



Nissha Sustainability Report 2020

English



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CEO Message

Nissha Group views sustainability as an initiative toward the achievement of sustainable growth and development for both the company and society. Accordingly, we consider social issues to be business opportunities. It is important not only that we leverage our capabilities to provide products and services that help resolve these on an ongoing basis, but also that we strengthen our management foundation underpinning our business activities. We must also build management systems that allow us to fulfill of our social responsibility. In these ways and others, we pursue risk reduction. Through these activities, we generate the economic and social value professed in the Nissha Mission, which states that we realize the enrichment of people's lives.



Currently, the group is executing our Sixth Medium-Term Business Plan, a three-year program focused on growth through reorganization and optimization of our business portfolio. This plan defines mobility (automotive and transport equipment), medical devices, and sustainable packaging materials, as priority markets in addition to our mainstay consumer electronics (IT) business. These are markets in which we expect stable and sustainable growth and where clusters of social issue-based needs are present. The group views these needs as business opportunities, solving social issues through businesses that make use of our strengths. At the same time, we strive to identify and reduce environmental and social risks in our business activities, aiming to grow and develop with society.

In closing, I would like to extend my deepest condolences to the families of those who have lost their lives to the novel coronavirus disease (COVID-19), and express my heartfelt respect for the medical professionals at the frontline of treatment. We at the Nissha Group have undertaken manufacturing and sales of medical face shields, and hope to continue mustering our strengths and contributing to society.

We look forward to your continued guidance and encouragement.

June 2020

Junya Suzuki
Chairman of the Board
President and CEO

WE SUPPORT



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

Nissha's Sustainability

NISSHAグループのサステナビリティ

**Sustainable growth
of Nissha**

NISSHA の成長・発展

**Sustainable development
of Society**

社会の成長・発展



Creation of Business Opportunities

事業機会の創出

Resolution of social issues through business

事業を通じた社会課題の解決

Risk Reduction

リスクの低減

Strengthen management foundation

経営基盤の強化

Fulfillment of social responsibility

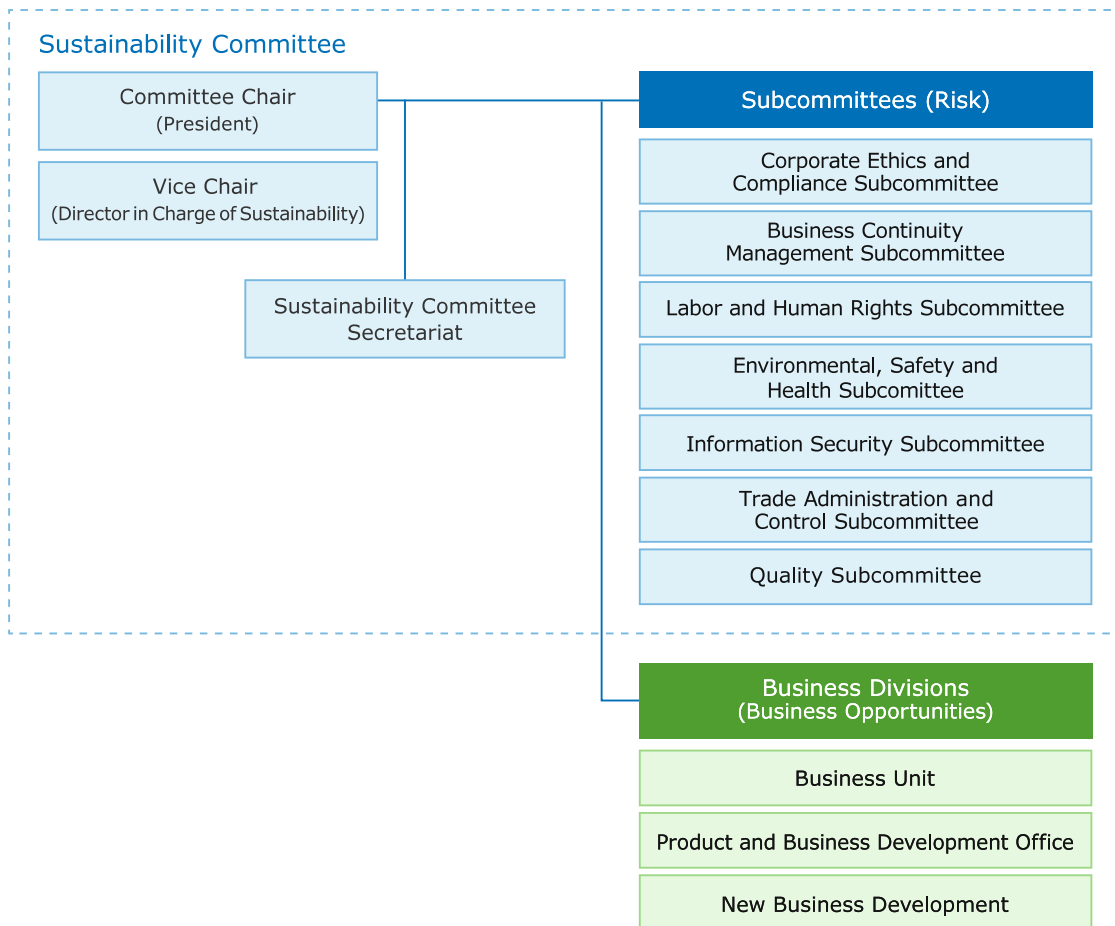
社会的責任の履行

Nissha Group Sustainability

Promotion Framework for Sustainability

In January 2020, Nissha Group established the Sustainability Committee as an evolution of our former CSR Committee. The Sustainability Committee is chaired by the president, with the director in charge of sustainability serving as vice chair. In addition to reducing risks related to the environment and society, which were issues addressed by the CSR Committee, the Sustainability Committee reframes social issues as business opportunities, seeking to resolve these issues through our businesses, creating new opportunities. Through this dual-natured function, the committee seeks to realize the enrichment of people's lives and achieve sustainable growth and development of society and the Nissha Group.

Promotion Framework for Sustainability



The Sustainability Committee identifies materialities, or key issues, by prioritizing social issues that may present business opportunities for the group and risks that could impede business continuity. Seven subcommittees established under the umbrella of the Sustainability Committee and business organizations use these materialities to set strategic policies, KPIs, and targets, engaging in PDCA cycles.

Business divisions are responsible for creating business opportunities. We check the progress at each Monthly Business Review (MBR) and Quarterly Business Review (QBR) meeting by evaluating KPIs. On

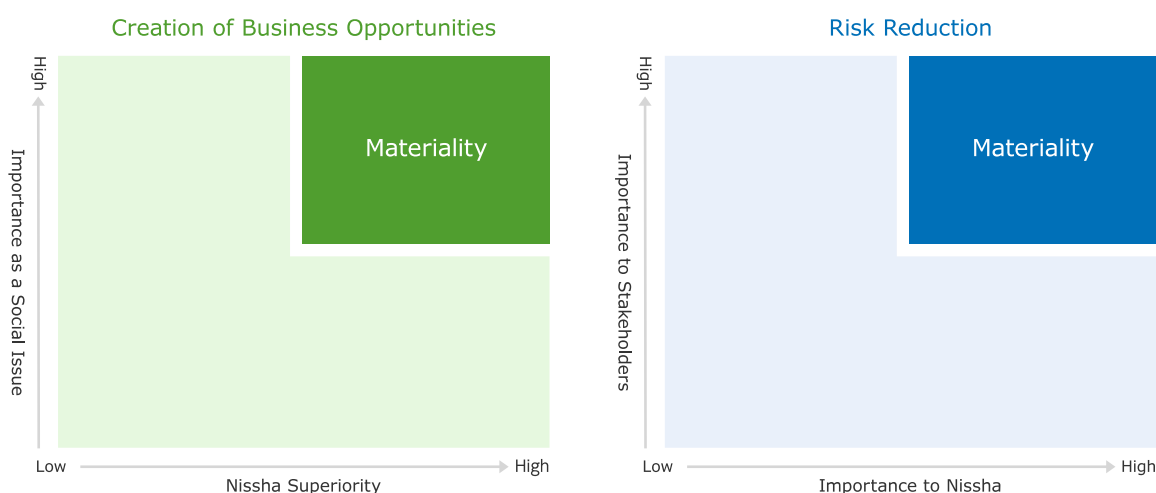
the topic of reducing risks, we strive to mitigate risks that could inhibit business continuity through the activities of the seven aforementioned subcommittees. Each quarter, we hold a meeting to check progress. The committee reports the progress and results of these Sustainability Committee activities to the board of directors once a year, addressing previous fiscal year's achievements and upcoming activities.

Materialities (Key Issues) and KPIs

Nissha Group adopts a dual perspective of generating business opportunity and reducing risk in our identification of materialities (issues of particular importance), prioritizing each and engaging in initiatives accordingly. We evaluate materialities along two axes: (1) importance to society and stakeholders and (2) importance to the company.

We identify materialities related to business opportunities in consideration of an issue's importance as a social issue (strength of needs) and Nissha superiority (scale of value we can provide) in our four priority markets as defined in the current Sixth Medium-Term Business Plan (FY2018/12-FY2020/12). For materialities of risk reduction, we identify risks related to the environment and society that may impede business continuity along the axes of importance to stakeholders and importance to Nissha Group. The degree of importance to stakeholders reflects the opinions of a range of stakeholders, including our customers, shareholders, and investors.

Analysis Map



Materiality Identification Process











Step 1 Identify Related Social Issues	Identify social issues related to the Nissha Group and our supply chain, referencing the SDGs ^{*1} , GRI Standards ^{*2} , RBA ^{*3} , and guidance.
Step 2 Prioritize	Analyze and prioritize the social issues identified in Step 1 based on the axes of importance to society and stakeholders (in consideration of SDGs, external evaluations, etc.) and importance to Nissha.
Step 3 Verify Validity	Examine the validity of issues via interviews conducted with business divisions, Sustainability Committee subcommittees, and other organizations.
Step 4 Establish Materialities and KPIs	Use the materialities identified in steps 1 to 3 to create strategy items and KPIs by business unit and subcommittee. These are approved by the Sustainability Committee.

- *1. SDGs (Sustainable Development Goals): Adopted by the United Nations in September 2015
- *2. GRI Standards (Global Reporting Initiative Standards): The world's most widely-adopted sustainability reporting guidelines
- *3. RBA (Responsible Business Alliance): Issues an international code of conduct for labor, health and safety, the environment, ethics, etc.




Nissha Group Materiality

Nissha Group determines materialities as follows, using the above process in consideration of business activities and degree of achievement in the KPIs of the fiscal year within the group's four priority markets, as defined in our Sixth Medium-Term Business Plan.

Materialities (Business Opportunities)

Materiality	Strategy Items	KPI	Related SDGs
Provide Free and Comfortable Travel Reduce Environmental Impact	Expand Business in the Mobility Market <ul style="list-style-type: none"> • Provide mobility products that contribute to comfortable travel • Provide products with low environmental impact 	Mobility Segment Sales	 
Solve Medical Issues Through Products and Services	Expand Business in the Medical Devices Market <ul style="list-style-type: none"> • Heart disease • Acute care • Contribute to medical care through consumable medical products, etc. 	Medical Technologies Business Sales	
Promotion of Circular Economy	Expand Business in the Sustainable Packaging Materials Market <ul style="list-style-type: none"> • Provide products/services that contribute to solving marine plastic pollution • Provide products/services that contribute to greater resource use efficiency 	Sustainable Packaging Materials Segment Sales	 
Resolve Social Issues Through Capabilities Cultivated in IT Markets	Generate Social Impact in Priority Markets (Medical Devices, Mobility, Sustainable Packaging Materials)	Sales in Priority Markets Using Capabilities Cultivated in IT Markets	  
Develop New Products That Contribute to Resolving Social Issues	Create New Businesses, Products, And Services Through Integrating Technologies Promote Development That Contributes to Resolving Social Issues	Sales of New Products That Solve Social Issues	 

Materialities (Risks)

Materiality	Subcommittee	Strategy Items	KPI	Related SDGs
Compliance	Corporate Ethics and Compliance Trade Management	(1) Build an internal reporting system (2) Implement fair, legally-compliant operations during import/export	(1) Formulate systems overview for US locations (2) Prevent illegal/unlawful declarations, omission of import charge factors Illegal/unlawful declarations: 0 (Annual) Omitted declarations of charge factors: 0 (Annual)	 
Product and Service Continuity	Business Continuity Management	(1) Understand status of BCP operation for key locations (2) Formulate guidelines for handling COVID-19	(1) Check validity of BCP plan for key overseas locations (2) Formulate guidelines for handling COVID-19 Once guidelines are complete, notify domestic locations, add necessary equipment	 
Human Rights in the Workplace	Labor and Human Rights	(1) Understand and reduce human rights risks at key overseas locations (2) Practice work-style reforms	(1) Identify and understand points brought up in customer audits and measures for improvement, share with related departments at Global Headquarters (2) Refine and evolve work hour management	 
The Environment	Environmental, Safety and Health	(1) Understand and reduce environmental impact causing climate change and other phenomena (2) Understand environmental impact of newly acquired companies	(1) Confirm details of main environmental impacts: 3 locations (2) Build environmental data collection system for newly acquired companies	
Occupational Health and Safety	Environmental, Safety, and Health	(1) Understand health and safety at newly acquired companies	(1) Build health and safety data collection system for newly acquired companies	
Information Assets	Corporate Ethics and Compliance Information Security	(1) Modify trade secret management to ensure appropriateness (2) Modify and execute new, appropriate trade secret management	(1) Enforce and maintain rules for trade secrets (2) Implement ISMS internal audit To be implemented in departments handling trade secrets as information assets	
Productivity Reforms	Quality	(1) Smart QC Smart Factory	(1) Productivity reform leveraging IT technology: 3 target locations	

Materialities (Risks) and Boundaries











Materiality	Boundaries	
	Inside Nissha Group	Outside Nissha Group
Compliance	•	•
Product and Service Continuity	•	•
Human Rights in the Workplace	•	•
The Environment	•	•
Occupational Health and Safety	•	•
Information Assets	•	•
Productivity Reforms	•	

FY2019/12 Initiatives and Achievement Status (Risk)

In the fiscal year ended December 2019, we strived to reduce risks through activities concentrating on medical devices and sustainable packaging materials, representing focus markets with its significance increasing, in step with the progress of the Sixth Medium-term Business Plan.

We built a structure for monitoring risk data at key bases and affiliated companies serving our focus markets. In monitoring risks unique to business in the Medical Devices business, we referred to the Sustainability Accounting Standards Board (SASB) disclosure standards for medical equipment and supplies, targeting companies listed in North America, and confirmed that our management structure is operated effectively.

*In the table below, an achievement status of "O" indicates target achieved, and "Δ" target partly not achieved.

Material Issue	Subcommittee	Strategy Items	KPI (target values)	Achievement Status	Related SDGs
Product Responsibility	CSR Committee Secretariat	Understanding the status of responses at the Medical Technologies business	Publishing information in accordance with SASB disclosure demands	○ Verified the Nissha Medical Technologies risk management structure	
Complying with Laws and Regulations	Corporate Ethics and Compliance Trade Administration and Control	(1) Response to GDPR (2) Construction of the internal reporting system for overseas bases (3) Maintenance and enhancement of trade management (4) Handling of trade secrets	(1) Number of bases where training is given on the revised personal information protection regulations (14 domestic bases) (2) Number of bases in Europe that have completed preparations to construct the internal reporting system (1 overseas base) (3) Maintenance and enhancement of management levels for persons responsible through educational programs on trade management (4) Formulation of regulations and operational flow, and penetration	(1) ○ Implementation rate of 100% (2) ○ Implementation rate of 100% (3) ○ Conducted Education in April 2020 (4) △ Completed formulation of regulations and operational flow	 
Human Rights in the Workplace	Labor and Human Rights	Understanding and reducing human rights risks	Number of human rights risks understood at key overseas bases, mainly in North America and Europe (10 risk items)	○ Monitored 10 items	 
Responsibility for Product and Service Continuation	Business Continuity Management	Understanding the status of BCP operation at key overseas bases and reducing risks	Understanding and reviewing BCP operational status at key overseas bases, mainly in North America and Europe (2 companies)	○ Implementation rate of 100%	 
The Environment	Environmental, Safety and Health	• Understanding and reducing the environmental impact of key overseas bases • Responses to climate change	• Construction of an environmental data acquisition system from key overseas bases, mainly in North America and Europe • Maintain CDP score of B	○ Completed structure ○ Maintained score of B	
Occupational Health and Safety	Environmental, Safety and Health	Understanding the status of safety and health at key overseas bases and reducing risk	Construction of a safety and health data acquisition system from key overseas bases, mainly in North America and Europe	○ Completed structure	
Protection of Customer Information	Information Security	Ensuring operation of ISMS at overseas companies	Number of new implementations of ISMS at overseas companies that previously lacked it (3 cases)	○ Completed new implementation for 3 cases	

United Nations Global Compact

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

The Global Compact is a voluntary initiative based on 10 principles in the area of human rights, labor, the environment, and anti-corruption. Its purpose is to have various companies show responsible and creative leadership, and thereby act voluntarily as good citizens and participate in creating a global framework for sustainable growth.



Signatory companies are required to express within and outside the company the commitment of top management, establish a CSR framework, make continuous improvements aiming for higher levels of management and CSR, and submit annual reports on the status and results of activities in the format of a Communication on Progress (COP).

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

The Ten Principles of the UN Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

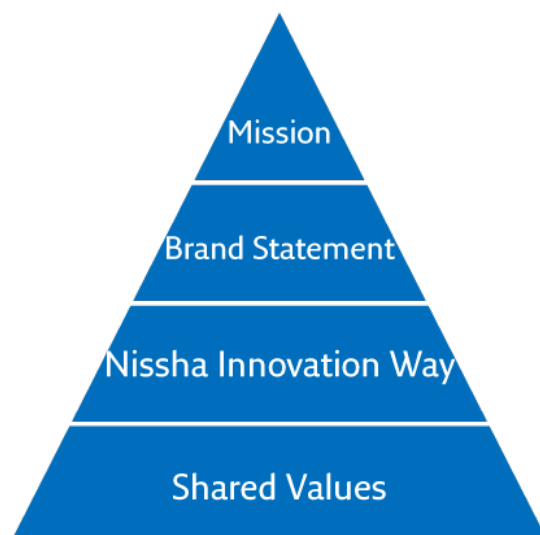
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Related information

United Nations Global Compact website: <http://www.unglobalcompact.org>

Nissha Philosophy

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



Mission

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

Brand Statement

EMPOWERING YOUR VISION

"Empowering Your Vision" expresses the relationship of Co-existence between Nissha and our stakeholders. Both we and our customers, shareholders, employees, suppliers, and society have visions, and we mutually affect each other toward realizing it. We maximize our capabilities driven by our Technology, Passion, and Leadership, and with the energy infused in us by our stakeholders, together create value for the future.

Shared Values

Customer is Our Priority

We are committed to maximizing customer value.

Diversity and Inclusion

We welcome diverse capabilities interacting as equals and enhancing our organizational performance.

Commitment to Results

We work with diligence and deliver results.

Done is Better than Perfect

We take actions first rather than sacrificing time value for perfection.

Act with Integrity

We act with integrity and maintain the trust placed in us.

Nissha Group Stakeholders

We identify our customers, shareholders, employees, suppliers, and society as the stakeholders that support Nissha Group operations. Toward realizing our Mission, we incorporate the voice of our stakeholders into business activities that contribute to a sustainable society. Both we and our stakeholders have a clear vision, and we mutually affect each other toward realizing it. Our aim is to work together and create valuable future.

Nissha's Circle of Trust



Customer

We at the Nissha Group serve customers across the globe. We identify our focus markets as mobility (automotive), medical devices, and sustainable packaging materials, in addition to our mainstay of consumer electronics (IT).

We aim to create highly competitive and distinctive products and services, develop them into customer value, and realize the "enrichment of people's lives." From environment-conscious production systems to fair operating practices, we promote environmental and social initiatives so that our customers can feel safe and entrusting us with work.



