

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.

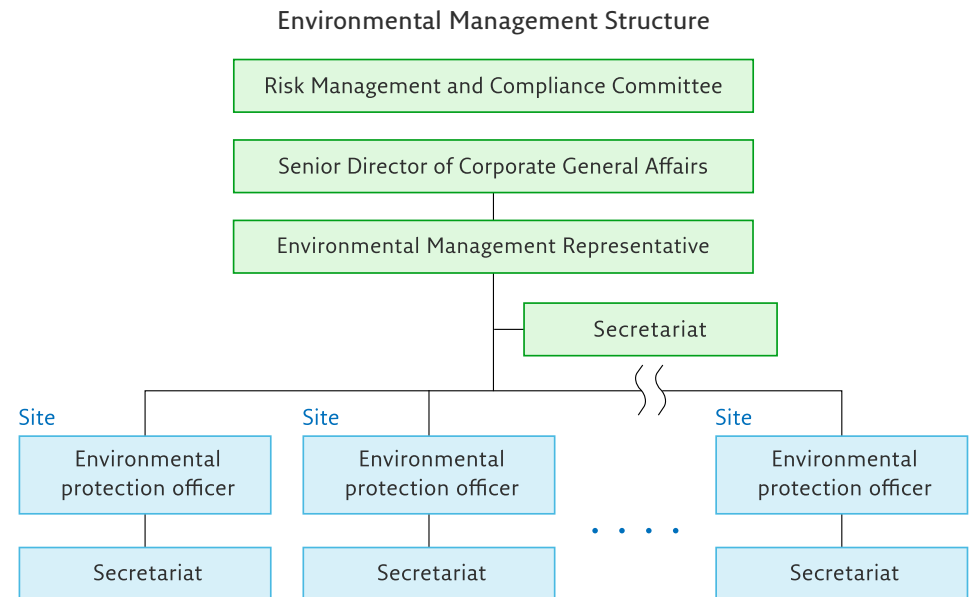
Daisuke Inoue
Director of the Board, Senior Executive Vice President, General Affairs
Nissha Co., Ltd.

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 10,029,000m³ of gas, a decrease of approximately 4% from the 10,485,000m³ used in the previous year. From the fiscal year ended December 2020, CO₂ 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
Total for production bases in Japan		16,466t

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
	Total for overseas production bases	

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

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
Total for production bases in Japan		11,057t

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
	Waste plastic Waste ink, waste solvents Others	
	Non-recyclable waste	Incineration/landfill
Total for overseas production bases		9,784t

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

*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.

