3	66.7	66.7	92.7	
Breast cancer screening rate	%	Nissha Group in Japan (held on a biennial basis)	57.3	81.1	74.2	74.7	90.2	
Smoking rate*	%	Nissha Group in Japan	29.3	27.8	28.5	25.6	25.7	
Obesity rate*	%	Nissha Group in Japan	24.1	23.7	29.7	24.8	25.7	
Percentage of individuals maintaining appropriate weight	%	Nissha Group in Japan	n/a	68.4	69.7	68.4	66.7	
Percentage of individuals with regular exercise habits	%	Nissha Group in Japan	n/a	23.8	21.2	24.0	24.5	
Percentage of individuals with abnormal findings	%	Nissha Group in Japan	n/a	75.4	73.5	78.2	78.2	
Percentage of individuals at risk for high blood pressure	%	Nissha Group in Japan	n/a	0.1	0.0	0.2	0.2	
Percentage of individuals at risk for blood sugar issues	%	Nissha Group in Japan	n/a	0.3	0.2	0.3	0.3	
Specific health guidance implementation rate (Implemented / Targeted)	%	Nissha Group in Japan	97.0	96.2	99.0	99.9	94.0	
Specific health guidance continuation rate (Completed / Initial interview participants)	%	Nissha Group in Japan	n/a	96.2	99.0	99.0	98.0	
Stress check implementation rate	%	Nissha Group in Japan	100	100	100	99.9	100	
Presenteeism	%	Nissha Group in Japan	n/a	n/a	n/a	n/a	n/a	
Absenteeism	%	Nissha Group in Japan	n/a	n/a	n/a	0.72	0.81	
Engagement	%	Nissha Group in Japan	n/a	n/a	n/a	n/a	62.1	
* Excluding Kaga Factory and Tokyo Division Headquarters until the fiscal year ended December 2020.								

## Fair Operating Practices / Local Communities

Items	Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
22. Along with Local Communities							
Social contribution expenses	Million yen	Nissha Group in Japan	n/a	99	111	153	105

## Quality Management /Efficiency and Productivity Improvement

Items	Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
23. Quality Management							
Number of serious accident that conflict with laws or regulations as a result of flaws in our products and services	Number	Nissha Group in Japan	0	0	0	0	0
Fines due to a serious accident that conflict with laws or regulations as a result of flaws in our products and services	Japanese Yen	Nissha Group in Japan	0	0	0	0	0

## Governance

Items	Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
25. Corporate Governance							
Directors of the Board	Number	Nissha	9	9	9	9	9
Independent Outside Director of the Board	Number	Nissha	4	4	4	4	4
Female Directors of the Board	Number	Nissha	1	1	1	1	1
Foreign national Directors of the Board	Number	Nissha	1	1	1	1	0
Audit and Supervisory Board Members	Number	Nissha	4	4	4	4	4
Independent Audit and Supervisory Board Member	Number	Nissha	2	2	2	2	2
Female Audit and Supervisory Board Members	Number	Nissha	0	0	0	0	0
Corporate Officers, excluding concurrently serving as Directors of the Board	Number	Nissha	12	12	12	12	14

Items	Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023	
Female Corporate Officers	Number	Nissha	0	0	0	0	1	
Foreign national Corporate Officers	Number	Nissha	2	2	2	2	2	
* The number of Directors of the Board, Audit and Supervisory Board Members, and Corporate Officers is as of the conclusion of the Ordinary General Meeting of Shareholders for the relevant fiscal year.								
Total compensation	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	255	226	328	318	257
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	28	26	28	32	33
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	50	46	53	54	54
Compensation by category (Base salary)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	174	151	169	171	171
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	28	26	28	32	33
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	50	46	53	54	54
Compensation by category (Bonuses)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	55	52	113	89	45
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	-	-	-	-	-
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	-	-	-	-	-
Compensation by category (Stock compensation, etc.)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	25	22	45	57	40
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	-	-	-	-	-
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	-	-	-	-	-

Items		Unit	Boundary	FY2019	FY2020	FY2021	FY2022	FY2023
Number of members subject to aggregation of compensation and etc.	Directors of the Board (Excluding Independent Outside Directors of the Board)	Number	Nissha	5	5	7	5	5
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Number	Nissha	2	3	2	3	2
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Number	Nissha	8	6	6	7	6
<b>28. Risk Management and Compliance</b>								
Hotline number of reports			Nissha Group	9	12	7	4	8
* The Hotline is a whistle-blowing and other consultation service for inappropriate, illegal or unethical behavior by organizations or individuals, and is not limited to harassment consultation.								
<b>35. Management System and Other Certification Acquisitions</b>								
ISO9001 acquisition site		Number of sites	Nissha Group	24	29	25	19	18
ISO13485 acquisition site		Number of sites	Nissha Group	10	10	10	12	14
ISO22716 acquisition site		Number of sites	Nissha Group	0	1	1	1	1
IATF16949 acquisition site		Number of sites	Nissha Group	8	9	10	8	8
ISO14001 acquisition site		Number of sites	Nissha Group	13	17	17	18	17
ISO50001 acquisition site		Number of sites	Nissha Group	2	5	4	4	3
OHSAS18001 · ISO45001 acquisition site		Number of sites	Nissha Group	3	3	1	2	2
ISO27001 acquisition site		Number of sites	Nissha Group	11	17	18	18	18
FSC COC acquisition site		Number of sites	Nissha Group	4	5	10	10	10
PEFC acquisition site		Number of sites	Nissha Group	n/a	n/a	2	2	2
EN15593 acquisition site		Number of sites	Nissha Group	1	1	1	1	1
EC93/42/EEC acquisition site		Number of sites	Nissha Group	2	2	2	3	2

## List of policies, principles and guidelines

Title	Sustainability Report 2022 · Web site	Pages on PDF
Environment Policy and Principles	4. Environmental Policy and Management Structures	4-1
Basic Policy on Labor and Human Rights	13. Human Rights	13-1
Human Resources Policy	14. Human Resources Policy and System	14-1
Occupational Safety and Health Policy and Principles	18. Safety and Health	18-1
Health and Productivity Management Policy	19. Health and Productivity Management	19-1
Purchasing Principles	21. Partnership with Our Suppliers	21-1
Social Contribution Policy	22. Along with Local Communities	22-1
Quality Policy / Nissha Quality Way	23. Quality Management	23-1
Corporate Governance Policy	Website About > Corporate Governance	-
Risk Management Policy	28. Risk Management and Compliance	28-1
Corporate Ethics and Compliance Guidelines and Principles	28. Risk Management and Compliance	28-2
Information Security Policy and Principles	29. Information Security	29-1
Trade Management Policy and Principles	30. Trade Management	30-1
Nissha Group Anti-Corruption Guidelines	31. Anti-corruption	31-1
Business Continuity Plans Policy and Principles	32. Business Continuity	32-1
Tax Principles	33. Tax Principles	33
Basic Approach to Responsible Mineral Procurement	34. Responsible Mineral Procurement	34-1