◆Communication

Sales activities in daily operations

Products and services information provided on the website

Activities to enhance customer satisfaction

Providing information for sustainability survey

Providing information about conflict minerals

Supplier responsibility (SR) audits by customers

Shareholder

We have a total of 50,855,638 outstanding shares and 11,194 shareholders. In a breakdown of shareholders by type, 36.0% are Japanese financial institutions and securities firms, 23.0% foreign institutions and individuals, 20.1% other Japanese corporations, 19.9% Japanese individuals and others, and 1.0% treasury stock (as of the end of December 2019).



In addition of active disclosure of information, we create opportunities to meet directly and exchange dialogue with our shareholders and investors through IR events and one-on-one briefings. Feedback and comments are reported directly to the management and shared regularly at Board of Directors meetings.

◆Communication

Shareholders' meetings

Management briefings following shareholders' meetings

Financial results presentations and teleconferences for institutional investors

One-on-one briefings for institutional investors

Response to individual inquiries

IR information provided on the Nissha website

Materials published for shareholders and investors (integrated report, business report for shareholders, etc.)

Providing information to investigation institutions for ESG investment

Employee

The Nissha Group has 5,718 employees. The number of employees in a breakdown by region, 40.2% in Japan, 12.6% in Asia, 27.6% in North America, 9.1% in Europe, and 10.5% in Central and South America (as of the end of December 2019).



We promote the creation of safe, comfortable workplaces and offer support for diverse work styles, respecting our employees' human rights and diversity from a global perspective. We at Nissha Group believe our employees are our most important management resources, and aim to achieve growth for both the company and our employees.

◆Communication

Discussions between labor and management

Safety and health committees

Workplace improvement committee

Education and training

Personnel evaluation and interviews

Hotline (for reporting to outside the company)

Providing information via the company intranet and company newsletter

Employee awareness survey and interviews

Supplier

Nissha Group's global operations revolve around procurement activities and engagement with a large number of suppliers.

We strive to build partnerships of co-existence and co-prosperity with our suppliers, and create corporate value founded on integrity. We seek to evaluate our suppliers fairly, impartially, and comprehensively at all times, and promote sustainable procurement.



◆Communication

Procurement activities in daily operations

CSR procurement briefings

ESG check sheets

Sustainability survey and auditing

In-house exhibitions and seminars themed around supplier products and technologies

Society

The Nissha Group has 15 bases in Japan and 40 overseas (as of the end of March 2020), each of which carries out business activities with respect for the local culture and climate.

We promote communication with local communities to fulfill our basic responsibilities as a corporation, and to be a company that is needed by society. We strive to be aware of global social issues and play a role in resolving them.



◆Communication

Support and promotion of arts and culture

Exchange events with community councils and community people

Factory and facility tours

Cleanup activities in factory areas

Future generation support activities

Social contribution activities in collaboration with NPOs

Employees' participation in volunteer activities

Management Systems

In order to meet the demands of our customers and other stakeholders, we at the Nissha Group introduce various management systems and follow a plan-do-check-act (PDCA) cycle.

Acquisition status of management systems certification is given below (Nissha Group, as of the end of December 2019).

Subject Areas	Standards							
	ISO9001	ISO13485	IATF16949	ISO14001	ISO50001	OHSAS18001 ISO45001	ISO27001	Others
Nissha Co., Ltd. Global Headquarters	○ ^{*1}	○ ^{*2}	○ ^{*3}	○ ^{*4}			○	
Nissha Co., Ltd. Tokyo Division Headquarters	○ ^{*1}						○	
Nissha Co., Ltd. Kameoka Site	○		○ ^{*3}				○	
Nitec Industries, Inc. Koka Factory	○			○			○	
Nitec Industries, Inc. Kameoka Factory	*5						*6	
Nitec Precision and Technologies, Inc. Himeji Factory	○			○			○	
Nitec Precision and Technologies, Inc. Kaga Factory				○			○	
Nitec Precision and Technologies, Inc. Kyoto Factory	○		○	○			○	
Nissha FIS, Inc.	○			○			○	
Nissha Printing Communications, Inc. Headquarters / Kyoto	○ ^{*1}						○	
Nissha Printing Communications, Inc. Osaka Division Headquarters	○ ^{*1}						○	
Nissha Printing Communications, Inc. Headquarters / Kameoka Factory	○ ^{*1}						*6	
Zonnebodo Pharmaceutical Co., Ltd.								
Nissha F8, Inc.	○ ^{*7}						○	
Nissha Business Service, Inc.	○ ^{*7}			○			○	
Eimo Technologies, Inc.			○					
Nissha GSI Technologies, Inc.	○	○						
Nissha PMX Technologies, S.A. de C.V.			*8					
Graphic Controls Acquisition Corp.		○						EC93/42/ EEC

Subject Areas	Standards							
	ISO9001	ISO13485	IATF16949	ISO14001	ISO50001	OHSAS18001 ISO45001	ISO27001	Others
Lead-Lok, Inc.		○						
CEA Global Dominicana, S.R.L.		○						
CEA Medical Manufacturing, Inc.		○						
Sequel Special Products, LLC		○						
Nissha Medical Technologies Ltd.	○	○						
Nissha Medical Technologies GmbH & Co. KG		○						EC93/42/EEC
Nissha Medical Technologies SAS	○	○		○				
Nissha Schuster Kunststofftechnik	○		○					
Nissha Back Stickers	○							
AR Metallizing N.V. – Genk, Belgium	○							FSC COC
AR Metallizing Srl. - Casalgrasso, Italy	○				○	○		FSC COC
AR Metallizing Ltd. - Franklin, MA USA	○							FSC COC
AR Metallizing Produtos Metalizados Ltda	○			○		○		FSC COC
Eurofoil Paper Coating GmbH	○			○	○	○		EN15593
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○		○	○				
Guangzhou Nissha High Precision Plastics Co., Ltd.	○		○	○				
Nissha Precision Technologies Malaysia Sdn. Bhd.	○		○	○				

*1. Administration divisions are excluded from the scope of certification.

*2. For departments related to Medical Technologies (Vermed products).

*3. For the support departments related to the touch sensor module for automotive displays.

*4. Only administration divisions and design and product development divisions have obtained certification.

*5. In the process of applying to change from Nissha Co., Ltd. Kameoka Site to Nitec Industries, Inc. Kameoka Factory.

*6. Certification is included in Nissha Co., Ltd. Kameoka Site.

*7. Only the Kyoto site has obtained certification.

*8. In the process of switching certification form ISO/TS16949 to IATF16949.

Distribution of Economic Value to Stakeholders

Our distribution of economic value to stakeholders in the fiscal year ended December 2019 is given in the table below.

Amounts are based on the International Financial Reporting Standards (IFRS), which we have adopted from the fiscal year ended December 2019.

Stakeholders	Amount (Million yen)	Description	Remarks
Employees	32,811	Legal welfare expenses and welfare expenses pertaining to salaries, bonuses, and retirement benefits	Figures published in 101st Securities Report, p. 119, no. 28
Society	52	Money and in-kind donations, provision of facilities, and employee volunteer services converted into monetary value (using methods established by Keidanren)	In-house calculation
Creditors (financial institutions)	1,173	Interests	Figures published in 101st Securities Report, p. 122, no. 28
Government agencies (national, local)	1,044	Current fiscal year and past fiscal year corporate income tax	Figures published in 101st Securities Report, p. 106
Shareholders	1,499	Amount paid in dividends	Figures published in 101st Securities Report, p. 68

Related information

[101st Securities Report](#) (only in Japanese)



Environment

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

Together with our stakeholders, we work for prevention of pollution, delivering safe and environmentally conscious products, and prevention of global warming. We operate an environmental management system for continuous improvement.

Environmental Policy and Management Structures

The Nissha Group considers environmental initiatives to be our most important issue in order to achieve sustainable growth and development for both companies and society.

The environmental policy of the Nissha Group calls for development of our business and the realization of a sustainable society. Along with ensuring each Nissha Group employee is aware of this policy, each factory and organization sets targets and implements action plans for the achievement of the Nissha Group environmental objectives. The environmental objectives are linked with the Key Performance Indicators (KPI) for each business unit and are directly connected with our business activities.

Environmental Policy

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

1. Prevention of Pollution

We comply with legal requirements and agreements with society, and strive to prevent environmental pollution in all aspects of our corporate activities such as product development, design, materials, production, sales, and facilities.

2. Product Safety

We fulfill promises with our customers and deliver safe and environmentally conscious products.

3. Prevention of Global Warming

We make a contribution to prevention of the global warming by efficient using of resources and energy.

4. Continuous Improvement

We strive for continuous improvement by establishing an environmental management system and reviewing it in response to changes in the business environment.

5. Co-existence with Society

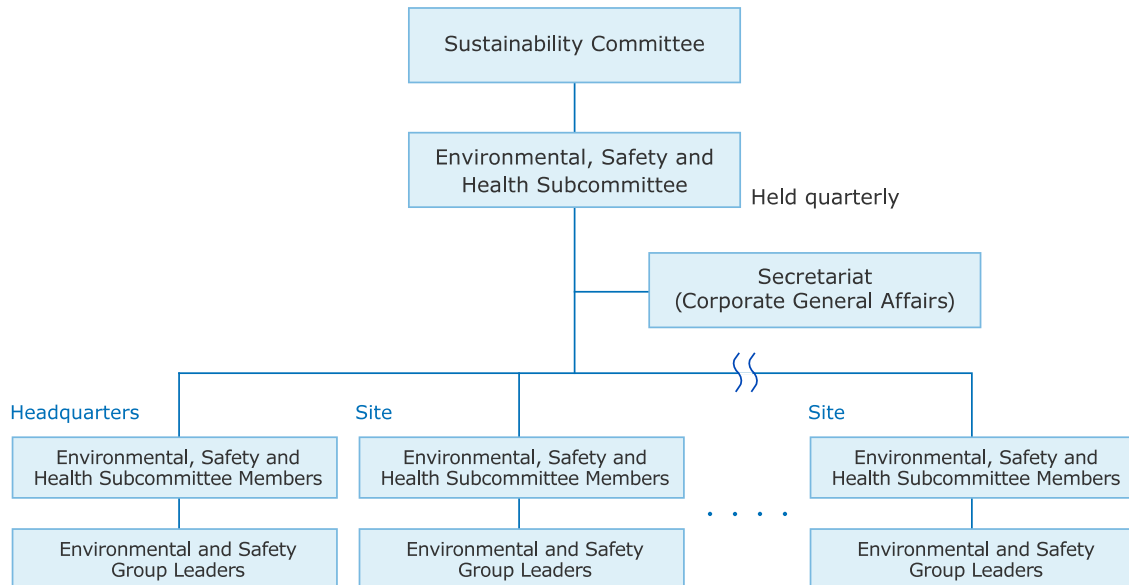
We promote open dialogue with our customers, shareholders, suppliers, employees, and society through our efforts to preserve the global environment.

April 1, 2012

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

The Environmental, Safety and Health Subcommittee of the Sustainability Committee practices environmental management linked to business activities. Nissha is continuously working to improve by operating our own environmental, safety and health management system within the Nissha Group in Japan. This system includes complying with related laws and regulations as well as items our customers' demands, on a base of the ISO14001 environmental management system and the ISO45001 occupational health and safety management system.

Nissha Group Environmental Management Structure

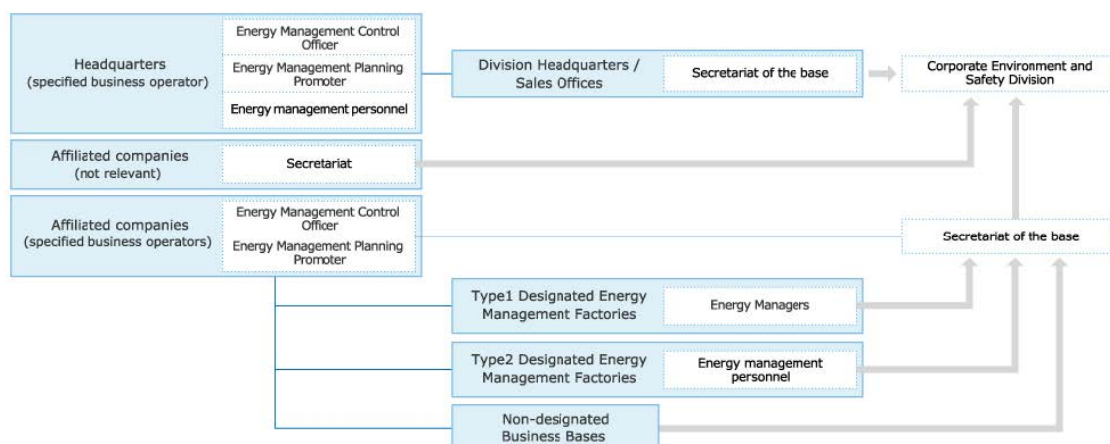


The Environmental, Safety and Health Subcommittee is composed of environment and safety managers and subcommittee members who are appointed by related divisions and bases. And the Corporate General Affairs is responsible for the operation as the secretariat under the supervision of the management. To further strengthen the foundations that support our business, the Subcommittee is responsible for the construction and maintenance of compliance systems such as the Responsible Business Alliance (RBA*), an international code of conduct, in the areas such as laws and labor, health and safety, the environment, and ethics.

*RBA: International code of conduct for labor health and safety, the environment, ethics, etc.

The energy management structure covering the Act on the Rational Use of Energy is as follows.

Energy Management Structure



In the fiscal year ended December 2019, we constructed a system to understand the status of environmental impacts at key bases overseas. In the fiscal year ending December 2020, we intend to collect accurate information from each base on a regular basis, in order to grasp and understand about the major environmental risks and how they are being reduced.

Operating an Effective Environmental Management System (EMS)

The Environmental Management System (EMS) for the Nissha Group in Japan covers all our bases—not only major production bases but also small production bases and sales bases with little impact on the environment. They are classified into ISO14001-certified bases and noncertified bases and set priority management items respectively. We operate an effective EMS through confirmation of the management items and taking corrective actions for improvement by internal audits, etc.

At our major production bases which have obtained ISO14001 certification, we assess specific risks through environmental risk assessments, and prioritize and reflect them in specific activities. We carry out improvements and sustained management to mitigate negative risks that impact the environment and business. In addition, we are also working on improving our environmental performance in sync with KPI related to quality on our business activities.

Environmental Objectives and Status of Achievement

We set the Nissha Group Environmental Objectives for six years from the fiscal year ended December 2018, targeting bases in Japan that have obtained ISO14001 certification. In accordance with these objectives, each bases and divisions establish environmental targets, and we totalize and assess the results each fiscal year in order to manage progress.

Environmental Objectives and Status of Achievement in the Fiscal Year Ended December 2019

<Environmental Objectives>

Period: FY2018~FY2023

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

- Nissha Group environmental objectives, as a rule, cover a six-year period
- Nissha Group environmental objectives are to be reviewed in line with changes in internal (e.g., medium-term business plan) and external circumstances
- Each site selects applicable items from Nissha Group environmental objectives

Assessment Definition

Satisfactory: Objective achieved

Unsatisfactory: Objective not achieved but good progress made

Poor: Objective not achieved and poor progress made

1. Prevention of pollution

Target: (1) Maintain zero environmental accident (accidents that affect areas outside the factory)
(2) For environmental risks classified as significant environmental aspects on the hazard assessment list, implement measures and reduce the possibility of occurrence by one level by December 31, 2023

* The Degree of severity may not change after measures are implemented

* For items classified as "maintain," follow the designated procedure and strive to prevent environmental accidents

Fiscal year	2018	2019
Assessment	Satisfactory	Satisfactory

Activities in FY2019

In the fiscal year ended December 2019, we carried out training for a chemical leak as a way to alleviate risk. Also, in addition to continuing rainwater management as usual, we strengthened our initiatives for alleviating environmental risk by carrying out training assuming environmental accidents at night or rainy scenarios. As a result of these initiatives, we had zero environmental accident in the fiscal year ended December 2019.

2. Attention to climate change

Target: (1) Reduce CO2 emissions rate (basic unit) by 6% or more by the fiscal year ending December 2023

(2) Reduce CO2 emissions rate (basic unit) by 1% or more compared to the previous year

Reference value: Results in fiscal year ended December 2017

Fiscal year	2018	2019
Assessment	Poor	Poor

Activities in FY2019

In the fiscal year ended December 2019, we reduced the amount of energy input in conjunction with quality improvements at all target plants, but were unable to reach to our objectives. Improvements in energy consumption for air conditioning was great at the Nitec Industries, Inc. (NII) Koka Factory. On the other hand at the Nitec Precision and Technologies, Inc. (NPT) Himeji Factory and Kaga Factory, lower product demand and lower operating rates resulted that the year-on-year objective for CO₂ emission rates (basic units) was not achieved.

3. Reduction of waste

Target: (1) Reduce waste generation rate (basic unit) by 6% or more by the fiscal year ending December 2023

(2) Reduce waste generation rate (basic unit) by 1% or more compared to the previous year

(3) Maintain zero emissions (recycling and resource reuse rate of 99.5% or more)

(4) Reduce cost of waste treatment

Reference value: Results in fiscal year ended December 2017

Fiscal year	2018	2019
Assessment	Poor	Unsatisfactory

Activities in FY2019

To reduce the waste generation rate, we need to improve the yield rate through quality improvement activities and reducing the amount of wasted materials by improving the production efficiency.

In the fiscal year ended December 2019, the influence by lower product demand and factory operation rates in the Industrial Materials and the Devices businesses meant that the NII Koka Factory and NPT (other than the Kyoto Factory) failed to reach their objectives, and the company-wide reduction target for waste generation was also not fulfilled. However, the zero emission of waste (recycling and resource reuse rate at 99.5% or more) was achieved in terms of the entire Nissha Group in Japan, consecutively from the previous year.

In reducing costs for waste, in addition to yield improvements, a reduction in the number of times commercial disposal companies have needed to take away waste acids and alkalines from the NII Koka Factory has also directly contributed to cost improvements.

4. Reduce use of water

Target: Reduce use of water by improving production efficiency and saving water

Fiscal year	2018	2019
Assessment	Unsatisfactory	Satisfactory

Activities in FY2019

Production efficiency improvements and water saving efforts at NII Koka Factory contributed to less water consumption. NPT continues to save water for miscellaneous use.

5. Reduce use of chemical substances

Target: Certification sites reduce usage rate of chemical substances (Certification sites set individual targets)

Fiscal year	2018	2019
Assessment	Satisfactory	Satisfactory

Activities in FY2019

The NII Koka Factory achieved a 1% year-on-year reduction, its target figure, by promoting reduction of both PRTR-designated substances and organic solvents other than PRTR-designated substances. NPT carried out satisfactory result through initiatives to reduce the amount of chemical used through improvements to yields.

6. Environment-conscious design

Target: (1) Introduce the viewpoint of energy saving, resource saving, durability, recycling, and so on in product design and development.

(2) Design environment-conscious processes and reduce the environmental impact of Production.

Fiscal year	2018	2019
Assessment	Satisfactory	Satisfactory

Activities in FY2019

The design and development divisions of the Industrial Materials and the Devices businesses take reduction of environmental burden as a factor for product design. In addition, they move ahead with the development of products that contribute to reducing environmental burdens such as the use of sustainable packaging materials.

Nissha FIS has carried out environmentally-friendly product design and development such as the hydrogen detectors in fuel cell vehicles.

In addition, NII and NPT are complying with established company standards regarding the management of chemical products, and also designing production processes that encourage the

alleviation of environment impact.

7. Enhance environmental performance in supply chain

Target: Enhance environmental performance based on customer requirements and the RBA code of conduct

Fiscal year	2018	2019
Assessment	Satisfactory	Satisfactory

Activities in FY2019

With the help of our suppliers, we received responses to surveys along with our customers' demands in relation to environment. In addition, we executed on-site audit at our suppliers, examined on CO₂ emissions during production processes and checked the chemical materials used for product. Through these activities, we grasp the environmental impact in our supply chain to improve.

Impact on the Environment out of our Business Operations

In order to grasp the impact on the environment out of our business operations, we conduct surveys of usage of major materials and energy, and waste and other emissions.

The amount of major raw materials used at the Nissha Group in the fiscal year ended December 2019 was approximately 101,398 tons, a drop of approximately 15% from the previous fiscal year. Of the total amount of major materials used, approximately 81% was used at our overseas production bases, and of that, approximately 85% was paper used in metallized paper, a product from the Industrial Materials. The amount of paper used overseas was reduced in the fiscal year ended December 2019. Domestically, the amount of major raw materials used by the Devices and Information and Communication dropped.

