

13. Human Rights

13-1 Basic Policy

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

Basic Policy on Labor and Human Rights

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

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

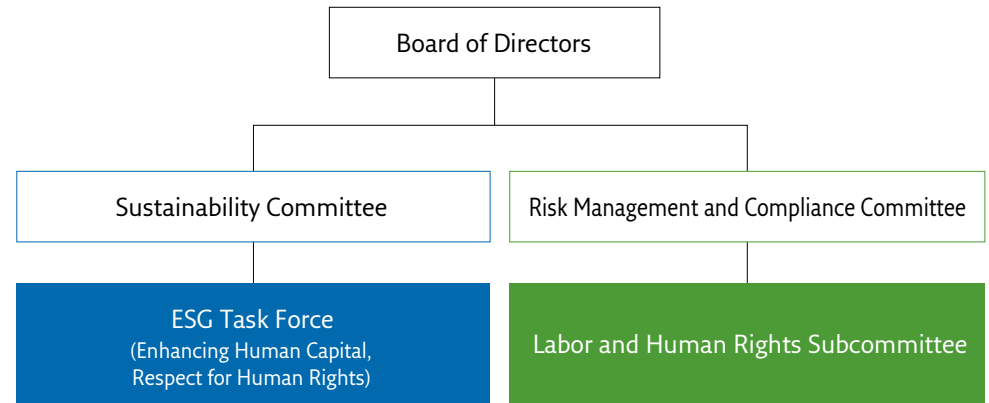
Junya Suzuki
Chairman of the Board, President and CEO
Nissha Co., Ltd.

Established on June 1, 2018

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

13-2 Structure

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



13-3 Initiatives Related to Labor and Human Rights

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

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

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

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

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

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

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

Initiatives for Foreign Technical Interns



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

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

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

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

13-4 Harassment Prevention

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

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

13-5 Relationship with Labor Union

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

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

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

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

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

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

14. Human Resources Policy and System

14-1 Policy

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

Human Resources Policy

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

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

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

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

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

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

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

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

14-3 ESG Task Force Initiatives

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

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

① Diversity

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

② Human resources development

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

③ Labor and human rights

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

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

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

14-4 Talent Management System

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

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

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

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

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

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

14-6 Wage Management

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

(Nissha Co., Ltd.)

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

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

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

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

15. Respect for Diversity

15-1 Nissha Group Employee Composition

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

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

Number of employees by region and gender

Unit: Number of employees

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

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

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

Composition by employment status and gender

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

* Figures exclude directors by a delegation agreement.

Employee Composition (Nissha Co., Ltd.)

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

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

*2. Managerial staff exclude corporate officers.

*3. Employees exclude temporary employees.

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

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

Unit: Number of employees

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

■ Number of employees (Nissha Group)

Unit: Number of employees

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

* Figures exclude temporary employees.

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

■ Composition of managerial staff (Nissha Group in Japan)

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

* Managerial staff exclude temporary employees.

15-2 Employment of Persons with Disabilities

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

■ Legal employment rate and Nissha's employment rate

Unit: %

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

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

15-3 Foreign Employees in Active Roles

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

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

Unit: Number of employees

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

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

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

15-4 Promotion of Women's Advancement

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

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

Refer to 14-3 ESG Task Force Initiatives

Female managers ratio

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

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

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

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

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

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

16. Human Resources Development

16-1 Basic Concept

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

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



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

16-2 Training Systems

Selective training

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

Business School

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

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

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

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

Executive MBA program and a graduate school program for working professionals

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

Overseas trainee system

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

Rank-specific training

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

New employee training

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

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



■ Function-based training

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

Priority market skills training

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

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

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

Common training for engineers

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



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

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

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

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

16-4 Career Planning Support

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

16-5 Training Records

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

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

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

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

16-6 In-House Training Programs

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

17. Employee Engagement

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

17-1 Engagement Survey

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

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

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

Engagement survey results

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

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

17-2 Flexible Work Hours

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

17-3 Telework System

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

17-4 Child-Rearing and Family Care Support

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

■ Major child-rearing support system

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

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

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

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

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

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

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

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

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

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

■ Major family care support systems

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

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

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

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

Communication with employees

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

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



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



Kurumin Certification



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

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

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

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

17-5 Promotion of the Use of Annual Paid Leave

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

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

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

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

17-6 Saved Expired Leave System

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

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

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

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

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

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

17-9 Support for Reinstatement After Long-Term Leave

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

17-10 Management of Working Time

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

17-11 Internal Job Posting System

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

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

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

17-12 Awarding System (Nissha Group)