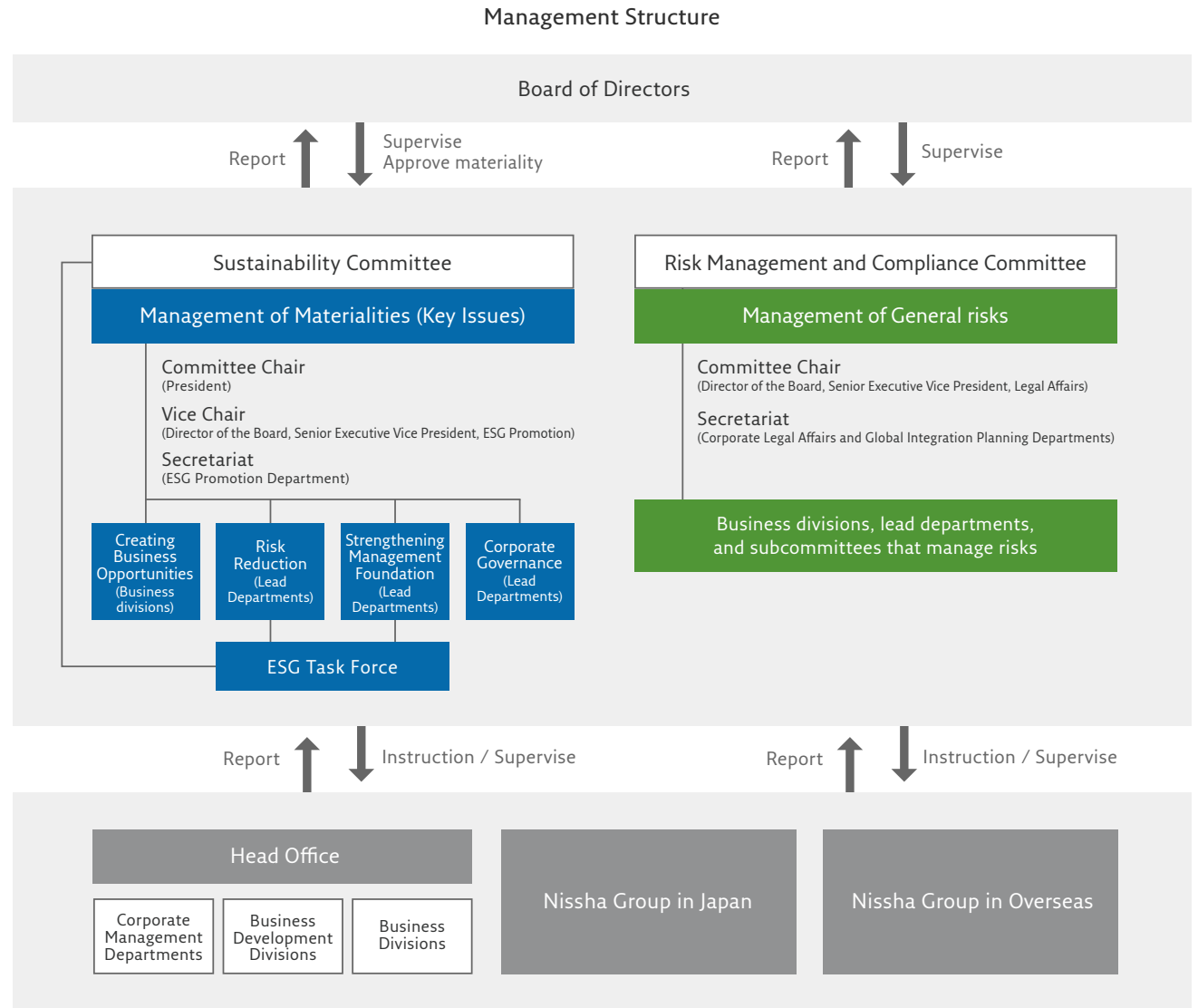
Materialities (Key Issues) Management	General Risks Management
<ul style="list-style-type: none"> Materialities (key issues) are identified through deliberation and resolution by the Board of Directors meeting and managed by the Sustainability Committee which is chaired by the Chairman of the Board, President and CEO and vice-chaired by the Director of the Board, Senior Executive Vice President (in charge of ESG Promotion). 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. 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. 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. 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. 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 CO₂ emissions reduction target. 	<ul style="list-style-type: none"> 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). 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. 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. 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.

*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

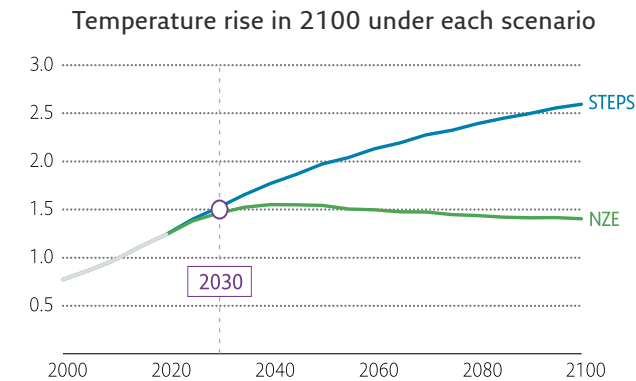
- Scenario analysis target business: Three main businesses of the Nissha Group (Industrial Materials, Devices, Medical Technologies)
- Scenario analysis time horizon: Study transition risks and physical risks and opportunities in the short term (1-2 years), medium term (3-5 years), and long term (6-10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

*1.NZE: a scenario in which the world decarbonizes and achieves virtually zero CO₂ 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 CO₂ emissions peak in 2040 and stable economic development is achieved.