The amount of waste generated in the Nissha Group during the fiscal year ended December 2019 was approximately 25,593 tons.

The amount of energy usage was 274,593 MWh of electricity, a drop of approximately 4% from the previous fiscal year, and 11,741,000 m3 of gas, an increase of approximately 13% from the previous year.

INPUT

Production bases in Japan		
Industrial Materials	PET/acryl film	1,123t
	Solvents	841t
	Gravure Ink	751t
	Others	107t
Devices	Materials used in product manufacturing processes	10,702t
	Metallic materials	4t
	Resin materials	2t
	Half-finished goods	31t
	Others	1,621t
Information and Communication	Paper	4,348t
	Ink	47t
	Others	36t
Total for production bases in Japan		19,612t

Overseas production bases		
	Resin	1,636t
	Film	2,028t
	Molds and molding materials	85t
	Touch sensors	0t
	Packing materials	101t
	Paper	69,630t
	Cardboards	1,391t
	Aluminum	140t
	Chemical substances	5,204t
	Others	1,571t
Total for overseas production bases		81,786t

Total for Nissha Group		101,398t
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Including production bases in Japan and overseas		
Energy	Electricity	274,593MWh
	Gas	11,583,000m ³
Water	Tap water	1,291,000m ³
	Underground water	103,000m ³
	Industrial water	1,943,000m ³

OUTPUT

Production bases in Japan		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste	5,877t
Recyclable resources (industrial waste)	Waste plastic Iron scrap, waste cans Waste solvents, waste ink, waste cloth Waste acid, alkali Sludge, others	10,537t
Waste for simple incineration/landfill	General business waste Others (industrial waste)	23t
Total for production bases in Japan		16,437t

Overseas production bases		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste Others	7,272t
Recyclable resources (industrial waste)	Waste plastic Waste solvents, waste ink, waste cloth Others	666t
Non-recyclable waste	incineration/landfill	1,218t
Total for overseas production bases		9,156t

Total for Nissha Group		25,593t
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Including production bases in Japan and overseas		
Emissions	CO ₂	179,002t
	VOC*	808t
Wastewater		3,305,000m ³

*Detoxified by activated carbon adsorption, catalyst deodorization, etc.

Adaptation to Climate Change

The Nissha Group treats adaptation to climate change as a key issue, and we are creating business opportunities that help solving social issues as well as managing related risks.

Nissha has established a Sustainability Committee chaired by the president. This Committee has selected the environment as one of its material issues, and the Environmental, Safety and Health Subcommittee under its jurisdiction promotes a range of activities aimed at understanding and managing the environmental impacts that cause climate change.

In the creation of business opportunities, initiatives towards the key markets laid out in the currently active Sixth Medium-term Business Plan (FY2018.12-FY2020.12) are positioned as business activities that will lead to solutions for social issues. Of these, adaptation to climate change uses strategy items and KPIs set by the business units or divisions responsible for new product development.

Specific Examples of Adaption to Climate Change

1. Risk Management

Nissha carries out activities aimed at understanding the amount of CO₂ emissions in our major production bases, setting target figures for their reduction. The Environmental, Safety and Health Subcommittee, one of the subcommittees of the Sustainability Committee, determines specific climate change risks and works on adapting to them in order of the highest importance to our Group.

Along with these initiatives to understand and manage the environmental impacts that cause climate change, we are also adapting to risks from climate change itself.

Major risks extracted in the fiscal year ended December 2019

- Risk of damage to factory operation at our business bases, and employees hampered from coming to work through the effects of abnormal weather such as heavy snow caused by climate change.
- Risk of increased amounts and costs of power consumed due to increased summer temperatures caused by climate change.

2. Creation of Business Opportunities

The Nissha Group creates business opportunities by providing our customers with the products and services that will help solve social issues.

Examples of creating business opportunities carried out in the fiscal year ended December 2019

- Metallized paper, one of the main products of our Industrial Materials, is highly regarded in the sustainable packaging materials market as a product that solves the major social issue of marine plastic pollution. Using metallized paper in place of plastic for packaging not only solves the problem of marine plastic, but allows us to contribute to reducing the amount of energy used when producing plastic as well as the promotion of recycling. In the fiscal year ended December 2019, we acquired Eurofoil Paper Coating GmbH, a German metallized paper manufacturer. We shall expand our market share in metallized paper in the European region as well as promote the development of new products using the processing technologies of Eurofoil.

Prevention of Further Global Warming


The Nissha Group is working to understand the CO₂ emissions at its major production bases around the world, and discloses any pertinent information. The information regarding CO₂ emissions in this report has been verified by a third party, and been provided to the CDP.* Nissha was given a B grade regarding climate change by the CDP for the fiscal year ended December 2019. This evaluation puts us in the third rank from top using an eight-stage scale ranked from A to D-minus, and shows our organizational commitment to climate change issues.

The  marks in the text below signify data that has been verified by a third party.

*CDP: An international non-profit organization based in London, founded in 2000. It collects, analyzes, and evaluates information related to environmental activities of major companies around the world and discloses the results to investors, etc.

Status of CO₂ Emissions at Nissha Group

CO₂ emissions and energy consumption, which are seen as key in adapting to climate change, are shown in the graphs below. The totals obtained by multiplying the individual consumption of fuels such as electricity, gas, gasoline, diesel, and heavy oil with the specified factors are Nissha's energy consumption levels. The figures obtained by multiplying energy consumption by the CO₂ emission factors are the CO₂ emissions of the Nissha Group.

The CO₂ emissions for the Nissha Group in the fiscal year ended December 2019 were 179,002t-CO₂ , a drop of approximately 3% compared to the previous year. However, the basic unit rose due to a decline in sales caused by a drop in demand.

Of these, the CO₂ emissions at production bases in Japan were 121,565t-CO₂, a drop of 8% from the previous year. This drop was largely the result of drops in production volume in Nitec Precision and Technologies, Inc. (NPT), which is responsible for production in our Devices, and Nitec Industries, Inc. (NII) Koka Factory, which handles production for our Industrial Materials. On the other hand, the CO₂ emissions at production bases overseas was 57,437t-CO₂ in the fiscal year ended December 2019, an increase of approximately 8% over the previous year. This was because increased production capacity in some of our overseas production bases in our Industrial Materials as well as issues related to production yield.

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

In the following trend graphs,

*1. With the change in settlement month, the fiscal year ended December 2017 was only nine months, from April to December, but the graphs show the figures from January to December 2017.

*2. The company names listed in the legend are as follows.

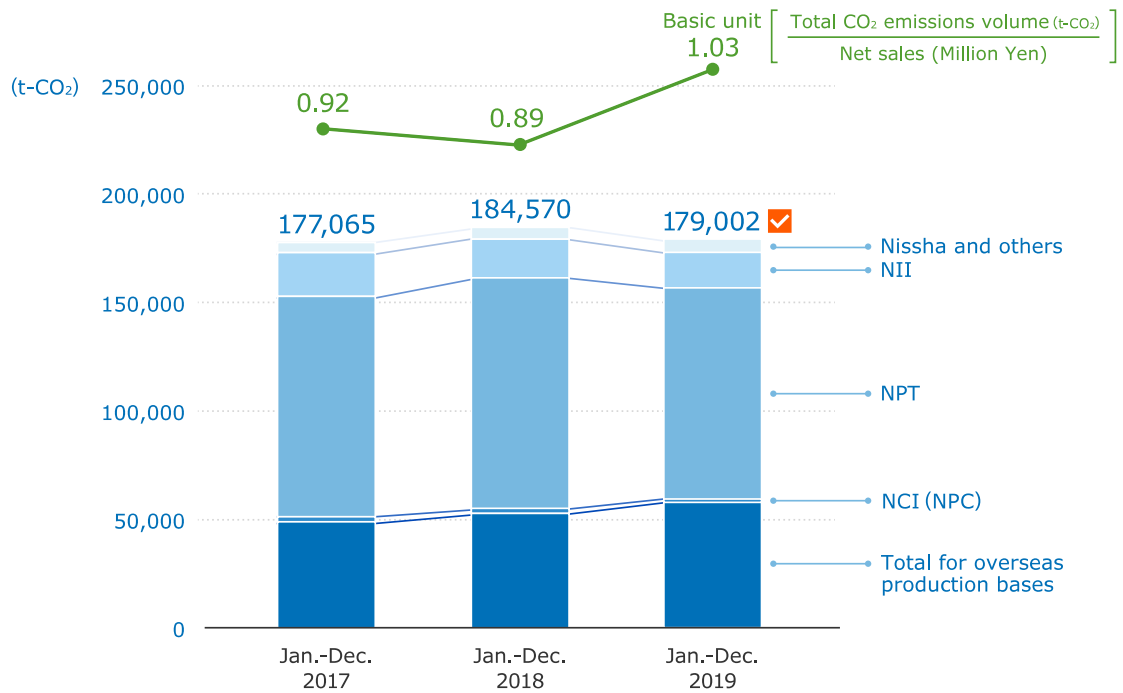
Nissha and others: Nissha Co., Ltd. and affiliated companies

NII: Nitec Industries, Inc.

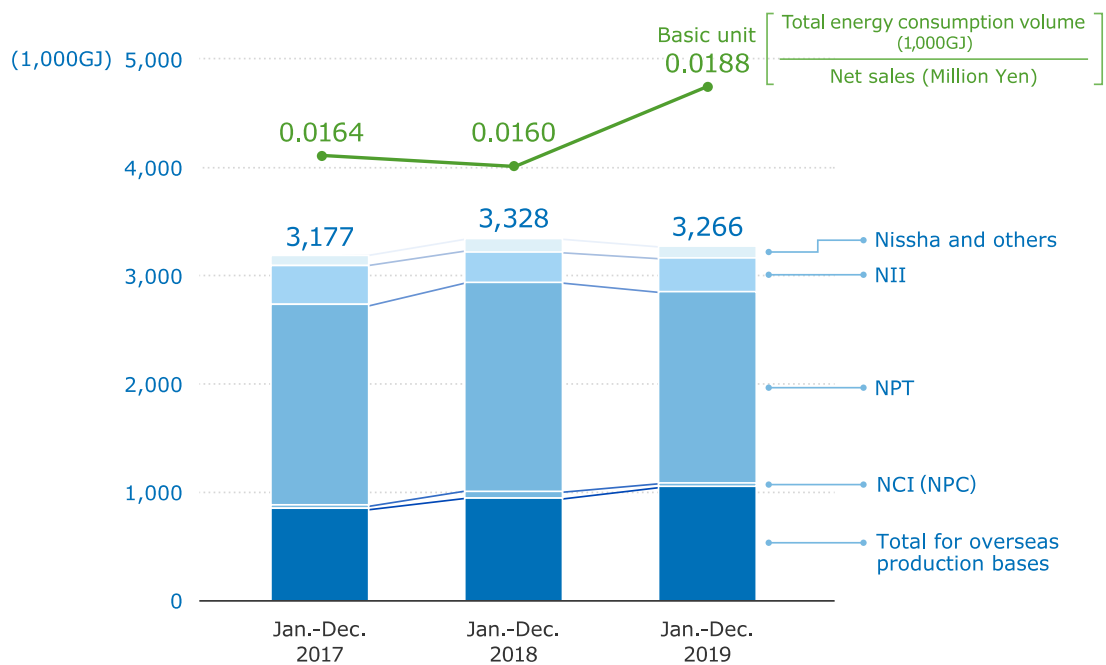
NPT: Nitec Precision and Technologies, Inc.

NCI: Nissha Printing Communications, Inc. (In January 2019, NCI merged with NPC (Nitec Printing Co., Ltd.) and they are shown together here.)

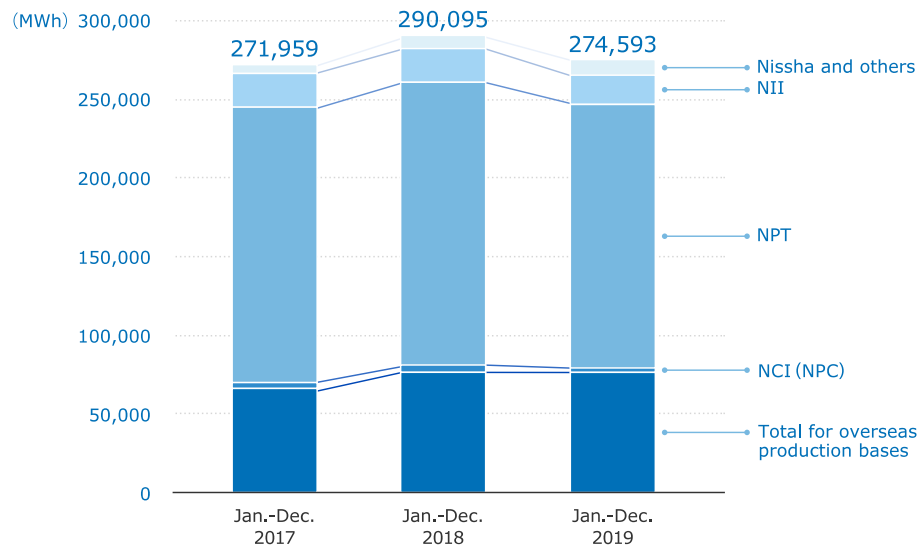
Trends in CO2 Emissions Volumes and Basic Unit



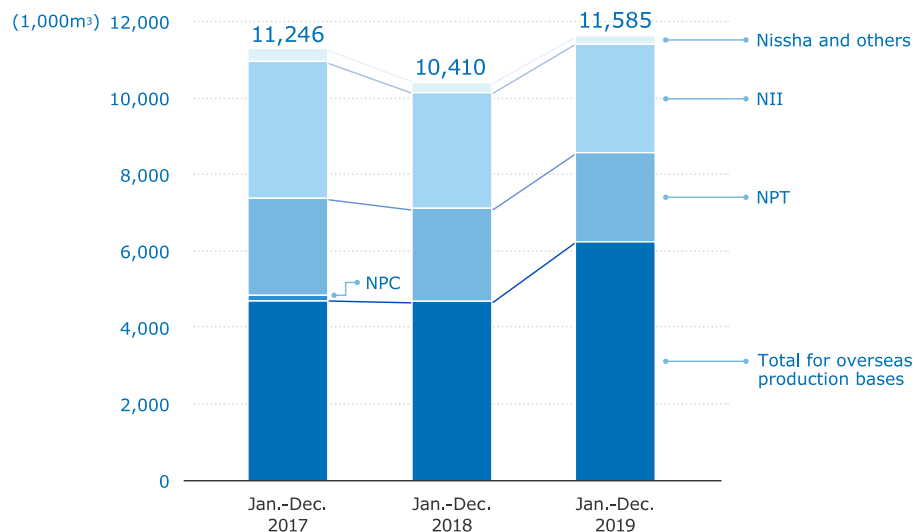
Trends in Energy Consumption and Basic Unit



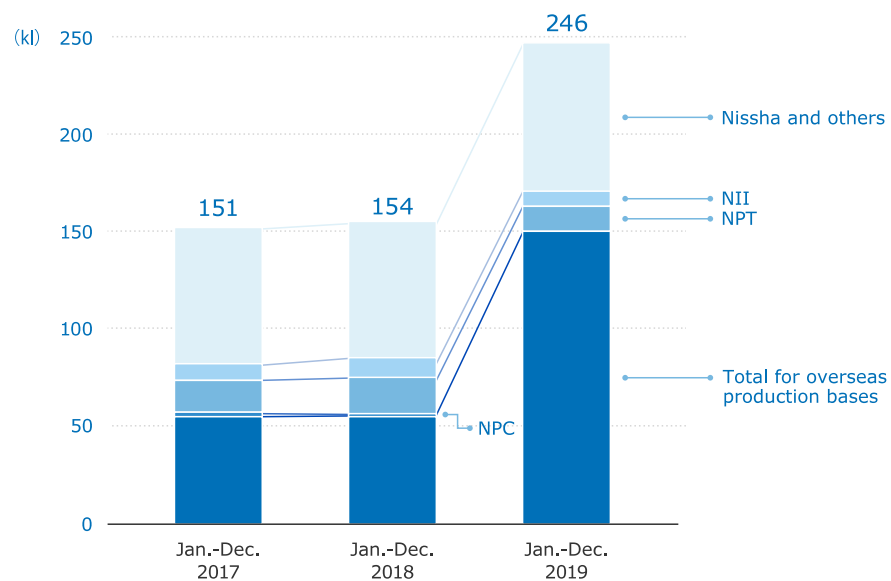
Trends in Electricity Consumption



Trends in Gas Consumption



Trends in Gasoline, Diesel, and Heavy Oil Consumption



Basic Unit Management by Production Volume and Its Issues

In addition to grasping and managing the amount of energy consumption as obliged by the Act on the Rational Use of Energy, the Nissha Group's production bases in Japan voluntarily managed the basic unit management of energy usage using production volumes from the fiscal year ended March 2014, with the aim of improving energy use efficiency.



The basic unit performance for each production base in the fiscal year ended December 2018 was set as 1.00 across the board, so the target for the fiscal year ended December 2019 was set at "0.99 or less" using this as a standard. The results are shown in the table below. NPT, which is responsible for production in our Devices business, failed to achieve its target at the Himeji and Kaga factories due to a decline in product demand.

Sites	Basic Unit (based on production volume etc.)			FY ended Dec. 2019 evaluation
	FY ended Dec. 2018 results	FY ended Dec. 2019 target	FY ended Dec. 2019 results	
Nissha (Global Headquarters)	1.00	0.99 or less	0.59	Satisfactory
NII Koka	1.00	0.99 or less	1.10	Poor
NPT Himeji	1.00	0.99 or less	1.02	Poor
NPT Kaga	1.00	0.99 or less	1.16	Poor
NPT Kyoto	1.00	0.99 or less	0.82	Satisfactory
NCI (NPC)	1.00	0.99 or less	0.86	Satisfactory

Nissha Group's production bases work with the Environmental, Safety and Health Subcommittee of the Sustainability Committee to make energy consumption visible and analyze data, helping reduce our energy usage.

Initiative in Scope^{*1} 3 Management

The Environmental, Safety and Health Subcommittee continues to lead efforts at Nissha to survey Scope 3 emissions as part of the growing movement recently for companies to disclose their own Scope 3, aiming to reduce the greenhouse gases over the entire value chain.

CO2 emissions during the period January – December 2019 amounted to 2,347t-CO2  from employee (excluding some non-regular employees) commuting, 1,214t-CO2  from business travel. In addition, emissions related to transport and shipping (downstream)*2 in Japan were 4,553t-CO2 while emissions related to purchased products and services were 48,682t-CO2. We shall continue to work with all our suppliers to publish Scope 3 figures.

*1. Scope: Scope of greenhouse gas (GHG) calculation. The following three are shown.

Scope 1: Direct GHG emissions from sources owned or controlled by the company.

Scope 2: Indirect GHG emissions through consumption of electricity, steam, or heat.

Scope 3: Indirect emissions other than those in Scope 2.

*2. Distribution of products sold by Nissha to the point of delivery to the customer.