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

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

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

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



17-13 Career Resumption Program

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

17-14 Employee Stock Ownership Plan / J-ESOP

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

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

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

Subscription Status of Employee Stock Ownership Plan

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

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

17-15 Retirement Pay System

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

18. Safety and Health

18-1 Policy and Principles

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

Occupational Safety and Health Policy

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

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

Occupational Safety and Health Principles

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

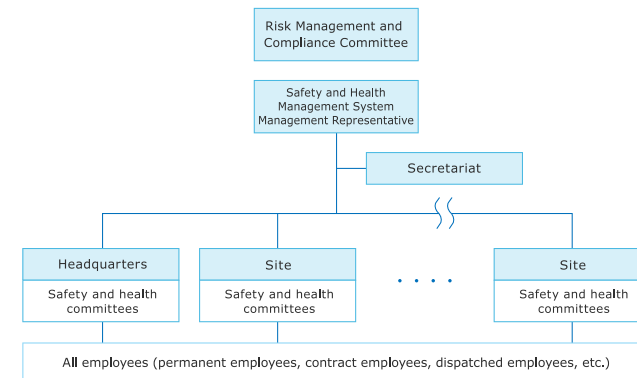
Daisuke Inoue
Director of the Board, Senior Executive Vice President, General Affairs
Nissha Co., Ltd.

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

18-2 Safety and Health Management System

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

Safety and Health Management Structure



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

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

18-3 Initiatives for FY2023

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

Workplace Risk Reduction - Risk Assessment

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

Safety Patrols

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

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

18-4 Occurrence of Occupational Accidents

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

Occurrence of Occupational Accidents (Nissha Group in Japan)

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

* Figures include accidents involving temporary employees.