*4. RCP8.5: a scenario in which CO₂ 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 CO₂ 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 ^{*1,2}		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 ₂ emissions	Small	Medium	<ul style="list-style-type: none"> - Mitigation Switch to renewable energy sources at production sites - Mitigation Introduce energy-saving production equipment - Mitigation Review productivity and efficiency in the production processes 		
				Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes	-	Medium	<ul style="list-style-type: none"> - Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products - Adaptation Improve purchasing power through global procurement 		
		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"> - Mitigation Introduce energy-saving production equipment - Mitigation Reduce electricity consumption - Mitigation Consider the introduction of solar and wind power generation facilities 	
					Cost of reducing CO ₂ emissions in logistics (procurement and shipping) increases	-	Small	<ul style="list-style-type: none"> - Adaptation Study trends in the logistics industry and consider shifting to transportation methods that emit less CO₂ 	
		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"> - Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products - 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 	
	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"> - Adaptation Research technology trends to enable compliance with CFC regulations 		
	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"> - Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products 	
					Increase in raw material costs due to increased use of reprocessed plastic	-	Small	<ul style="list-style-type: none"> - 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 	
		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"> - Adaptation Promote product development and enhance production facilities in response to market trends for next-generation vehicles other than Evs 	
	Technologies	Changes in customer behavior (increase in requests from customers to reduce CO ₂ 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"> - Mitigation Conserve energy through improved productivity and reduce CO₂ emissions through switch to renewable energy 	
Transition to materials and technologies with lower environmental impact					Medium-term	Costs increase due to replacing product packaging materials	-	Small	<ul style="list-style-type: none"> - Adaptation Investigate alternative materials that can reduce costs while maintaining the quality of packaging materials
						Net sales decline due to substituting our products for low-carbon products made by other companies	Medium	Medium	<ul style="list-style-type: none"> - Adaptation Develop low-carbon products with lower environmental impact
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"> - Adaptation Promote the development of low-carbon technologies 		
				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"> - Adaptation Enhance climate change initiatives and disclose information appropriately 		
Physical risks ^{*3}	Acute	Industrial Materials Devices	Short to long-term	<ul style="list-style-type: none"> - 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 - 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 	Small	Small	<ul style="list-style-type: none"> - Adaptation Improve and strengthen BCP, and establish a system to support affected sites - Adaptation Build a supply chain for stable procurement, including multi-company purchasing and out-sourced production of raw materials at multiple factories and lines 		

*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 CO₂ 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 ^{*1,2}		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 CO₂ 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.

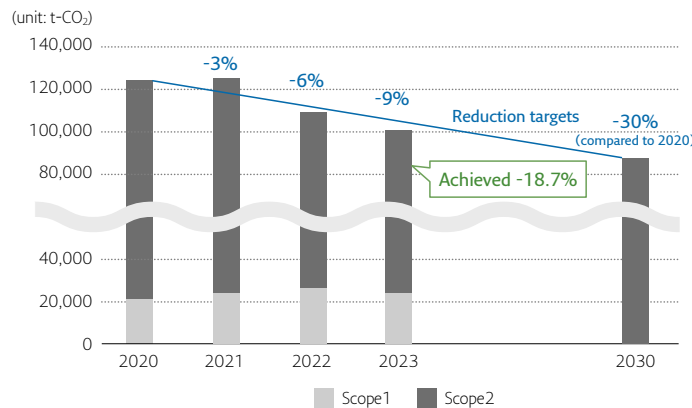
As a measure to address risks, a "Business Continuity Plan" has been formulated to prepare for and respond to natural disasters and emergencies should they occur, and the plan is promoted by the Business Continuity Management Subcommittee under the Risk Management and Compliance Committee. The Business 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 CO₂ emissions as an indicator for assessing and managing risks related to climate change. Our Sustainability Vision aims for a 30% reduction in CO₂ 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 CO₂ 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. CO₂ Emissions and Reduction Efforts

7-1 CO₂ 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 CO₂ 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 CO₂ emissions by 3% per year, and to identify Scope 3 categories and calculate CO₂ emissions in our supply chain.

The Group will promote these initiatives on a global basis, while monitoring global trends relating to the reduction of CO₂ 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 CO₂ 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-CO₂, which is 25.4% of Scope 1 and 74.6% of Scope 2. Total emissions dropped 12.0% over the 114,691t-CO₂ 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 ₂)	%	Emission (t-CO ₂)	%	Emission (t-CO ₂)	%	Emission (t-CO ₂)	%	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-CO₂ total CO₂ emissions for the fiscal year ended December 2023 shown above includes 2,431t-CO₂ 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-CO₂.