Coverage and Calculation Method of CO₂ Emission Calculation

Scope 1, 2

Coverage	<ul style="list-style-type: none"> • Nissha Co., Ltd. • Nitec Industries, Inc. • Nitec Precision and Technologies, Inc. • Nissha Printing Communications, Inc. • Nissha FIS, Inc. • Nissha Business Service, Inc. • Eimo Technologies, Inc. • Nissha PMX Technologies, S.A. de C.V. • Graphic Controls Acquisition Corp. • Lead-Lok, Inc. • CEA Global Dominicana, S.R.L. • CEA Medical Manufacturing, Inc. • Nissha Medical Technologies Ltd. • Crown Graphic N.V. • DIA-Nielsen GmbH & Co. K.G. Zubehör für Meß- und Labortechnik • Tyrolmed GmbH • Nissha Schuster Kunststofftechnik • Nissha Back Stickers • Nissha Back Stickers International • AR Metallizing N.V. • AR Metallizing S.r.l. • AR Metallizing Ltd. • AR Metallizing Produtos Metalizados Ltda • Nissha (Kunshan) Precision IMD Mold Co., Ltd. • Guangzhou Nissha High Precision Plastics Co., Ltd. • Nissha Precision Technologies Malaysia Sdn. Bhd.
Calculation method	<p>Calculated based on Ministry of the Environment "Greenhouse Gas Emissions Calculation Report Manual (Ver.4.3.2)"</p> <p>(CO₂ emission factors)</p> <p>CO₂ emissions associated with the fuel use: Emission factor based on the Act on Promotion of Global Warming Countermeasures</p> <p>CO₂ emissions associated with power purchase: 0.555t-CO₂/MWh</p>

Scope 3

CO₂ emissions associated with employee commuting and business trips

Coverage	<ul style="list-style-type: none"> • Nissha Co., Ltd. • Nitec Industries, Inc. • Nitec Precision and Technologies, Inc. • Nissha Printing Communications, Inc. • Nissha F8, Inc. • M crossing Co., Ltd. • Nissha FIS, Inc. • Nissha Business Service, Inc.
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Calculation method	Calculated based on; Ministry of the Environment/Ministry of Economy, Trade and Industry "Basic Guidelines for Calculating Greenhouse Gas Emissions Through the Supply Chain (Ver.2.3)" Ministry of the Environment "Calculation intensity database for calculating greenhouse gas emissions of organizations through the supply chain (Ver.2.6)"
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CO₂ emissions from major logistics suppliers


Coverage	Major logistics suppliers (8 companies)
Calculation method	Calculated from fuel consumption x emission factor x sales ratio, sum up Ton-kilometer method, total method (sales ratio)

CO₂ emissions from major domestic material suppliers

Coverage	Major domestic material suppliers (9 companies)
Calculation method	Fuel consumption x sales ratio, sum up CO ₂ emissions per product

Third Party Verification


In order to ensure the reliability of environmental performance data, Nissha Group has obtained a third-party verification from DNV GL Business Assurance Japan K.K. on the accuracy of the CO₂ emissions data reported in the Nissha Sustainability Report 2020. The items verified in the report are marked with .



VERIFICATION STATEMENT OF GREENHOUSE GAS ASSERTIONS

Statement No.: BD002-2020-GHG-KOB-DNVGL Page 1 of 2
initiate reporting of

Verification of NISSHA's GHG Data (2019)


< Scope of Verification >
DNV GL Business Assurance Japan K.K. has been commissioned by Nissha Co., Ltd. (hereafter the "Company") to perform a verification of the greenhouse gas assertion, the value with  (Scope 1, Scope 2, and Scope 3 (Employee Commuting and Business Travel)) (hereafter "GHG Data"), reported in the "NISSHA Sustainability Report 2020".

< Verification criteria and GHG Data Programme >
The identification, calculation, monitoring and reporting of GHG Data were based on the procedure of monitoring and reporting of the environmental performance data, defined by the Company. The verification of GHG Data was performed in accordance with ISO 14064-3:2006 as well as criteria given, including the requirement from the procedure of the Company to provide for consistent GHG emission identification, calculation, monitoring and reporting.

< Verification Statement >
It is DNV GL's opinion that with limited level of assurance nothing has come to our attention which causes us to believe that the greenhouse gas assertions (the GHG Data), reported in the "NISSHA Sustainability Report 2020", do not accurately reflect the Company's GHG emissions in accordance with the verification criteria and GHG Data Programme identified as stated above.


< Verification Process and Methodology >
The reviews of the Inventory Reports and the relevant documents, and the subsequent follow-up interviews have provided DNV GL with sufficient evidence to determine the fulfillment of stated criteria.

The verification has been performed under the supervision of:




Koichiro Tanabe
Lead Verifier
May 2020

Independent Validation Verification Body:
DNV GL Business Assurance Japan K.K.



Naoki Maeda
Managing Director
25 May 2020

This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV GL cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV GL Business Assurance Japan K.K., Sanmichiya Chuo Bldg 9th Floor, 4-2-28, Sakurabashi, Chuo-Ku, Tokyo 105-8557



VERIFICATION STATEMENT OF GREENHOUSE GAS ASSERTIONS

Statement No.: BD002-2020-GHG-KOB-DNVGL Page 2 of 2

< Quantification of Greenhouse Gas Emission >
The GHG Data covers the period from 1 January 2019 to 31 December 2019. It is DNV GL's opinion that the GHG Data results in quantification of GHG emissions that are real, transparent and measurable.

< Organization Boundary of Verification >
☒ Management Control ☐ Equity Share ☐ Others (see below)

< Type of GHGs Verified >
☒ CO₂ ☐ CH₄ ☐ N₂O ☐ HFCs ☐ PFCs ☐ SF₆ ☐ NF₃

< Amount of GHG emissions Verified >

Total amount of Scope 1 and Scope 2 GHG emissions	179,002 tonnes CO₂e
(Scope 1)	(26,603 tonnes CO₂e)
(Scope 2)	(152,399 tonnes CO₂e)
Total Other Emissions (Scope 3)	2,347 tonnes CO₂e
Employee Commuting Business Travel	1,214 tonnes CO₂e

The reported values above are fully covered by the verification.

< Verification Opinion >
☒ Verified without Qualification
☐ Verified with Qualification
☐ Unable to Verify

As an independent third party, DNV GL has no financial dependencies on Nissha Co., Ltd.

This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV GL cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV GL Business Assurance Japan K.K., Sanmichiya Chuo Bldg 9th Floor, 4-2-28, Sakurabashi, Chuo-Ku, Tokyo 105-8557

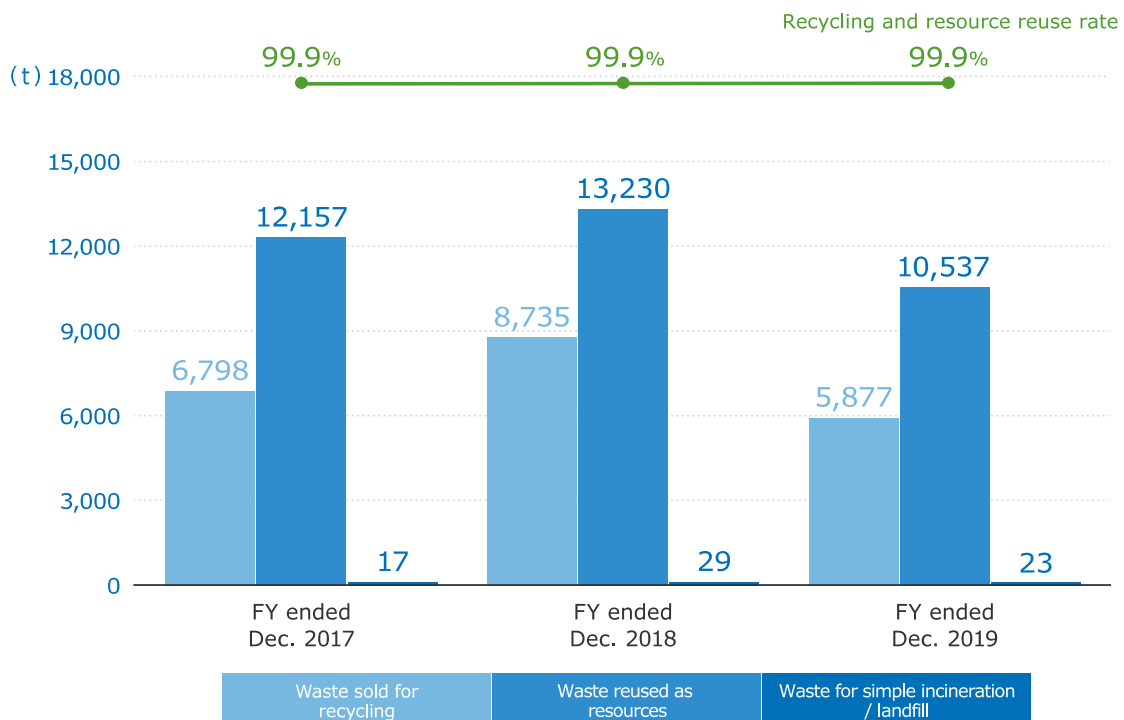
Waste Management

In the fiscal year ended December 2019, the Nissha Group generated a total of 25,593 tons of waste, including waste reused as resources, waste sold for recycling and waste for simple incineration/landfill.

Of this, waste generated by production bases in Japan accounted for 16,437 tons, a drop of approximately 25% from the 21,994 tons generated in the fiscal year ended December 2018. Emissions from incineration and landfill waste accounted for 23 tons. This is about a 22% reduction from the 29 tons generated in the fiscal year ended December 2018.

The main reason for this drop in total waste generation was a decline in demand for products for smartphones in the Devices business, reduced operation at domestic factories due to the effects of lower product demand in China in the Industrial Materials business, and a drop in production volume due to the merger and abolition of production bases in the Information and Communication business. Our recycling and resource reuse rate for the fiscal year ended December 2019 continued to be 99.9%, allowing us to meet our target of zero emissions (recycling and resource reuse rates of 99.5% or above).

Total amount of waste generated and recycling and resource reuse rate (production bases in Japan)



To understand the amount of total waste generated at our overseas production bases, we previously confined our scope to our Asian production bases, but as of the fiscal year ended December 2019, we have expanded our scope to other major overseas production bases. The total amount of waste generated overseas in the fiscal year ended December 2019 was 9,156 tons.

Risk Management Related to Waste and Waste Converted in Valuable Resources

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

- Accidents and disasters caused by waste and waste converted into valuable resources
- (including at treatment contractors)
- Environmental pollution and violation of laws caused by inappropriate waste treatment
- Leakage of confidential information from waste and waste converted into valuable resources

To alleviate these risks, we are working on safety management of waste in accordance with the Nissha Group Waste Management Regulations. In line with these regulations, each base has drawn up its own Waste Management Manual and makes efforts toward thorough waste separation and management. From the perspective of preventing accidents and disasters, whether a small amount of substance or a spray can, the properties of waste are checked meticulously and monitored so as to prevent spillage during transportation and accidents at treatment facilities. The regulations also stipulate the criteria for selecting waste treatment contractors and for regularly inspecting treatment facilities using a checklist original to Nissha. In addition, we have in place standards for managing waste and waste converted into valuable resources that contain confidential information, and promote management in association with our information security management system (ISMS).

Responding to waste plastic import regulations

Import restrictions by China and Southeast Asian nations on waste plastic aimed at preventing marine plastic pollution have been strengthened in recent years. This means not only that the disposal costs for plastics in Japan have increased dramatically, but some disposal companies now refuse to take waste plastic or buy items containing resins. This has forced us to sort our waste by type of plastic as well as contract multiple disposal companies to ensure we have routes for recycling open to us.

Status of Waste Generation at Major Production Bases in Japan (December 2019 Results)

Nitec Industries, Inc. Koka Factory



Location: Koka City, Shiga Prefecture

Acquisition of ISO14001 Certification: June 2007

Production items: Transfer foils (Industrial Materials)

Recycling and resource reuse rate: 100.0%

Waste items	Ratio
Waste Plastic	43.9%
Waste Ink	33.8%
Aluminum, tin, waste cans, and copper scrap (valuable materials)	8.9%
Waste alkali and waste acid	8.4%
Waste cloth and waste filters	2.6%
Sludge, crucible, and woodchips	1.2%
Recycled paper and cardboards	0.8%
Non-industrial waste	0.3%
Simple incineration and landfill	0.0%

Nitec Precision and Technologies, Inc. Himeji Factory



Location: Himeji City, Hyogo Prefecture

Acquisition of ISO14001 Certification: March 2014

Production items: Touch sensors (Devices)

Recycling and resource reuse rate: 99.9%

Waste items	Ratio
Waste acid, waste alkali and waste oil	36.9%
Waste plastic (valuable materials)	34.2%
Sludge	16.9%
Waste plastic	9.5%
Recycled paper and cardboards (valuable materials)	2.2%
Wood chips and glass waste	0.2%
Metal-bearing waste (valuable materials)	0.1%
Waste oil (valuable materials)	0.0%
Simple incineration and landfill	0.1%

Nitec Precision and Technologies, Inc. Kaga Factory



Location: Kaga City, Ishikawa Prefecture

Acquisition of ISO14001 Certification: March 2014

Production items: Touch sensors (Devices)

Recycling and resource reuse rate: 99.8%

Waste items	Ratio
Waste acid and waste alkali	29.2%
Waste plastic (valuable materials)	27.6%
Waste plastic	9.4%
Recycled paper and cardboards (valuable materials)	5.3%
Metal-bearing waste (valuable materials)	0.1%
Sludge	14.8%
Waste oil	13.4%
Simple incineration and landfill	0.1%

Nitec Precision and Technologies, Inc. Tsu Factory



Location: Tsu City, Mie Prefecture

Recycling and resource reuse rate: 100.0%

Waste items	Ratio
Waste acid and waste alkali	50.3%
Waste plastic (valuable materials)	10.6%
Waste plastic	13.7%
Sludge	22.4%
Recycled paper and cardboards (valuable materials)	2.6%
Wood chips and glass waste	0.2%
Metal (valuable materials)	0.2%
Waste oil (valuable materials)	0.0%
Simple incineration and landfill	0.0%

Management of Chemical Substances and Environmental Risks

The Nissha Group in Japan is working to minimize the risks its business activities pose to the local community, as well as developing a system that will allow us to respond promptly in the unlikely event of an accident. For our stakeholders to understand our environmental protection activities, we strive to disclose information on the status of voluntary management of chemical substances and environmental risks.

Response to environmental risks (preventing environmental accidents or pollution)

The Nissha Group in Japan realizes that pollution from chemical substances is a serious environmental risk, and works to **manage** it. To prevent environmental accidents from happening during storage or transportation of chemical substances within a work site, we lay out management procedures that consider the scale and frequency of accidents. In addition, we have set emergency response procedures and carry out training on an ongoing basis to minimize the influences in event of a leak, and revise and improve our methods as required.

Examples of initiatives for preventing pollution

- **Installation of emergency cutoff devices**

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

- **Leak response training**

We establish countermeasure procedures to prevent pollution from spreading in the event of a leak at sites for deliveries of substances or waste liquid collection, hold regular trainings, and revise the procedures.



Drill on dealing with waste liquid leak from a drum
Nitec Precision and Technologies, Inc. Kaga Factory

Processing of industrial wastes is contracted to industrial waste collection and transportation companies and industrial waste processing companies that have legal permission. Once a year, we send people to observe the contractors and the final disposal locations to confirm that the waste are disposed of properly. In addition, we carry out surveys to understand risks such as soil pollution concomitant with changes to soil character when constructing Nissha factories or other facilities.

Note that in the fiscal year ended December 2019, we had neither serious environmental accident nor violation of environmental laws or regulations, and paid neither fine nor penalty.

Responses to complaints and communication with the community

In addition to minimizing environmental risks and prompt responses in case of any problem happened, we believe that communication with local residents is very important.

In the fiscal year ended December 2019, we had no environment-related complaint from local residents at our core factories in Japan. If we do receive a complaint, we work to deal with it appropriately through prompt responses and set out a way to prevent it from happening again.

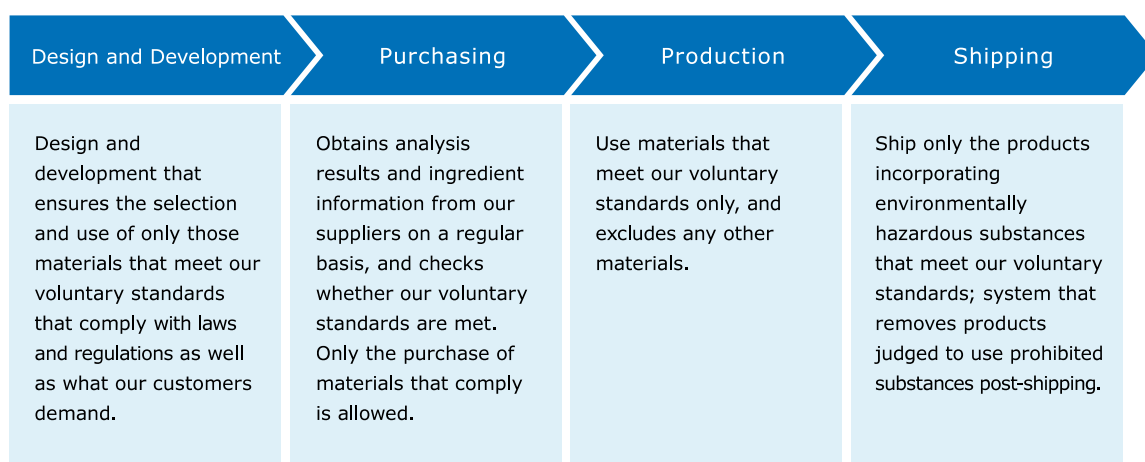
In addition, we encourage communication with the community to ensure locals understand that we are actively engaged in protecting the environment. This communication includes cleaning up the area around our factories and holding classes on the environment in local elementary schools and other places by our employees.

Management of chemical substances

The Nissha Group is working to ensure safety and to provide products with low global environmental impacts aiming for sustainable social systems. In addition to laws, regulations, and standards such as the RoHS Directive and the REACH Regulations, the Nissha Group in Japan sets our own voluntary standards to satisfy the environmentally hazardous substance standards of our customers and manages the environmentally hazardous substances we use in our products to provide ones that are environmentally-friendly. In order to ensure compatibility with our voluntary standards, we operate the system outlined in the figure below covering all processes from design and development to shipping.

*RoHS Directive: A directive from the EU regarding limitations on the use of specific hazardous substances in EEE (electrical and electronic equipment) and other products.

*REACH Regulations: A law from the EU regarding the registration, evaluation, authorization, and restriction of chemicals aimed at maintaining and improving competitiveness in the chemical industry of Europe and protecting human health and the environment.



Management of Environmental Pollutants

The Nissha Group in Japan is constructing a system to understand and manage how environmental pollutants are used at each business site. We use this system even for the calculation of emission and transfer amounts which the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRT Act) requires reporting on. In the fiscal year ended December 2019, substances which were transferred or emitted in excess of one tonne were ethylbenzene, xylene, 1,2,4-trimethylbenzene, toluene, n-hexane and water-soluble copper salts (excluding complex salts).

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

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

Contents of our voluntary standards and list of target substances (extract)

Contents of standards	Groups of substances in the Nissha Control List for Chemical Substances in Purchased Products
Usage-prohibited substance	Asbestos fibres Dioxins Ozone depleting substances Fluorinated greenhouse gases Bisphenol-A (with usage conditions) Substances prohibited from being manufactured (Manufacture-prohibited substance) Specific amine (with regulations on impurity content) Azo-dyes which do not form specific amine (with regulations on impurity content concentration) Arsenic and its compounds (with usage conditions)
Deliberate usage-prohibited substance	Substances subject to RoHS directive REACH SVHC (Substances of Very High Concern) and Candidate List Substance Nickel and its compounds (with usage conditions) Polychlorinated biphenyls (PCBs) Specific phthalates Specific benzotriazol Dimethylfumarate (DMF) Perfluorooctane sulfonates (PFOS) Perfluorooctanoate (PFOA) Natural rubber Class 1 Specific Chemical Substances of Law Concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances
Regulated substance	Global Automotive Declarable Substance List Conflict minerals The Proposition 65 Children's Safe Product Act (RCW 70.240.030) The Reporting List of Chemicals of High Concern to Children (CHCC)

Examples of regulated substances that apply to purchased products (Nissha product raw materials, chemicals used in the production process for materials, etc.)

1. Usage-prohibited substance: Use, either deliberately or not deliberately, is prohibited. Inclusion of impurities is also prohibited.
2. Deliberate usage-prohibited substance: Deliberate use is prohibited. There are regulations on the inclusion of impurities.
3. Regulated substance: Substance which requires a content report. Substance which has regulations from industrial groups.
(Includes prohibited substances.)

Controlling atmospheric emissions

The Nissha Group in Japan carries out voluntary activities to control the emission of volatile organic compounds (VOC), one of the causes of atmospheric pollution. Nitec Industries Inc. (NII) Koka Factory, which emits VOCs, uses a catalytic deodorizer and a direct combustion deodorizer to scrub or reduce VOCs. We also regularly measure smoke from our boilers.

Surveys of soil and groundwater contamination

We carry out regular surveys and monitoring of groundwater contamination at our production bases in Japan as well as the grounds of our Kyoto Global Headquarters. In particular, we survey contamination status and check safety before construction for the site-development projects we are carrying out at the Kyoto Global Headquarters.