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

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

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

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

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

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

18-5 Safety and Health Education and Training

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



General lifesaving training

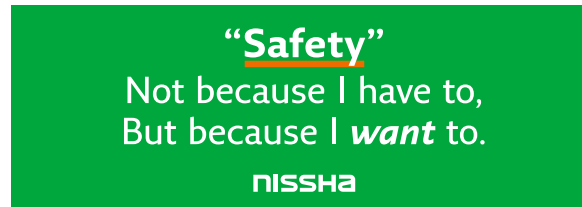


Individual safety education

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

18-6 Safety Slogan

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



18-7 External Evaluation

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

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

Training Participation

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

19. Health and Productivity Management

19-1 Policy

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

Health and Productivity Management Policy

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

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

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

19-2 Structure

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

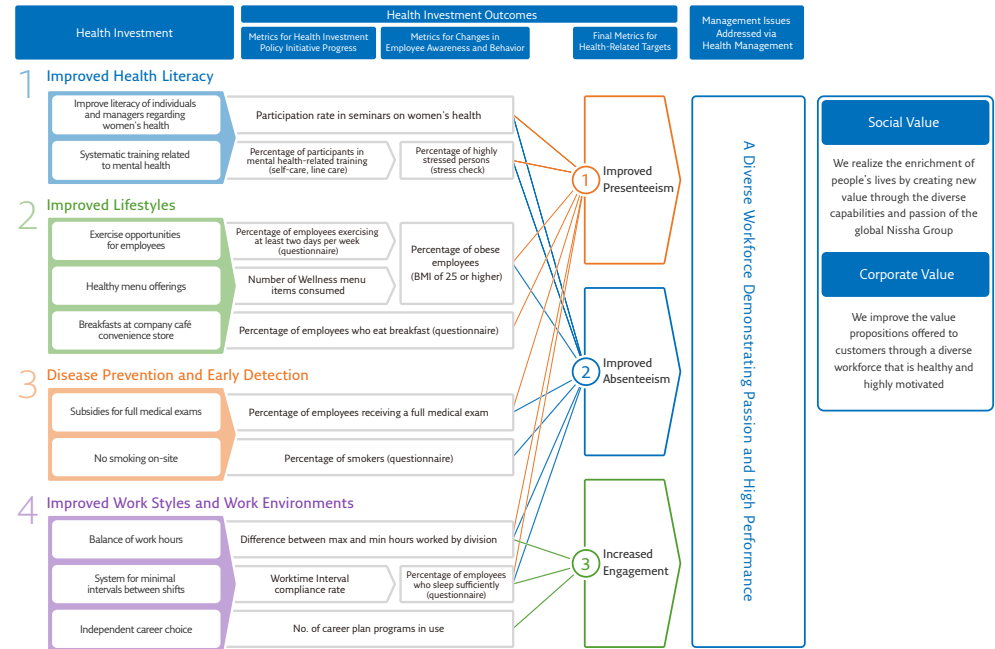
19-3 Health and Productivity Management Strategy Map

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

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

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

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



19-4 Various Measures

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

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

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

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



20. Intellectual Property

20-1 Basic Concept

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

20-2 Initiatives

■ Building an intellectual property portfolio

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

■ Avoiding intellectual property risks

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

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

■ Training

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

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

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



21. Partnership with Our Suppliers

21-1 Basic Policy

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

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

Purchasing Principles

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

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

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

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

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

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

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

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

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

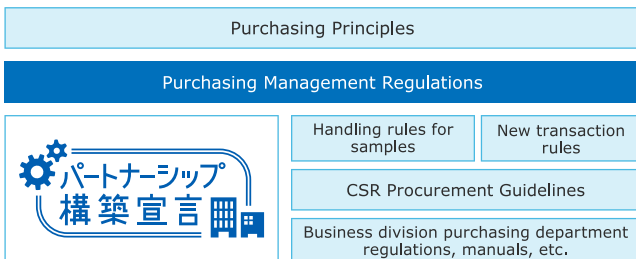
1. Labor and human rights	2. Health and safety	3. The environment
<ul style="list-style-type: none"> (1) Elimination of Involuntary Labor (2) Prohibition of child labor, protection of young workers and student workers (3) Working hours (4) Wages and benefits (5) Humane treatment (6) Non-discrimination (7) Freedom of association 	<ul style="list-style-type: none"> (1) Occupational safety and health (2) Emergency preparedness (3) Prevention of occupational injury and illness (4) Industrial hygiene (5) Physically demanding work (6) Machine safeguarding (7) Sanitation, food, and housing (8) Health and safety communication 	<ul style="list-style-type: none"> (1) Environmental permits and reporting (2) Pollution prevention and resource reduction (3) Hazardous substances (4) Solid waste (5) Air emissions (6) Materials restrictions (7) Water management (8) Energy consumption and greenhouse gas emissions
4. Ethics	5. Information Security	
<ul style="list-style-type: none"> (1) Business integrity (2) No improper advantage (3) Disclosure of information (4) Intellectual property (5) Fair business, advertising and competition (6) Protection of identity and non-retaliation (7) Responsible sourcing of minerals 	<ul style="list-style-type: none"> (1) Building of information management system (2) Defense against threats on computers and networks (3) Management and protection of personal information and confidential information 	

21-2 Maintaining Purchasing Related Rules

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

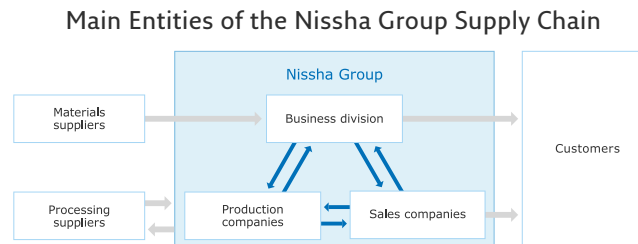
In addition, to ensure the content of these new regulations and rules are understood and put into practice, the Nissha Group as a whole will hold briefings that include comprehension testing, and will check operational status using internal audits.