7-3 Trends in CO₂ Emissions and Energy Consumption, etc.

The Nissha Group's CO₂ 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 CO₂ emission factors are the CO₂ emissions of the Group.

Nissha Group emits almost no energy-related greenhouse gases other than CO₂, and its impact is minimal.

CO₂ Emissions Volumes and Basic Unit

(unit: t-CO₂, 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
Total	124,204	125,244	114,691	100,963
Basic Unit*	0.69	0.66	0.59	0.60

*CO₂ 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
Total	3,124	2,662	2,032
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
Total	264,973	250,732	217,027
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: 1,000m³)

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
Total	10,558	10,485	10,029

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
Total	220	207	198

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 CO₂ 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^{*1}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-CO₂)

Scope 3 Category		FY2022		FY2023	
		Coverage		Coverage	
		Domestic	Overseas	Domestic	Overseas
1	Purchased goods and services	50,616	97,144	38,891	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 ^{*2}	4,272	10,341	4,368	Under investigation
	Upstream transportation and distribution of shipments ^{*3}	7,398	19,296	6,561	Under investigation
5	Waste generated in operations	4,462		Under investigation	
6	Business travel	579	—	638	—
7	Employee commuting	2,261	—	2,038	—
11	Use of sold products	7,739		10,370	
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 CO₂ Emission Calculation

Scope 1, 2

Coverage	<ul style="list-style-type: none"> Nissha Co., Ltd. Nissha Industries, Inc. Nissha Precision and Technologies, Inc. Nissha Printing Communications, Inc. Nissha FIS, Inc. Nissha Business Service, Inc. Zonnebodo Pharmaceutical Co., Ltd. Nissha Eimo Technologies Nissha PMX Technologies, S.A. de C.V. Nissha Medical Technologies Lead-Lok, Inc. CEA Global Dominicana, S.R.L. CEA Medical Manufacturing, Inc. Nissha Medical Technologies Ltd. 	<ul style="list-style-type: none"> Nissha Medical Technologies SAS Nissha Schuster Kunststofftechnik Nissha Back Stickers Nissha Back Stickers International Nissha Metallizing Solutions N.V. Nissha Metallizing Solutions S.r.l. Nissha Metallizing Solutions Ltd. Nissha Metallizing Solutions Produtos Metalizados Ltda Nissha Metallizing Solutions GmbH Nissha (Kunshan) Precision IMD Mold Co., Ltd. Guangzhou Nissha High Precision Plastics Co., Ltd. Nissha Precision Technologies Malaysia Sdn. Bhd. Nissha SB Poland Sp. z o.o.
Calculation method	<p>Calculated based on Ministry of the Environment "Greenhouse Gas Emissions Calculation Report Manual (Ver.4.9)" (CO₂ emission factors)</p> <p>CO₂ emissions associated with the fuel use: Emission factor based on the Act on Promotion of Global Warming Countermeasures</p> <p>CO₂ 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. CO₂ emissions from major domestic material suppliers

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

The verified 38,891t-CO₂ emissions are from 39 key suppliers of Nissha Group in Japan, from whom we purchase 74% of all our purchases.

Category4. CO₂ 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 ₂ emissions of suppliers calculated using either the ton-kilometer method, fuel consumption method, or fuel method

The verified 4,368t-CO₂ 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. CO₂ 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 CO₂ Emissions in the Logistics Sector) Ver.3.1</p> <p>Overseas transportation: Sum up CO₂ 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-CO₂ emissions are from 37 key logistics suppliers of Nissha Group in Japan, from whom we purchase 88% of all our purchases.

Category 6, 7. CO₂ emissions associated with business travel and employee commuting

Coverage	<ul style="list-style-type: none"> • Nissha Co., Ltd. • Nissha Industries, Inc. • Nissha Precision and Technologies, Inc. • Nissha Printing Communications, Inc. • Nissha F8, Inc. • M crossing Co., Ltd. • Nissha FIS, Inc. • Nissha Business Service, Inc. • Zonnebodo Pharmaceutical Co., Ltd. (commuting only)
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. CO₂ 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-CO₂ 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 CO₂ 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 CO₂ emissions data contained in this report in order to improve the reliability of our environmental performance data.