Prevention of Water Pollution

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

The figures for core production bases are as follows.

Nitec Precision and Technologies, Inc. (NPT) Himeji Factory Measurements of Wastewater Quality

Items measured	Regulatory value (Water Pollution Control Act)	Agreement value (Law Concerning Special Measures for Conservation of the Environment of the Seto Inland Sea)	Voluntary standard	Unit	FY ended December 2017		FY ended December 2018		FY ended December 2019	
					Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5,200	5,000	5,000	m	4,976	○	4,934	○	4,655	○
pH	5.8~ ~8.6	5.8 ~8.6	6.5~ ~8		6.8 8	○ ○	6.9 7.6	○ ○	6.9 7.6	○ ○
BOD	120	10	9	mg/l	1.4	○	3.9	○	2.8	○
COD	120	10	9	mg/l	9.2	△	7.4	○	7.3	○
SS	150	5	4.5	mg/l	3	○	3.7	○	1.6	○
n-hexane derived substances	Mineral oil: 5 Vegetable oil: 30	1	0.9	mg/l	0.6	○	0.6	○	<0.05	○
Phenol	5	0.1	0.08	mg/l	<0.005	○	<0.005	○	<0.005	○
Copper	3	0.5	0.4	mg/l	0.03	○	0.04	○	0.04	○
Zinc	2	1.5	1.2	mg/l	<0.01	○	<0.01	○	<0.01	○
Soluble iron	10	0.15	0.08	mg/l	<0.01	○	<0.01	○	0.02	○
Soluble manganese	10	0.05	0.045	mg/l	0.05	△	0.05	△	0.04	○
Chromium	2	0.02	0.02	mg/l	<0.02	○	0.02	○	<0.02	○
Nitrogen	60	10	9	mg/l	7	○	9.4	△	8.0	○
Phosphorus	8	1	0.45	mg/l	0.19	○	0.29	○	0.19	○

Nitec Precision and Technologies, Inc. (NPT) Kaga Factory Measurements of Wastewater Quality

Items measured	Regulatory value (Prefecture)	Voluntary standard	Unit	FY ended December 2017		FY ended December 2018		FY ended December 2019	
				Final effluent (Average)	Final effluent (Maximum)	Final effluent (Average)	Final effluent (Maximum)	Final effluent (Average)	Final effluent (Maximum)
pH	5.8~8.6	6.2~8.2		7.5 ○	7.6 ○	7.4 ○	7.7 ○	7.5 ○	7.5 ○
BOD	160 or less	40 or less	mg/l	31.5 ○	47 –	32.6 ○	56 –	21.9 ○	34.0 ○
COD	160 or less	80 or less	mg/l	35.4 ○	63 ○	55.3 ○	93 –	34.0 ○	47.0 ○
SS	200 or less	20 or less	mg/l	15.6 ○	26 –	28.2 –	63 –	9.1 ○	18.0 ○
n-hexane derived substances	30.0	15 or less	mg/l	0.5 ○	0.5 ○	0.5 ○	0.5 ○	0.6 ○	0.8 ○

Nitec Precision and Technologies, Inc. (NPT) Tsu Factory Measurements of Wastewater Quality

Items measured	Regulatory value (Water Pollution Control Act)	Agreement value of Tsu City environmental conservation	Voluntary standard	Unit	FY ended December 2017		FY ended December 2018		FY ended December 2019	
					June	December	June	December	June	December
pH	5.8~8.6	5.8~8.6	5.8~8.6	–	8.0 ○	7.8 ○	7.9 ○	8.3 ○	8.2 ○	7.9 ○
BOD	120	≤20	≤20	mg/l	9.4 ○	<5.0 ○	<5.0 ○	<5.0 ○	<5.0 ○	<5.0 ○
COD	120	≤20	≤20	mg/l	6.1 ○	3.6 ○	0.8 ○	5.1 ○	1.4 ○	1.5 ○
SS	150	≤70	≤70	mg/l	<1 ○	<2 ○	<2 ○	<2 ○	<2 ○	<2 ○
N-hexane	5	≤5	≤5	mg/l	<1 ○	<2 ○	<2 ○	<2 ○	<2 ○	<2 ○
Phenol	5		5	mg/l	<0.025 ○	<0.5 ○	<0.5 ○	<0.5 ○	<0.5 ○	<0.5 ○
Copper	3	≤3	≤3	mg/l	<0.01 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○
Zinc	2	≤2	≤2	mg/l	<0.01 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○
Soluble iron	10	≤10	≤10	mg/l	0.2 ○	0.3 ○	0.4 ○	<0.1 ○	<0.1 ○	0.1 ○
Soluble manganese	10		10	mg/l	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○
Chromium	2		2	mg/l	<0.04 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○	<0.1 ○
Coliform bacteria	3000	≤3000	≤3000	unit/ml	<30 ○	58 ○	100 ○	100 ○	<100 ○	<100 ○
Nitrogen	60	≤10	≤10	mg/l	7.1 ○	1.0 ○	0.8 ○	1.2 ○	0.8 ○	<0.5 ○
Phosphorus	8	≤1	≤1	mg/l	0.03 ○	<0.1 ○	<0.1 ○	0.2 ○	<0.1 ○	<0.1 ○
Fluorine	8		8	mg/l	0.1 ○	–	<0.8 ○	–	<0.8 ○	–
Cadmium	0.03		0.03	mg/l	<0.005 ○	–	<0.001 ○	–	<0.001 ○	–
Cyanide	1		1	mg/l	<0.1 ○	–	<0.1 ○	–	<0.1 ○	–
Lead	0.1		0.1	mg/l	<0.02 ○	–	<0.01 ○	–	<0.01 ○	–
Hexavalent chromium	0.5		0.5	mg/l	<0.04 ○	–	<0.05 ○	–	<0.05 ○	–
Arsenic	0.1		0.1	mg/l	<0.01 ○	–	<0.01 ○	–	<0.01 ○	–
Total mercury	0.005		0.005	mg/l	<0.0005 ○	–	<0.0005 ○	–	<0.0005 ○	–

Management of Chemical Substances

For the fiscal year ended December 2018, we reported the use of nine PRTR-designated chemical substances.

Nitec Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY ended December 2017			FY ended December 2018			FY ended December 2019		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
53	Ethylbenzene	2,109	530	○	1,444	587	○	1,211	463	○
80	Xylene	16,261	4,219	○	9,904	4,026	○	9,937	4,075	○
88	Hexavalent chromium compounds	0.1	0.0	○	0.1	0.0	○	0.1	0	○
296	1,2,4-Trimethylbenzene	2,258	1,114	○	299	107	–	265	95	–
300	Toluene	66,399	39,970	○	83,927	36,831	○	100,846	5,520	○
392	N-hexane	5,261	3,227	○	8,371	2,375	○	4,518	2,741	○

Nitec Precision and Technologies, Inc. (NPT) Himeji Factory

Unit: kg

PRTR No.	Name of chemical substance	FY ended December 2017			FY ended December 2018			FY ended December 2019		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
71	Ferric chloride	0.0	0.0	○	0.0	0.0	×	0.0	0.0	×
272	Water-soluble copper salts (excluding complex salt)	0.0	1,857.0	○	0.0	2,023.1	○	0.0	1,352.8	○
453	Molybdenum and its compounds	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○

Nitec Precision and Technologies, Inc. (NPT) Kaga Factory

Unit: kg

PRTR No.	Name of chemical substance	FY ended December 2017			FY ended December 2018			FY ended December 2019		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
64	Silver and its compounds (water soluble)	-	-		-	-		-	-	
71	Ferric chloride	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○
272	Water-soluble copper salts (excluding complex salt)	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○
453	Molybdenum and its compounds	-	-		-	-		-	-	

Nitec Precision and Technologies, Inc. (NPT) Tsu Factory

Unit: kg

PRTR No.	Name of chemical substance	FY ended December 2017			FY ended December 2018			FY ended December 2019		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
71	Ferric chloride	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○



Social

In order for the Nissha Group to grow and develop, and realize the enrichment of people's lives on a continuous basis, it is important that we recognize and live up to society's demands and expectations. We are carrying out various activities that support our businesses, while valuing communication with our stakeholders.

- We work with our customers across the globe to tackle social issues, under a structure in which our customers can feel safe to trust us with work.
- We respect the human rights and diversity of our employees, and create workplace and systems in which they can maximize their abilities, with the aim of achieving growth for both the company and our employees.
- We strive to build partnerships of co-existence and co-prosperity with our suppliers, toward constructing sustainable production systems and supply chains.
- We carry out social contribution activities, aiming to co-existence with local communities.

Human Rights

Basic Policy on Labor and Human Rights

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 electronics and automotive industries' code of conduct provided by the Responsible Business Alliance (RBA) were used as reference. In addition to Japanese, this policy has been translated into English, Chinese, Korean and Malay, Spanish and German, and widely distributed to all Nissha Group employees.

Basic Policy on Labor and Human Rights

The 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.

June 1, 2018

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

Initiatives Related to Labor and Human Rights

We adhere to international norms and laws on human rights and labor standards, and strive for continuous improvement in the content of our activities. Labor and Human Rights Subcommittee, one of the constituent subcommittees of Sustainability Committee is introducing and operating a management system in line with the Responsible Business Alliance (RBA) code of conduct at major production bases of the Nissha Group in Japan.

In the fiscal year ended December 2019, we conducted training to “respect the human rights of employees” and “understand and reduce human rights risks”, in combination with efforts to assess human rights risks at production bases in Japan employing foreign technical interns as well as at overseas production bases. In addition, we implemented measures to encourage flexible work styles and comfortable life in modern society, and provided in-house training on harassment prevention. Moving forward, we plan to monitor human rights risks at affiliated companies new to the Nissha Group and at overseas bases, and carry out the initiatives needed to reduce the risks.

Initiatives for Foreign Technical Interns

Workplaces in Nissha 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. Signs indicating evacuation routes and the location of the medical office, notices about harassment and other consultation desks, pay slips, and training materials, for example, are prepared and provided in both the Japanese and Vietnamese languages.



Training materials in Vietnamese



Workshop

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 a chief promoter of harassment prevention and hotline staff at each base. The chief promoters organize a liaison meeting twice a year, in May and November as a rule, where they share information about cases of harassment that have occurred at one another's base, introduce their responses, and discuss practical harassment prevention, problem solving, and measures for improvement.

We have in place both internal and external hotlines that are accessible to all employees seeking

consultation about harassment. Contact information is disseminated on our intranet, in a guidebook, and through e-learning. We ensure that employees can feel safe using the system by taking the utmost care to protect the privacy of the consulter, and to protect the consulter or whistleblower from unfair treatment or disadvantage. In the fiscal year ended December 2019, the internal hotline was used seven times and the external hotline two times. All of the cases have been addressed and brought to a conclusion.

We use an e-learning system to provide harassment prevention training for all employees. In addition, we conduct supervisor training for managers, training for hotline staff, and follow-up training targeting divisions where cases of harassment had occurred with the aim of preventing recurrence. In the fiscal year ended December 2019, group-wide training focused on preventing harassment and dealing with it, covering contents such as a harassment-free mindset, the viewpoint of the victim, and what to do in the event the participants become a victim. In the fiscal year ending December 2020, we plan to work on prevention centering on divisions with a high frequency of incidents.

Fair Evaluation and Treatment

The personnel system at Nissha Group is based on rewarding employees who have achieved results. In Japan, we conduct a personnel evaluation every half year around the two axes; one is “responsibility for results”, linked with the management strategies of the company and the goals of the individual’s organization, and the other is “responsibility for conduct”, which look at the individual’s actions toward producing results and the extent to which they epitomize the shared values of Nissha Group. The outcomes are reflected in treatment in the form of bonuses, pay raises, and promotions. The individual’s superior organizes interviews and provides feedback at the start of the period covered, when goals are set, and at the end, when the outcomes are evaluated. By emphasizing dialogue for mutual understanding, we strive for evaluation and treatment that is fair and convincing.

At present, we are preparing a new managerial personnel system that will come into effect in the second half of the fiscal year ending December 2020. The new system will attach weight to the scale of the individual’s role and his or her ability to perform it regardless of age or career in the company.

Wage Management

We at the Nissha Group appropriately determine wages paid in exchange for labor in accordance with the wage regulations of each subsidiary and with individual contracts based on the laws of the relevant country. Neither our Basic Policy on Labor and Human Rights nor our wage regulations allow for discrimination based on a person’s age or gender.

Once a year, we conduct internal audits of Nissha Group companies in Japan in the area of labor and human rights to check the status of adherence to laws and the codes of conduct provided by our customers. Whether wages satisfy prefectural minimum requirements, and work times and overtime hours are correctly reflected in wages—we continue to manage even findings like these for which corrective action has already been completed through past audits.

Relationship with Labor Union

Our Basic Policy on Labor and Human Rights contains the provision, “4. 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 2019, there were no significant violations of freedom of association.

The Nissha Group has three labor unions: the Nissha Labor Union (organized in March 1946, 739 members*), the Nitec Industries Labor Union (organized in March 2012, 433 members*), and the Nissha Printing Communications Labor Union (organized in October 2015, 136 members*) (the number of union members are as of the end of December 2019). In January 2016, these three unions formed the Nissha Group Labor Union. While one union per company is our basic approach to promoting well-disciplined organization and building sound relationships between labor and management, we recognize that regular exchange of information and coordinated action between labor unions is necessary to resolve common challenges within the Nissha Group. Based on this understanding, Nissha Group have solid relationships and hold regular negotiations and discussions with our labor unions.

In the fiscal year ended December 2019, in response to legislation on work style reforms, we engaged in collective bargaining with the labor union and introduced annual paid leave by the hour. In the fiscal year ending December 2020, we will continue to review the agreement on overtime work and work on days off, commonly called *saburoku kyotei*, or “Agreement 36,” for corresponding to Article 36 of the Labor Standards Act—establish and bring into effect telework regulations expanding on our existing work at home system, and carry out other schemes to realize flexible work styles suitable for our employees’ diverse lifestyles.

Nissha Co., Ltd. holds regular Management Council meetings with the Nissha Labor Union, joined by employees excluding managerial staff, to negotiate and discuss employees’ labor conditions and share information about the Nissha Group’s business operations. When changing important labor conditions of Nissha Group in Japan, the company exchanges dialogue with the union on a daily basis with the aim of reaching an agreement satisfactory to both. Furthermore, labor and management offices are holding discussions to share information about work times and prevent large amounts of overtime work.

Affiliated companies Nitec Industries, Inc. and Nissha Printing Communications, Inc. also hold negotiations and discussions about employees’ labor conditions with their respective labor unions. The Workplace Improvement Committee, established by both labor and management at Nitec Precision and Technologies, Inc., works to promote improvements in the workplace environment and in welfare benefits.

In fiscal year ended December 2019, the Nissha Group 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.

Voice of the Labor Unions

At the Nissha Group Labor Union, one union per company is our basic approach to promoting well-disciplined organization and building sound relationships between labor and management. Each union offers suggestions, negotiates between labor and management, and performs checks true to the characteristics of the company. We emphasize autonomy, such as providing guidance for Management Council meetings between the union and management at each company. In addition, the Nissha Group Labor Union holds discussions between labor and management for issues that are common to all, such as the various systems, regulations, and so on.



Takashi Yoshioka
Labor Leader / Nissha Group Labor Union

Nissha is in the midst of dynamic changes right now. When carrying out union activities, we constantly bear in mind that from a union-specific standpoint, we are supporting Nissha's strength of achieving growth through change. We are paving the way to growth and a sense of job fulfillment for employees of the Nissha Group—this belief is at the base of our daily activities.

Labor Practices

Human Resources Development

Nissha Group's Mission is to realize the enrichment of people's lives through the diverse capabilities and passion. We believe our employees are our most important management resources and work to develop human resources based on our Human Resources Development Policy.

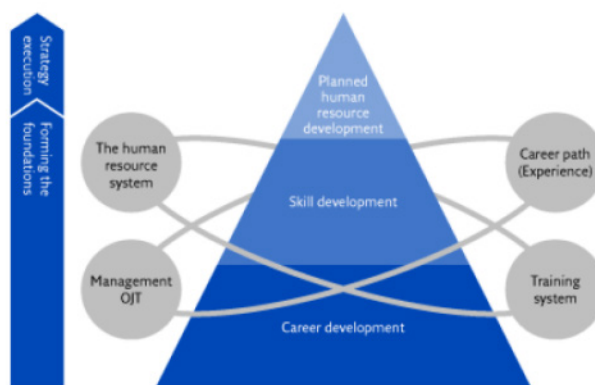
Human Resources Development Policy

We implement a planned development of human resources needed for the company to grow and actively support our employees in the voluntary development of their skills with the aim of achieving growth for both the company and our employees.

Approach to Human Resources Development

We at Nissha Group approach human resources development from the three areas of planned human resource development, skill development, and career development. For each area, we aim to promote comprehensive education incorporating the perspectives of training system, on-the-job training (OJT), medium- to long-term career path development, and human resource systems to support these programs.

Human Resources Development Model



Planned human resource development

We implement planned development to foster and secure the human resources needed to achieve the medium- and long-term vision.

Skill development

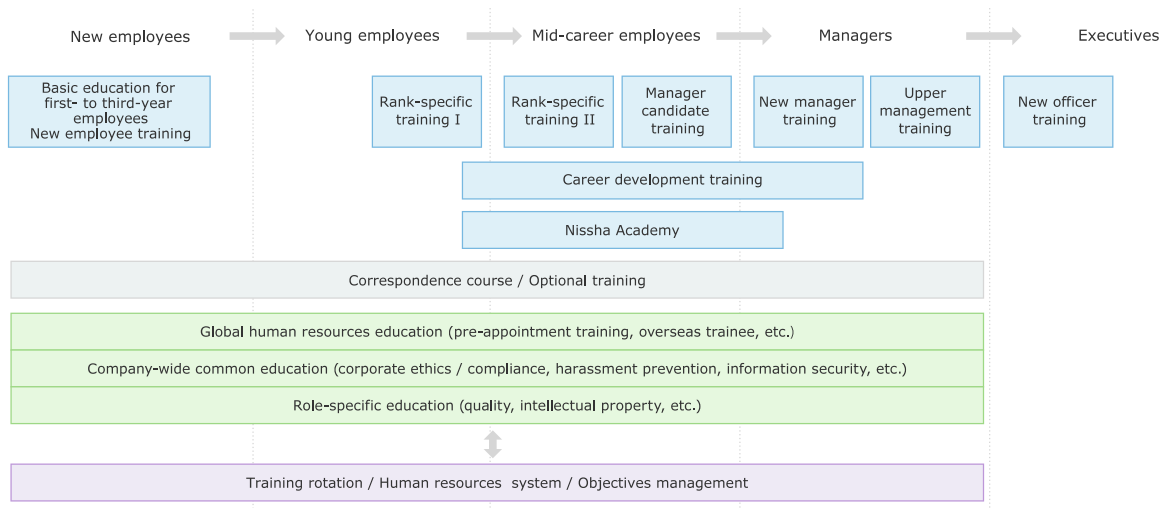
Individual employees voluntarily develop their skills and increase their market value.
→The company supports this and thereby enhances the quality of its human resources.

Career development

We support medium- to long-term career development and promote growth toward employees' ideals.
(We provide opportunities to recognize the importance of and pursue career development.)

Training System (Major Programs by Area)

Area	Training
Planned human resource development	Nissha Academy (selective training for next-generation management candidates), rank-specific training, manager training, overseas appointee training, etc.
Skill development	Theme-specific training (leadership, logical thinking, presentation, etc.), foreign language training, accounting education, in-house TOEIC testing, correspondence course, etc.
Career development	Education for young employees (first, second, and third years after joining Nissha Group), career development training, etc.



Selective Human Resource Development

In 2013, we established Nissha Academy, an in-house institute for fostering human resources with more advanced, specialized knowledge. While we continue to expand on our rank-specific and theme or function-specific training, global human resource education, and career development, Nissha Academy employs a selective system to provide training.

As part of Nissha Academy, we operate a Business School which provides knowledge and skills in the proposal and execution of management strategies including accounting, finance, marketing, and human resources to foster leaders capable of company and business oversight. Graduates are actively provided with opportunities to practice what they have learned through involvement in projects, the drafting of medium-term business plans, and so on, which helps with their medium-term career development as well.