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



21-3 Nissha Group Supply Chain

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



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

■ CSR Audit

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

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

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

■ Labor and Human Rights Risk Survey

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

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

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

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

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

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

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

21-5 Development of Procurement Personnel

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

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

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

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

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

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

22. Along with Local Communities

22-1 Policy

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

Social Contribution Policy

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

Main fields of our support:

- Environment
- Arts and Culture
- Medical and wellness

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

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

22-2 Initiatives

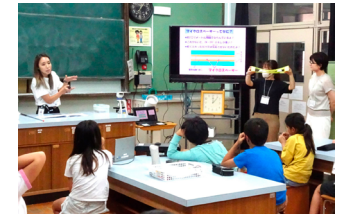
The Nissha Group are expanding our business globally. We promote activities that meet the needs of our stakeholders through communication with them in each region.

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

Environment / support for future generation

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

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



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

Support for future generation

- Introduced our business as part of social studies courses

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



- Participated in Children’s Monozukuri Project run by the Kyoto City Board of Education

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

Promotion and support of arts and culture

- Sponsorship of arts and crafts exhibitions

We sponsor exhibitions and art displays in Japan.

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

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

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

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

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

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

- Participation as a museum partner

Kyoto National Museum (Higashiyama-ku, Kyoto)

Humanitarian Assistance

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

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

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

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

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

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

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

22-3 Membership in Community Organizations (Nissha)

Nissha participate in various activities in the region.

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

23. Quality Management

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

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

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

23-1 Policy / Nissha Quality Way

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

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

Quality Policy

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

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

Nissha Quality Way

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

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

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

23-2 Quality Slogan

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

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



23-3 Quality Management System (QMS)

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

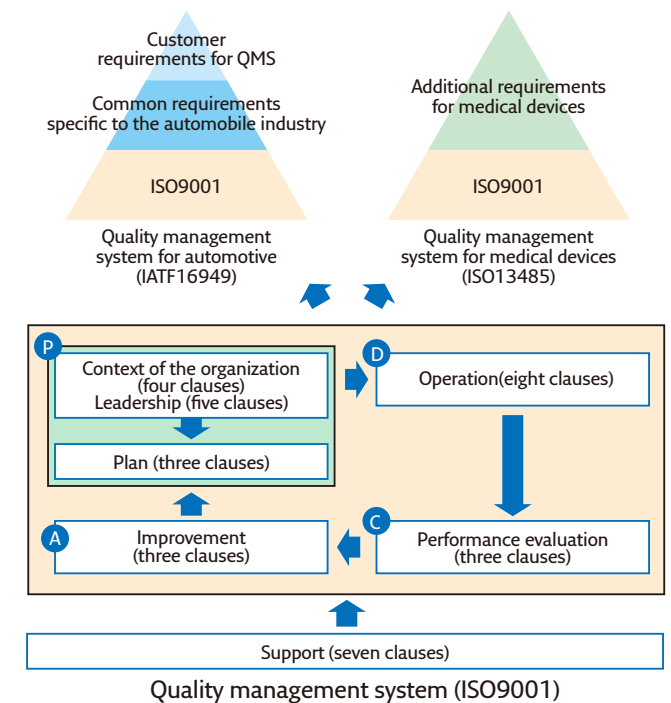
In addition to creating, implementing, and continually improving quality control systems based in the international ISO9001 (2015 version), we are steadily constructing quality assurance systems individually aligned with medical, mobility, and sustainable materials designated as the priority markets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