VERIFICATION STATEMENT

Project ID: PRJN-645864 Page 1 of 2

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 Page 2 of 2

< 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 >
 CO₂ CH₄ N₂O HFCs PFCs SF₆ NF₃

< 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 ₂ e
■ Amount of Scope 1 emissions	25,609 t-CO ₂ e
■ Amount of Scope 2 emissions (Market-based)	75,354 t-CO ₂ e
■ Scope 3 emissions ¹⁾	
■ Category 1 (Purchased Goods and Services) ²⁾	38,891 t-CO ₂ e
■ Category 4 (Upstream Transportation and Distribution) ³⁾	4,368 t-CO ₂ e
■ Category 6 (Upstream Transportation and Distribution) ⁴⁾	6,561 t-CO ₂ e
■ Category 6 (Business travel)	638 t-CO ₂ e
■ Category 7 (Employee commuting)	2,038 t-CO ₂ e
■ Category 11 (Use of Sold Products)	10,370 t-CO ₂ e
1) Category 1,4,6,7 cover locations in Japan only, and Category 11 covers all group companies. 2) GHG emissions associated with products purchased from main suppliers at locations in Japan. 3) GHG emissions from the transport of raw materials from main suppliers at locations in Japan. 4) Includes GHG emissions from the transport of intermediate and final products for which a location of the Organization is in Japan in the scope.	
■ Total energy consumption (related to Scope 1+Scope 2, locations in and outside Japan)	2,032 (10 ³ GJ)
■ Electric power consumption	217,027 (MWh)
■ Gas consumption	10,029 (10 ³ m ³)
■ 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

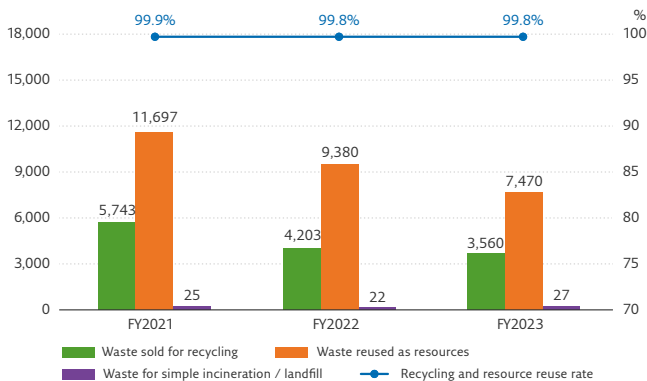
9. Waste Management

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*¹ (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

for Chemical Substances in Purchased Products

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

*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* 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 ³	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 Vegetable oil 30	1	0.9	mg/l	<0.5	○	<0.5	○	<0.5	○
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 ^{*1}	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 ^{*2}	—	—	—	—	—	—	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 ^{*1}	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 ^{*2}	—	—	—	—	—	—	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 ³ 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 ³ 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 ³	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[®], 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 ³	Production bases in Japan and overseas	1,291	1,287	1,249	993	912
	Underground water	m ³	Production bases in Japan and overseas	103	40	46	49	42
	Industrial water	m ³	Production bases in Japan and overseas	1,943	1,725	1,670	1,549	1,282
Water discharge		m ³	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.

12-1 Initiatives and Achievements in FY2023

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.

1. Prevention of pollution

Target	FY2021	FY2022	FY2023
(1) Maintain zero environmental accident ^{*1}	×	×	○
(2) For environmental risks classified as significant environmental aspects on the hazard assessment list ^{*2} , 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 ₂ emissions rate (basic unit) ^{*1} by 6% or more ^{*2} by the fiscal year ending December 2023	○	○	○
(2) Reduce CO ₂ emissions rate (basic unit) by 1% or more compared to the previous year	×	×	×

*1. CO₂ emissions rate (basic unit) = CO₂ 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 CO₂ 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)*1 by 6% or more*2 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 CO₂ 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 CO₂ emissions by 27% by FY2029 (Baseline: FY2020 actual value)
- (2) Reduce CO₂ 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