As a gateway to Nissha Academy, in fiscal year ended March 2016, we launched business literacy training, a short-term intensive selective program covering the basics of themes such as management, accounting, and marketing. This program also goes beyond inputting knowledge to featuring practical contents, where participants apply what they have learned to analyze the current situation of their company and discuss its challenges through group work and the creation of individual reports.

Programs to Support Employees' Will to Learn and Grow

The Nissha Group offers many open-call training courses which employees may sign up for in line with their choice of personal development theme. Eligibility for the open-call training courses for general employees was expanded to managers in the fiscal year ended December 2018 in response to the will of managers to learn and grow. In addition, our correspondence courses and self-learning programs via Skype support voluntary learning by covering half the price of subsequent courses for graduates.

In the fiscal year ended December 2019, we introduced a new career training course for employees in the fifties. All permanent employees aged 50 through 59 attended the course designed to develop understanding about the external environment and the company's systems as well as facilitate recognition of the participants' own values and strengths. The e-learning system we introduced in the fiscal year ended December 2018 offers courses on essential knowledge and important themes for all employees. Courses in the fiscal year ended December 2019 covered four themes including corporate ethics and compliance; labor, human rights, and the prevention of harassment; and information

security. A video of the e-learning contents was used as teaching material for employees working at plants, who have no access to a personal computer. In this way, we are working to upgrade and standardize the knowledge of employees of the Nissha Group in Japan.

In addition, we have in place an overseas trainee system aimed at fostering young human resources who will play a role in the global business environment. Employees who fulfill a certain set of criteria and who have been recommended, passed the screening, and received approval are sent to overseas subsidiaries, where they are provided with opportunities to experience global business, improve their language and cross-cultural communication skills, and gain understanding of local business practices. In the fiscal year ended December 2019, five employees were dispatched to Europe, the United States, and Southeast Asia, where they took their first steps toward becoming global human resources.

Training Records

The total number of hours dedicated to major training programs in the Nissha Group in Japan and training hours per employee (by gender) are given in the table below.

		Fiscal year ended December 2017	Fiscal year ended December 2018	Fiscal year ended December 2019
Annual training hours	Male	14,204	15,117 (19,573)	12,551 (17,768)
	Female	5,561	6,330 (7,277)	3,388 (4,497)
	Total	19,765	21,446 (26,850)	15,939 (22,265)
Training hours per employee	Male	7.4	7.9 (10.2)	6.8 (9.6)
	Female	13.1	14.6 (16.8)	7.5 (10.0)
	Total	8.4	9.1 (11.4)	7.0 (9.7)

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

* Figures in parenthesis are the results including e-learning.

* With the change in fiscal year end date from March 31 to December 31, the fiscal year ended December 2017 covers a nine-month period (from April to December).

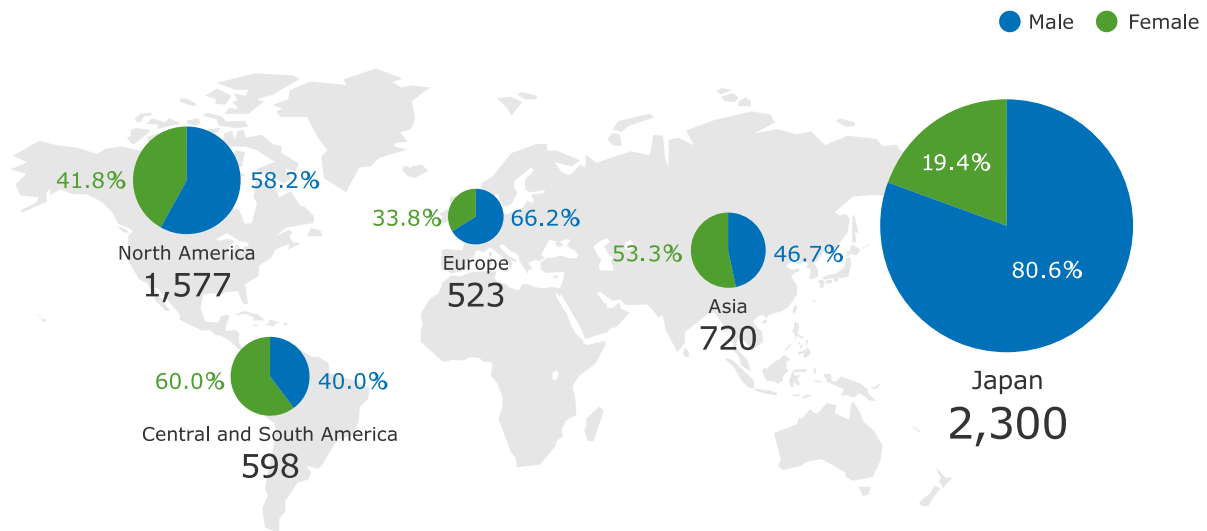
Respect for Diversity

The Nissha Group has a set of Shared Values that serve as the principle of employee behavior seeking to realize our mission. One of those values, Diversity and Inclusion, declares, "We welcome diverse capabilities interacting as equals and enhancing our organizational performance." To grow as a global company, we respect diverse work styles by diverse human resources, and aim to create workplaces in which all employees can perform to their full potential.

Nissha Group Employee Composition

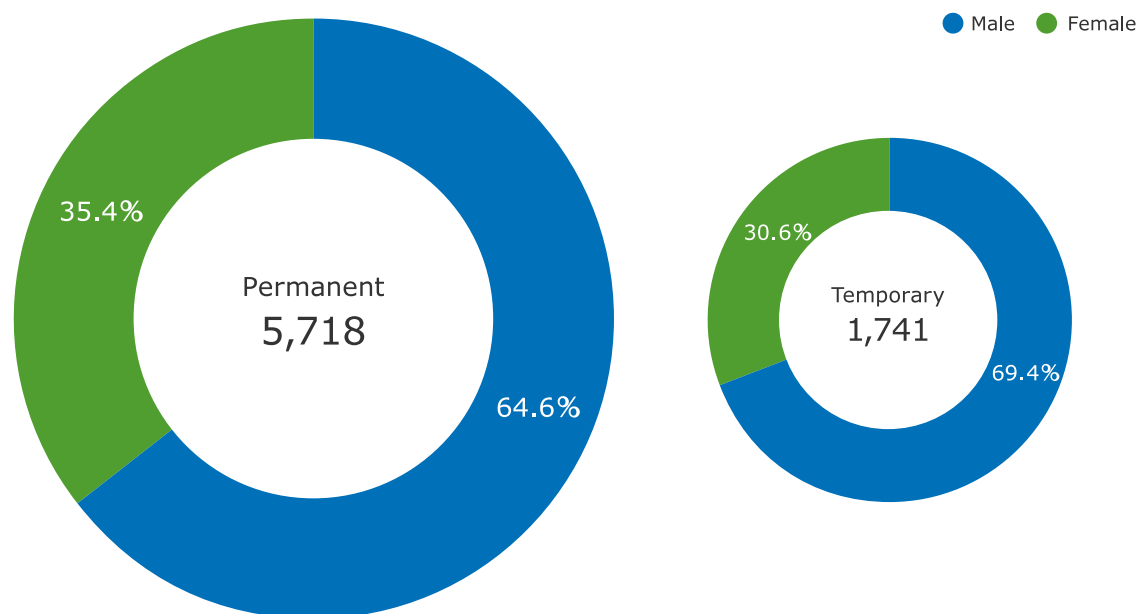
The diversity of the Nissha Group shows in our employee composition in terms of gender, age, and employment status. With the expansion of our activities across the globe, about 60% of permanent employees work at Nissha Group companies outside Japan. We hire a diverse range of people on a global basis. Locally hired employees are appointed to upper management positions such as CEO at eight of Nissha Group's overseas bases, where they are deeply involved in management.

Composition by region (Nissha Group, as of the end of December 2019)



* Figures exclude temporary employees.

Composition by employment status (Nissha Group, as of the end of December 2019)



*Figures exclude directors by a delegation agreement.

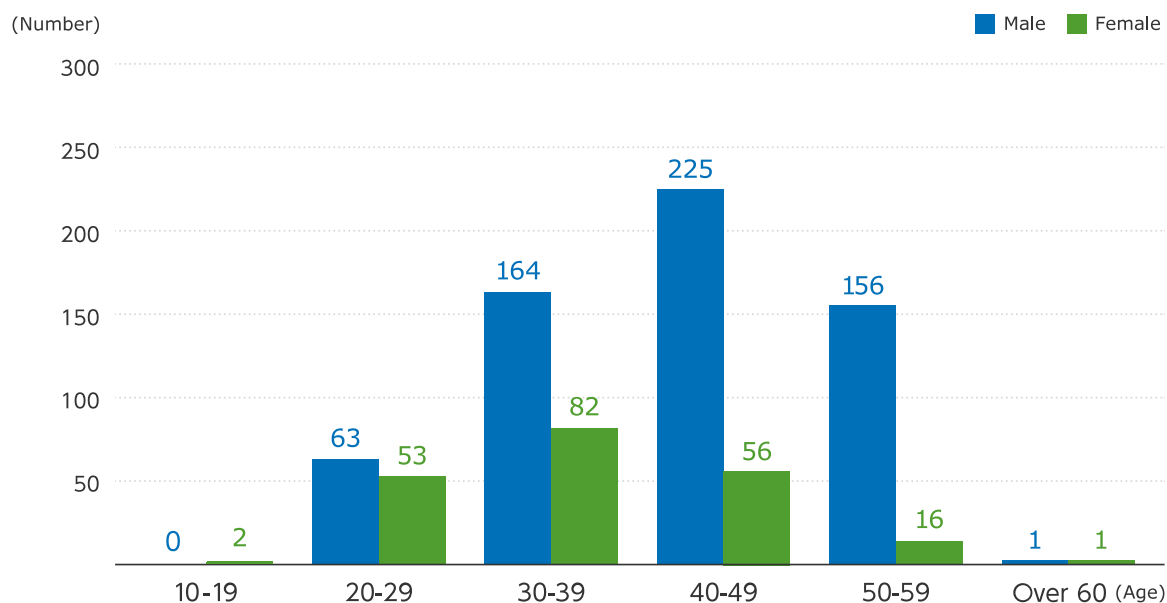
Employee Composition (Nissha Co., Ltd.)

Fiscal Year	Gender	Directors of the Board	Corporate officers	Nissha fellows	Managerial staff	Employees	Average age	Average years of employment
FY ended Mar. 2016	Male	6	15	1	153	610	41.1	13.7
	Female	1	0	0	7	180	35.0	9.8
FY ended Mar. 2017	Male	7	16	1	154	619	41.5	13.9
	Female	1	0	0	7	183	35.4	10.2
FY ended Dec. 2017	Male	7	15	1	165	603	41.8	14.1
	Female	1	0	0	9	188	35.9	10.7
FY ended Dec. 2018	Male	8	12	1	161	616	42.1	14.5
	Female	1	0	0	11	203	36.5	10.7
FY ended Dec. 2019	Male	8	12	1	162	609	42.9	15.3
	Female	1	0	0	10	210	36.7	11.0

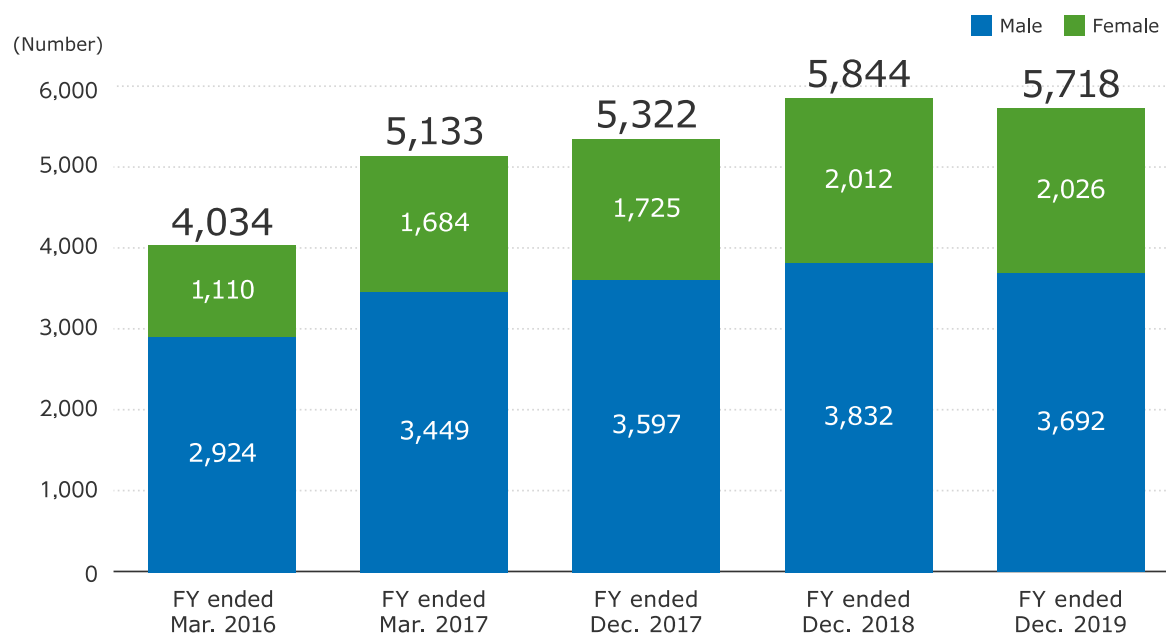
Note 1: Directors include Independent Outside Directors of the Board.

Note 2: Employees exclude temporary employees.

Composition by age (Nissha Co., Ltd., as of the end of December 2019)



Number of employees (Nissha Group)



*Figures exclude temporary employees.

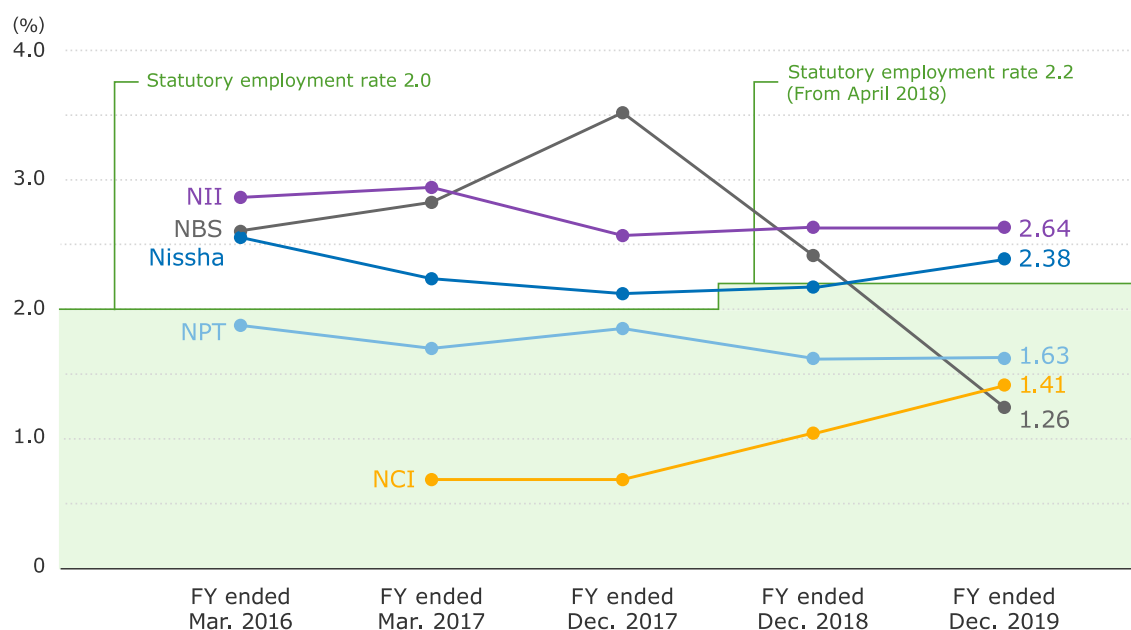
Of all permanent employees who left Nissha Group companies in Japan in the fiscal year ended December 2019, 2.26% left for personal reasons.

Percentage of Persons with Disabilities at Nissha Group in Japan

Business operators in Japan with over a certain number of employees are required to employ a prescribed percentage of persons with disabilities. Nissha Group in Japan with an applicable workforce each strive to meet the statutory rate. At Nissha Co., Ltd. and affiliated companies subject to the rule, Human Resources organizes regular interviews with employees with disabilities and strives to maintain an environment where they can perform to their potential. The company also has a system for appointing permanent employees taking into consideration their disabilities, and assigning job coaches to support the development of potential, toward long-term employment in tune with the capabilities and circumstances of individual employees.

The percentage of persons with disabilities employed at major Nissha Group in Japan are given in the table below. In the fiscal year ended December 2019, persons with disabilities accounted for 2.38% of the workforce at Nissha Co., Ltd., for an increase compared to the previous fiscal year. Those employed at Nissha Business Service, Inc. (NBS) decreased slightly, to 1.26%. By strengthening collaboration with external organizations such as special-needs schools and introducing internships inclusive of persons with disabilities, we plan to continue hiring and creating job opportunities for persons with disabilities, and working to achieve and maintain the target statutory rate.

Percentage of Persons with Disabilities Employed (Nissha Group in Japan)



Nissha: Nissha Co., Ltd.

NII: Nitec Industries, Inc.

NPT: Nitec Precision and Technologies, Inc.

NCI: Nissha Printing Communications, Inc.

NBS: Nissha Business Service, Inc.

* With the change in fiscal year end date, the results are as of the end of March until 2016, and as of the end of December after 2017.

* The statutory employment rate for persons with disabilities in private company is 2.2% since April 2018.

Employment of Foreign Nationals

In efforts to secure diverse human resources, Nissha Co., Ltd. has expanded new graduate hiring activities to foreign international students. By participating in joint company briefing events organized exclusively for international students in Japan, we sought to interview candidates from a variety of backgrounds. As a result, in the fiscal year ended December 2019, we hired four international students, who are now working in sales, technology, and administration divisions. For the divisions accepting foreign employees, we organize workshops to promote cross-cultural understanding, ensuring that members respect one another's diverse values and use that diversity to its best advantage in their work.

Nitec Precision and Technologies, Inc. has accepted technical interns from Vietnam since 2018. To help the technical interns feel safe and secure at production sites, it ensures smooth workplace communication by posting signs such as evacuation routes in both the Japanese and Vietnamese languages. We plan to continue efforts to secure and develop the diverse capabilities that will support our changing business.

Initiatives to Promote Women's Participation and Advancement in the Workplace

Nissha Group aims to be a corporate group where employees can live up to their potential regardless of nationality, gender, or age, etc.

Practical Training for Women Employees

In order to promote women's participation in the workplace, we believe it is crucial both for the management to recognize the necessity of promoting women's participation in the workplace and taking advantage of diversity, and to raise the awareness of women employees themselves. At Nissha Group in Japan, we conducted training for the management first, followed by career development training for women employees in general positions, and then training for women employees who are candidates for managerial positions.

In the training for woman general employees, the content was designed so that participants could be aware of future career development, by looking back on their career so far and recognizing their current strengths and making a future success plan. After the training, participants work with their superiors to deepen communication and promote understanding of women employees so that more effective results can be achieved.

In addition to the above training content, the career development training for women managerial candidates is an opportunity to learn what is necessary to play an active role as a leader and to exchange opinions among participants to deepen horizontal cooperation.

In fiscal year 2019, we held a seminar on "Healthcare for Working Women" as an educational activity to help women continue to work healthily for a long time. Our industrial physician explained the health risks peculiar to women, the importance of health checkups, and points on health management.



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 301 or more employees to draft an action plan for promoting women's participation in business. In the Nissha Group, three companies fall under this category: Nissha Co., Ltd., Nitec Industries, Inc., and Nitec Precision and Technologies, Inc. One more company, Nissha Printing Communications, Inc., has voluntarily formulated an action plan.

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 employees can live up to their full potential.

Support for Diverse Work Styles

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 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.

Flexible Work Hours

We have in place flexible work hours as a system in which employees can voluntarily determine their own start and finish time of the working day. With this system, we are able to respond flexibly to time differences with other countries, respond to customer requests and work styles according to the busy period of work, while promoting work-life balance. Initially introduced in sales departments, the system was expanded gradually to other divisions and today benefits employees also in development and administration.