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

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

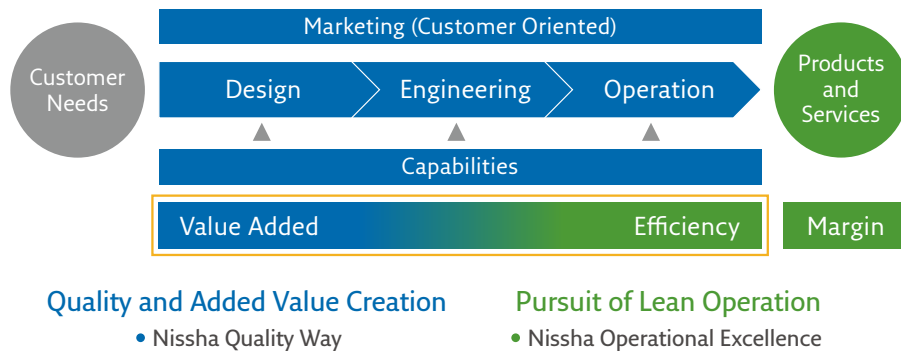
These quality management systems include quality performance

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



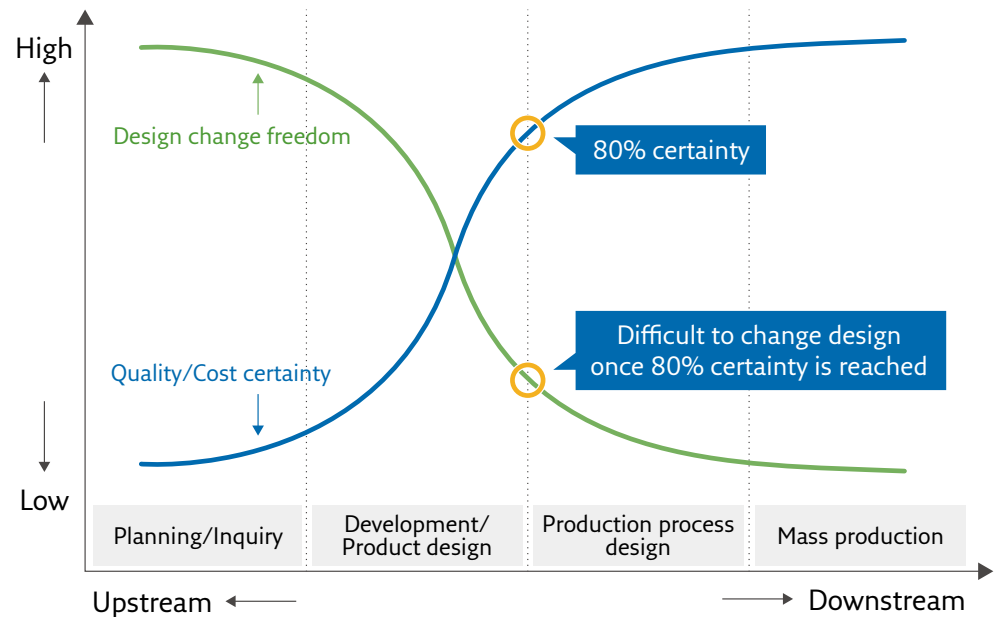
23-4 Two Strategies in the 8th Medium-term Business Plan

In the quality and production strategy, part of the 8th Medium-term Business Plan (2024-2026), we are working on maximizing profit margins throughout the entire value chain through quality and added value creation at the design and development stages, and the pursuit of lean operation at the mass production stage.



Quality and Added Value Creation at the Design and Development Stages (Nissha Quality Way)

This shows how it is important to build in quality at the design stage rather than at the prototyping and production stages.



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

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



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

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

23-5 Overall Optimization and Continuous Improvement

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

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

Training

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

Practical education

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

Information sharing

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

23-6 Quality and Safety of Products

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

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

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

24. Efficiency and Productivity Improvement

24-1 Approach

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

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

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

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

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

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

24-2 Initiatives Through FY2023

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

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

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

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

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

design information when designing a new product.

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

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

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

24-3 Initiatives for FY2024 and beyond

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

- Digitalization and automatization of processes

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

- Strengthen data utilization and improve analysis processes

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

mize work processes, increasing productivity.

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

- Enriching training programs

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

- Spreading DX literacy

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

- Providing opportunities for practice

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

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