Work from Home / Telework System

We have had in place a work from home system for employees with child-rearing and family care responsibilities since the fiscal year ended March 2015. In the fiscal year ended December 2019, 31 employees used the system (20 for child-rearing, 4 for family care, and 7 for other reasons). With the aim of improving work efficiency and further promoting work-life balance with flexible work styles, in the fiscal year ending December 2020, we expanded eligibility for work at home to any employee who can perform the same level of work at home as at the office. We also established a telework system, covering work performed at locations other than the office using IT equipment, in efforts to promote flexible, efficient work styles.

	FY ended Mar. 2016	FY ended Mar. 2017	FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2019
Male	0	1	1	3	11
Female	5	6	7	12	20
Total	5	7	8	15	31

Diverse Work Styles for COVID-19

With the spread of the novel coronavirus disease (COVID-19) and the Japanese government expanding its state of emergency declaration nationwide, in April 2020, Nissha Co., Ltd. and Nissha Group in Japan switched sales divisions and back office divisions primarily to teleworking. In order to facilitate work from home, we promoted digitization of paper-based documents such as internal application and approval forms, and as a temporary measure until the situation subsides, simplified the approval procedure for teleworking itself. For employees who needed to come to the office, we allowed the use of alternative public transportation routes that are relatively less congested.

During the pandemic, we allow employees to use special leave or saved expired leave for suspected infection, and special paid leave for closure of a child's kindergarten or school. For women employees who are pregnant or within a year of childbirth, who may experience anxiety or stress about the possibility of infection while commuting or owing to the nature of their work, we allow 100% teleworking if the job permits it, or switching to a job that permits teleworking if the current job does not.

Moving forward, we plan to continue devising flexible work systems and support structures so that employees can feel safe and secure while working and live up to their full potential.

Support for Reinstatement after Long-term Leave

For employees reinstated at work after long-term leave due to illness or injury, we set forth the consideration to be taken by workplaces according to the condition of the employee's health in an aim to prevent recurrence of the illness or injury and achieve a smooth return to work. We arrange periodic consultations with an industrial physician to confirm the considerations necessary in the workplace, and have a system in which reinstated employees may shorten their work time by up to two hours per day for a period of six months. 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.

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. In order to make the systems easy to use, we have in place a program in which employees may save up to 30 days of expired annual paid leave to be used in the event of illness or injury, either of the employee or a family member, and for child-rearing, family care, school events, and closure of kindergarten or school.

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.

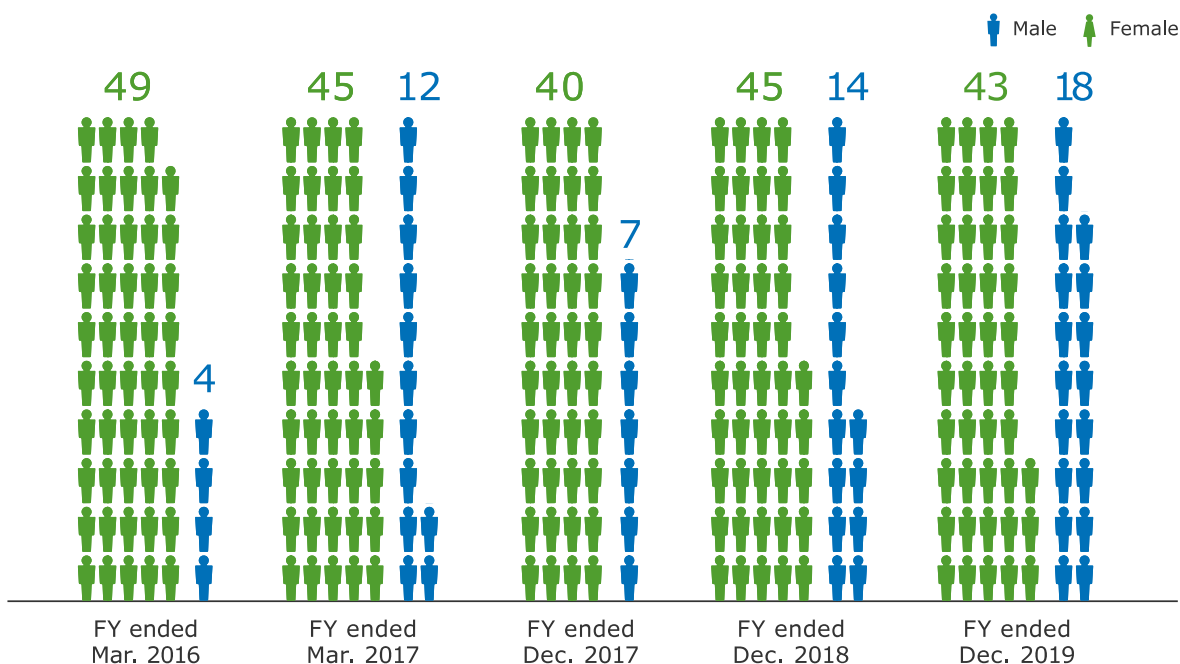
Support system	Nissha Group in Japan	Statutory coverage
Shorter hours during pregnancy	During pregnancy (up to maternity leave before childbirth) Up to 3 hours per day	—
Child-rearing leave	Up to 2 years old	As a rule, up to 1 year old (1 year 6 months old when certain conditions are met)
Days off for spouse's childbirth	5 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
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, we have introduced a system for supporting early reinstatement after child-rearing leave by covering part of the expenses of a non-registered nursery. The system is designed for employees who could not enroll their child in a publicly funded authorized nursery, and while the child is on the waiting list, temporarily opt to use the services of a more costly non-registered facility. To date, two employees have been reinstated using the system.

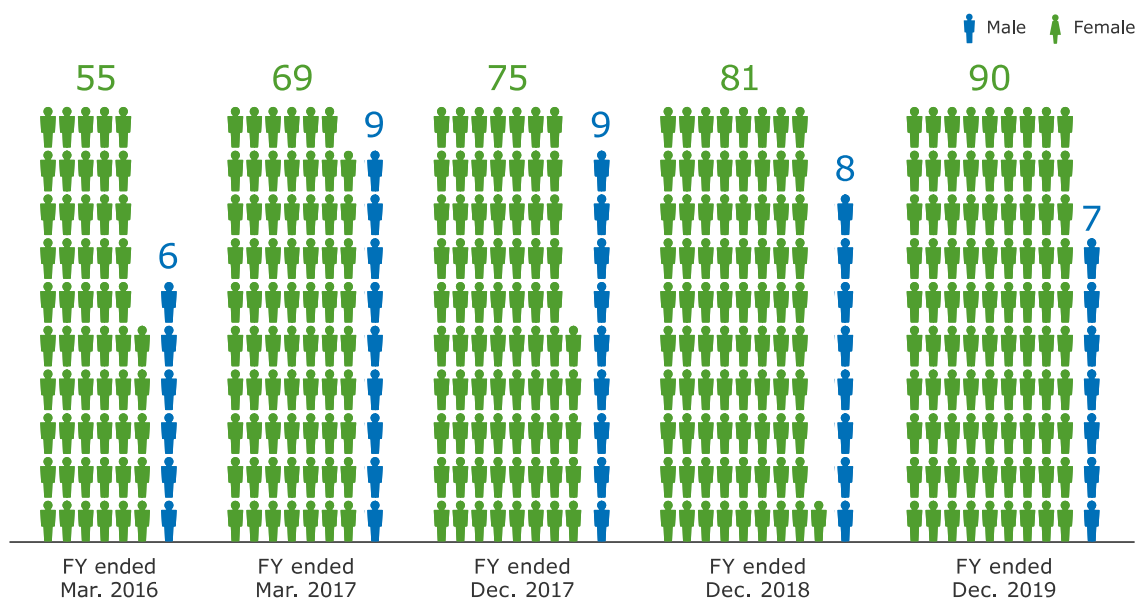
Number of employees who used child-rearing Support

The number of employees who used child-rearing leave, worked shorter hours for child-rearing, and took days off for child nursing are given in the graphs 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.

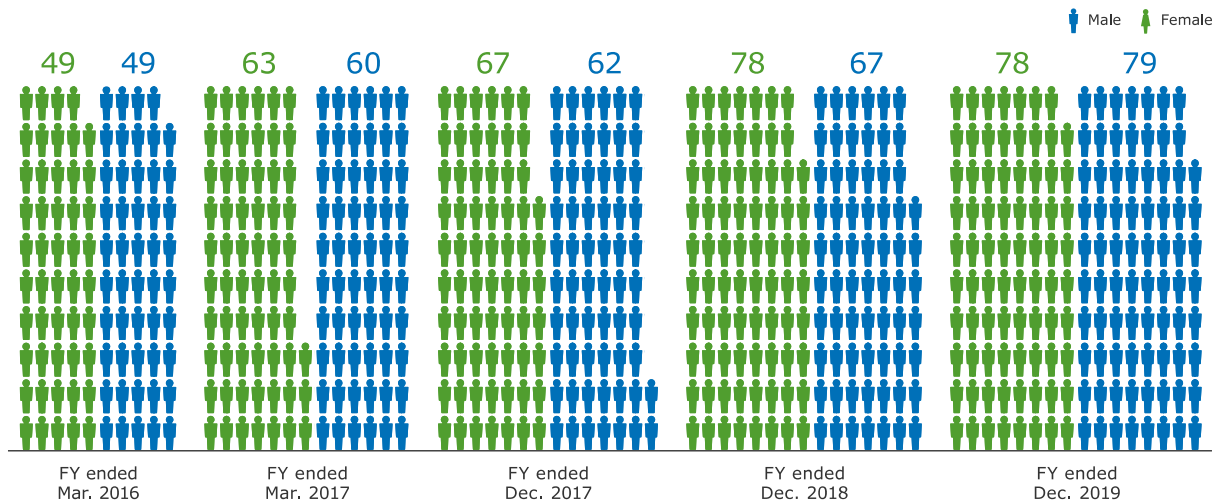
Number of employees who used child-rearing leave



Number of employees who worked shorter hours for child-rearing



Number of employees who took days off for child nursing



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.

Fiscal Year		FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2018
Reinstatement rate	Male	100.0%	100.0%	100.0%
	Female	100.0%	100.0%	95.0%
Retention rate (one year)	Male	88.8%	83.3%	100.0%
	Female	96.4%	100.0%	90.0%

* Reinstatement rate = 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

* Retention rate = 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

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.

Support system	Nissha Group in Japan	Statutory coverage
Family care leave	Total 240 working days	Total 93 days
Shorter hours for family care	Three years from starting date 3 hours per day	Three years from starting date
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

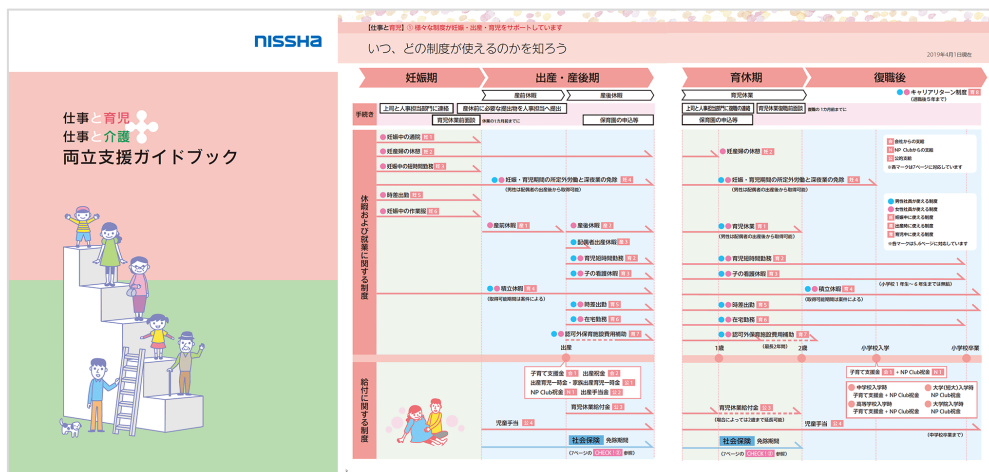
Number of employees who used family care leave

The table below shows the number of employees who used the support system for family care leave, shorter hours for family care, and days off for family care. We are making efforts to raise employee awareness of the system to support diverse work styles in an aging society by distributing the Work-Life Balance Support Guidebook containing information on both in-house and outside systems for family care, and publishing the contents on the intranet.

Support system	Gender	FY ended Mar. 2016	FY ended Mar. 2017	FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2019
Family care leave	Male	0	0	0	1	3
	Female	0	0	1	0	1
Shorter hours for family care	Male	1	1	0	0	0
	Female	0	0	1	1	1
Days off for family care	Male	4	7	9	8	12
	Female	4	5	7	8	5

Distribution of Work-Life Balance Support Guidebook

To support our employees in achieving work-life balance, we created a Work-Life Balance Support Guidebook containing information on both in-house and outside systems for child-rearing and family care and distributed to all employees. The guidebook is published on the Nissha Group intranet and swiftly revised in the event a system changes, enabling our employees to access up-to-date information at all times.



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 child-rearing 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. (NBS) received Kurumin certification in 2015, followed by Nitec Precision and Technologies, Inc. (NPT) 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.

Career Resumption Program

In January 2018, we introduced a career resumption program for re-hiring employees who have once had to retire for specified reasons and wish to be reinstated at work. This is designed to support the rebuilding of a career path for employees who wish to return to Nissha and use the experience and expertise they gained before retirement. Eligibility was initially limited to marriage, childbirth, child-rearing, spouse’s job transfer, and family care; however, illness or injury and infertility treatment were added in January 2020. After introduction of the program, 11 people have registered at the time of retirement.

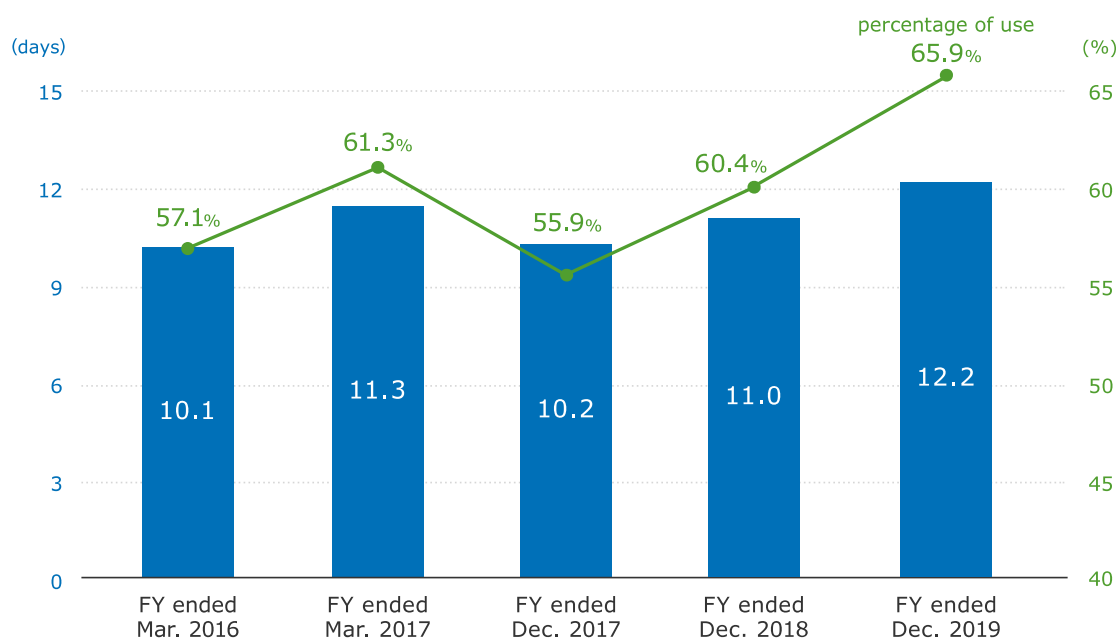
In January 2020, we also introduced a long-term leave system for employees accompanying their spouse on an overseas appointment.

Promotion of the Use of Annual Paid Leave

To promote the use of annual paid leave, we have a program designed to encourage employees to plan taking four days a year, two days each in the first and second halves; and offer a further two days in which employees may request to take paid leave on their birthday or wedding anniversary, or that of a family member. As a result of ongoing efforts, the fiscal year ended December 2019 saw annual paid leave taken exceed 12 days on average, and an increase in the percentage of annual paid leave used.

In October 2019, we introduced annual paid leave by the hour as a system for facilitating more flexible use of annual paid leave and supporting our employees’ efforts to balance child-rearing and family care with work.

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



Outpatient Sick Leave System

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. Three employees used the system in fiscal year ended December 2019.

Fiscal Year	FY ended Mar. 2016	FY ended Mar. 2017	FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2019
Male	0	1	2	1	1
Female	0	0	1	1	2
Total	0	1	3	2	3

Reduction of Overtime Work

Nissha Group companies in Japan promote the reduction of overtime work on an ongoing basis toward improving productivity and helping our employees achieve work-life balance. Twice a month, we notify all divisions of overtime hours recorded. Managers use this information to provide a reminder about overtime work to employees in their division. Divisions that recorded a large amount of overtime work are questioned as to the causes and the physical condition of employees in an effort to improve awareness about work time management. We also manage work hours by the week, where employees set a weekly target, and if their work hours or overtime hours are too long, they and their manager receive a midweek alert email.

Internal Job Posting System

The Nissha Group introduced an internal job posting system in fiscal year ended March 2012 with the aim of providing employees with the opportunity to choose their own career path as well as appoint employees to positions that reflect their aptitude and thereby enhance our organizational strength. The company posts specific job openings internally, employees who meet the criteria apply for the job of their own will, and those who pass the screening are transferred to the relevant post. Employees who have transferred through the system are playing an active role in their new division.

Implementation status

Fiscal Year	FY ended Mar. 2017		FY ended Dec. 2017		FY ended Dec. 2018		FY ended Dec. 2019		FY ended Mar. 2020	
Number of job posting	8		No offering		No offering		15		9	
Successful applicants (transferees)	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	1	0	-	-	-	-	2	1	4	1

Awarding system

Nissha Group has in place various awarding systems that aim to reward praiseworthy endeavors and create a setting in which the employees responsible for the endeavors influence and motivate the company and organizations as a whole.

In the fiscal year ended December 2019, four employees received the General Manager's Award recognizing significant contributions to the business unit's financial performance, 21 employees the Passion Award acknowledging challenges taken on toward the success of a project, and 111 employees the Nissha People Award celebrating workplace stars who epitomize our Shared Values. The awards are presented globally across the Nissha Group, with recipients including employees at overseas bases.

Safety and Health

Occupational Safety and Health Policy / Safety and Health Objectives

Nissha Group has in place a Occupational Safety and Health Policy declaring that we position the safety and health of all involved in our business activities as a top management priority, and promote thorough awareness of this policy. At Nissha Group in Japan, we established health and safety targets in line with this policy. With a target period of three years (FY2018-FY2020) linked to the Sixth Medium-term Business Plan, we are implementing various activities to prevent occupational accidents, aiming for zero occupational accidents.

Occupational Safety and Health Policy

Nissha Group recognizes that ensuring the safety and health of all people engaged in our business activities is a top management priority for the continuity and development of our operations, and to this end, commits to the following practices.

1. We promote the participation of all in creating comfortable workplace environments and developing sound physical and mental health.
2. We pursue Co-existence with society in compliance with relevant laws and regulations, and with the requirements agreed upon by Nissha of local communities, public institutions, and our customers.
3. We strive for continuous improvement in occupational safety and health standards through the operation of management system.

This policy will be distributed widely to all people in the Nissha Group as well as released to the general public.

November 6, 2014

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

Safety and Health Management System / Safety and Health Subcommittee

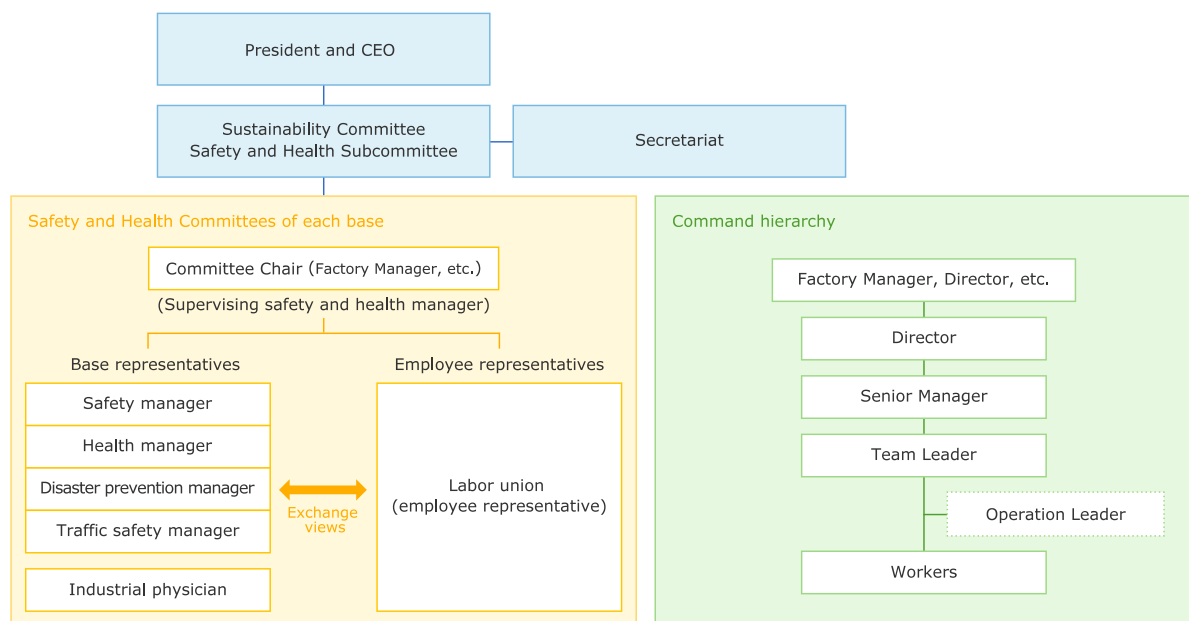
The Sustainability Committee's Environmental, Safety and Health Subcommittee is responsible for the safety and health activities of the Nissha Group. As an activity linked with material issues (materiality), it works to monitor initiatives and mitigate risks concerning safety and health at new M&A targets and key overseas bases. The subcommittee built a structure for keeping track of information in the fiscal year ended December 2019, and started collecting concrete information in the fiscal year ending

December 2020. Moving forward, it plans to analyze the information collected and undertake initiatives to mitigate risks at each base.

The subcommittee oversees the Safety and Health Committees operated by each base toward improving the level of safety and health activities throughout the Nissha Group in Japan. It manages the progress of our safety and health objectives, the measures taken by each base on work-related accidents, safety and health performance such as occurrence of accidents, and internal audits and corrective measures based on the audits, and presents reports at quarterly group-wide meetings. Finally, it conducts year-end reviews on whether our management system is functioning effectively, and uses the results as a base for activities in the following fiscal year.

The Safety and Health Committees of each base consist of base representatives including a safety manager and health manager, and employee representatives selected from the labor union and each workplace. The members meet to report on work-related accidents and corrective measures, and to exchange views and propose measures for improvement toward realizing a safe and comfortable workplace. Any work-related accident that occurs at a base, together with its corrective measures, is promptly reported to the subcommittee secretariat, the General Manager of the business unit controlling the base, and the Vice President overseeing the base for sharing with other bases.

Safety and Health Management Structure



Occurrence of Work-related Accidents

The occurrence of work-related accidents at Nissha Group in Japan is given in the table below. After each accident, we modify equipment, revise procedures, and otherwise strive to take corrective measures. In the fiscal year ended December 2019, we organized various safety training programs to improve employee awareness and knowledge about safety, and to boost safety levels overall, primarily at production bases that recorded a larger number of work-related accidents than the previous fiscal year. As a result, in the fiscal year ended December 2019, as in 2018, Nissha Group in Japan saw decreases in both the number of work-related accidents and accidents that resulted in days of leave, which translated into improved frequency and severity figures.

Occurrence of Work-related Accidents (Nissha Group in Japan)

Item	FY ended Mar. 2016	FY ended Mar. 2017	FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2019
Frequency of work-related accidents* ¹	1.16	1.99	1.45	0.84	0.49
Severity of work-related accidents* ²	0.02	0.02	0.01	0.01	0.00
Fatal accidents	0	0	0	0	0

*1. Frequency of work-related accidents: Refers to the number of injuries and casualties resulting from work-related accidents (four or more days of leave) per one million working hours.

*2. Severity of work-related accidents: Refers to the severity of work-related accidents in terms of the number of working days lost per one thousand working hours.

Figures include accidents involving temporary employees.

Number of Work-related Accidents (Nissha Group in Japan and major overseas production bases)

The number of work-related accidents at the Nissha Group in Japan and major overseas production bases in the fiscal year ended December 2019 are given in the table below. Overseas figures represent accidents that resulted in days of leave.

Region	Number
Japan	13
North America	21
Central and South America	11
Europe	12
Asia	2

Reduction of Workplace Risks – Risk Assessment

We continue in our efforts to conduct point-based evaluations of the dangers and harms that production equipment and chemical substances used in the workplace may have on workers, and to take measures starting with the highest risks. Based on the results of risk assessment, we work to identify the remaining risks and reflect them in our control efforts. In selecting materials used in our products, we have also incorporated a mechanism for evaluating the health hazards of chemical substances into the design review process toward assessing the risks to workers during mass production.

Safety Patrols

Members of the Safety and Health Committees of each base take the lead in conducting safety patrols of workplaces. In addition to regular monthly patrols, the heads of each base carry out special safety patrols during Japan's national safety week in July toward enhancing workplace awareness about safety.

Safety and Health Education and Training

We provide education and training required in workplaces based on our Safety and Health Education and Management Regulations. Contents center on regular programs comprising training for environmental safety promoters, training foremen at our production bases in Japan, training in assessing risks, and lessons in life-saving and using an automated external defibrillator (AED) in preparation for emergencies. At production bases, we focus particularly on safety education toward reducing accidents involving injuries.



AED usage seminar

Training list

Category	Lesson/Session	Number of attendees in FY ended Dec. 2019
General training	New employee training (safety and health)	22
Safety training	Risk assessment training (safety and health, chemical substances)	61
	Foreman education	45
	Safety training (production base managers)	72
	Safety training (small office)	17
	Health training (occupational health and healthy obstacle by e-learning)	135
	General life saving lesson	186
	AED usage seminar	71
	Firsthand Safety Seminar	47

Firsthand Safety Seminar

In October 2019, Nitec Industries, Inc. Koka Factory incorporated production equipment into an interactive study program designed to provide the experience of near miss accidents. The program titled Firsthand Safety Seminar was attended by 47 employees. With production sites switching to automated, labor-saving equipment, safety has improved in the workplace environment on the one hand. On the other, sources of danger are no longer obvious, and it has become difficult for employees to identify hazardous objects and situations. The seminar aimed to provide the firsthand experience of seeing, hearing, and feeling danger, and through it, to improve awareness of safety.

The seminar reproduced an accident in which a dummy suffers a fall while working on a stepladder, and used equipment to give participants the experience of a very weak electric shock and of being caught in a roller and chain. This gave participants the opportunity to think about safety anew and learn how to use equipment properly as well as what to do when an accident occurs.

Feedback from the participants said the seminar raised their awareness of the sources of danger nearby in the workplace, and offered them a lesson in the importance of studying about safety on a regular basis.



External Assessment

The Nissha Group production base Nitec Precision and Technologies, Inc. Tsu Factory received excellent workplace awards for occupational health and for safety in 2019 from the Tsu Labor Standards Association in recognition of its variety of occupational safety and health initiatives.



Awards ceremony



Nitec Precision and Technologies, Inc. Tsu Factory

Health Declaration

Nissha Group sees its mission as to 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. We believe that the physical and mental health of each and every employee is the most important element in achieving this mission, which is why we have formulated our Health Declaration in 2019.

Health Declaration

The Nissha Group aims to create new values through the diverse capabilities and passion. We consider the maintenance and improvement of our employees' mental and physical health to be a vital part of that, and so are improving our workplace environments through promoting a range of measures related to health.

September 3, 2018

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

Health Maintenance and Enhancement Initiatives

We carry out various initiatives on a continuous basis toward preventing lifestyle diseases, and maintaining and enhancing the health of our employees.

In the fiscal year ended December 2019, we organized interactive health seminars under the theme of promoting and boosting exercise habits. A total of 280 employees attended. The participants first reflected on their own lifestyle habits and clarified their problems, and then went on to learn and practice correct and effective squats. And at the lesson in Yogalates, the participants experienced a combination of relaxing yoga with conditioning Pilates. The seminars proved to be popular with the participating employees, and we plan to provide similar opportunities in the future toward enhancing our employees' awareness and exercise habits.

In efforts to promote smoking cessation, we provided a correspondence program that attracted 22 participants of which 40% succeeded in giving up smoking. We plan to continue the initiative in the fiscal year ending December 2020.

In a high-risk approach to maintaining and enhancing the health of our employees, we recommend visiting a medical institution to employees whose health checkup results deemed they require detailed examination or re-examination, and offer specific health guidance with support from an affiliated medical institution to those who are deemed to require it.



Interactive health seminars



Yogalates lesson

Mental Health Support

As part of our mental health support offering, we organize mental health classes, covering selfcare and line care, by a clinical psychologist each year since the fiscal year ended March 2010, and introduced stress check surveys in the fiscal year ended March 2013 ahead of a mandatory system coming into effect in December 2015. The online system we introduced in 2019 has made the results accessible immediately after administering the survey. By making it easier for employees to recognize their own stress, this has enhanced the effects of self-care.

We also continue to promote the creation of employee-friendly workplaces. In fiscal year ended March 2015, we provided line care education about supporting the process of improving workplace environments. Then, we sought pilot workplaces for administering general checkups with the aim of creating pleasant workplaces from the bottom up. The checkup teams first identified the good points of each workplace, the points that require improvement, and the reasons for improvement, and then formulated a plan based on the members' input, and set to work topic by topic. Ideas



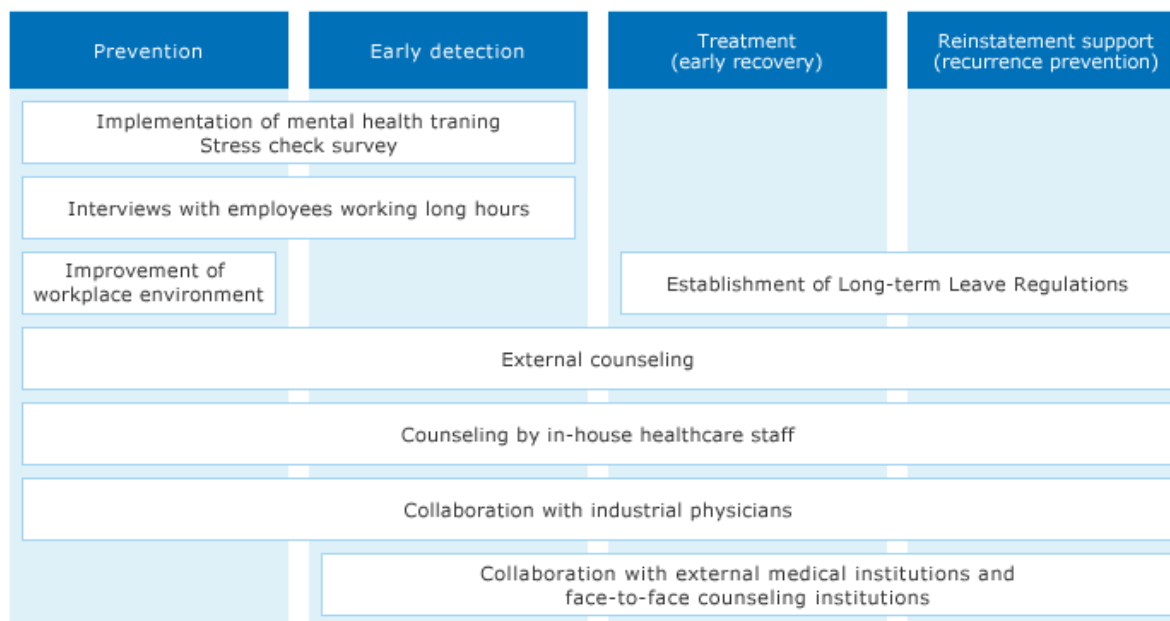
Stress check feedback training

for creating employee-friendly workplaces are posted on the intranet and shared internally to promote its penetration. In the fiscal year ended December 2018, we started giving feedback to workplace leaders on the workplace analysis results of the stress check survey. This provides an opportunity to learn the correct way to read and use the analysis, and supports the creation of employee-friendly workplaces based on the analysis.

As for support on a personal level, we have an outside web counseling service through which a specialized counselor offers mental health advice online. Being accessible even to employees who have difficulty juggling their work schedule with an appointment, and offering the benefit of privacy protection, the service is used several times each year. For employees working long hours, appointments are arranged with our healthcare staff and industrial physician. This helps us understand the employees' health condition as well as coordinate with their superior and the human resources division in providing any required follow-up.

Also, for employees who require special attention in terms of mental health, we follow our Longterm Leave Regulations and offer time to recover from their condition as well as consideration in the workplace upon reinstatement, in an aim to prevent recurrence and achieve a smooth return to work. We will carry on promoting collaboration between each division, the human resources division, and our healthcare staff in efforts to create comfortable workplaces.

Mental health support structure



Certification as Health and Productivity Management Organization

Nissha Co., Ltd. was certified as a Health and Productivity Management Organization in the large enterprise category for the fourth consecutive year in an announcement on March 2, 2020, by the Japanese Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and Nippon Kenko Kaigi. Certification was granted in recognition of our initiatives for promoting health-conscious activities. We will continue to encourage the participation of all employees in creating safe, comfortable workplace environments and promoting sound physical and mental health.



Initiatives Related to Information Security

Information Security Policy

The spread of the Internet and the broad use of devices such as smartphones have ushered in a convenient era in which anyone can connect with the online community and use various services easily at all times. On the other hand, with computer virus infections and careless posting on social media, the risks are increasing of everyone becoming either a victim or perpetrator of information leakage.

Information regarding our customers, suppliers, and employees is a vital information asset of the Nissha Group. Any leaking of the details of new products and state-of-the-art technologies, personal information, and other highly confidential information assets outside the company or beyond parties related to the company, cannot be tolerated under any circumstances. To ensure this does not happen, in 2005 we drew up an Information Security Policy with the aim of building a highly reliable and safe information security management system (ISMS). We have since shared the policy with all employees and continued to operate an ISMS.

Information Security Policy

Nissha and its subsidiaries committed to establish, maintain, and improve highly reliable and secure an information security management system to protect our own business information and the information assets, which we acquire from customers, suppliers and employees, etc., through our business activities performed, from any kinds of threat. And we take internal and external information security requirements into consideration and reduce all risks below the acceptable levels.

1. We continually improve an Information security management system by establishing, implementing, and reviewing the information security objectives, so that the confidentiality, integrity, and availability of information can be maintained and improved.
2. We comply with legal and regulatory requirements for information security and with contractual security obligation.
3. We establish and improve the criteria for reasonably evaluating risks concerning information security as well as the risk assessment methods, to mitigate risks and to maintain the information security levels which contributes to the corporate developments.
4. We make Information Security Policy known to all employees working in the premises of Nissha Group and its subsidiaries to raise their awareness of the issues related to information security.

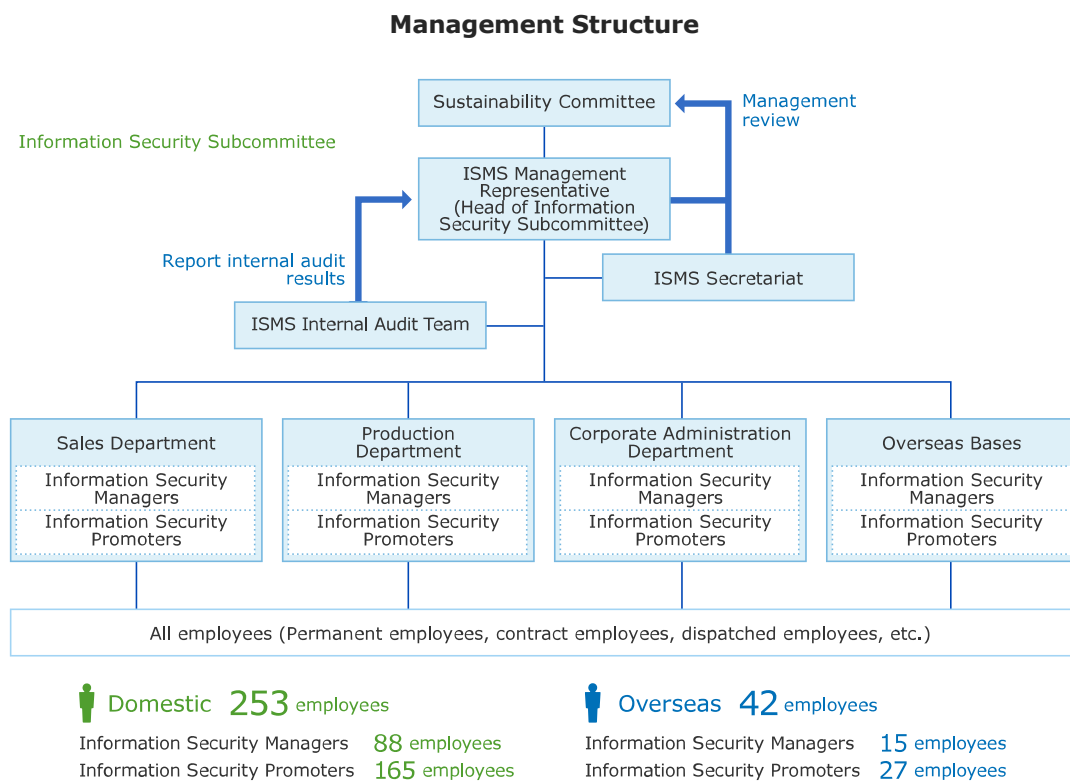
July 1, 2013

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

Information Security Management Structure

The Information Security Subcommittee is established in the Sustainability Committee as a center for the promotion of information security in the Nissha Group. Under monitoring and supervision by the Chief Information Officer (CIO), the head of the subcommittee serves as ISMS management representative, and the IT Department, which is responsible for the IT environment throughout the Nissha Group, functions as secretariat. The subcommittee promotes initiatives linked with material issues (materiality) of the Nissha Group, and works to maintain and improve our ISMS.

The scope of coverage of our ISMS is the entire Nissha Group including overseas locations. An information security manager and promoters are selected at each affiliated company and department to ensure thorough operation of the ISMS. The secretariat plays a central role in organizing ISMS internal audits, ISO27001 inspections by an external organization, and management reviews toward making continuous improvements.



Risks to be Addressed

Rapid advances in information technology and the diversification and spread of IT devices require companies to address not only conventional risks such as information leakage and tampering caused by virus infection and cyberattacks, but also the risks of social media posts and tweets, and unfounded rumors and reviews harming their image and brand value, and jeopardizing their trust from society. Moreover, with the swift global popularization of bring-your-own-device (BYOD), companies are required to manage the risks caused by a broader range of information appliances beyond company-issued computers to personally owned devices used at work.

The Nissha Group addresses these risks swiftly and appropriately, recognizing that they pose a significant challenge to the company's survival.

Overseas Expansion of Information Security

Since the fiscal year ended March 2016, we have been expanding our ISMS globally under a unified standard toward enhancing the level of information security management at new overseas subsidiaries that joined the Nissha Group through M&A. In the fiscal year ended December 2019, we introduced the ISMS at two overseas bases as part of our activities linked to the material issue (materiality) “protection of customer information,” completing introduction of the ISMS at all subsidiaries of the Nissha Group. At present, we are using the PDCA cycle, including annual ISMS internal audits, toward establishing operation of the ISMS.

Information Security Education

Preventing the occurrence of information security incidents and accidents requires the formulation of policies and regulations, and more importantly, that all employees take disciplined action with sufficient awareness of information security. We compile an Information Security Compliance Manual as teaching material that reflects the information security policies and internal regulations of the Nissha Group, and provide training to all employees in an e-learning course. In the fiscal year ended December 2019, the course was taken by 98% of employees.

ISO27001 Certification

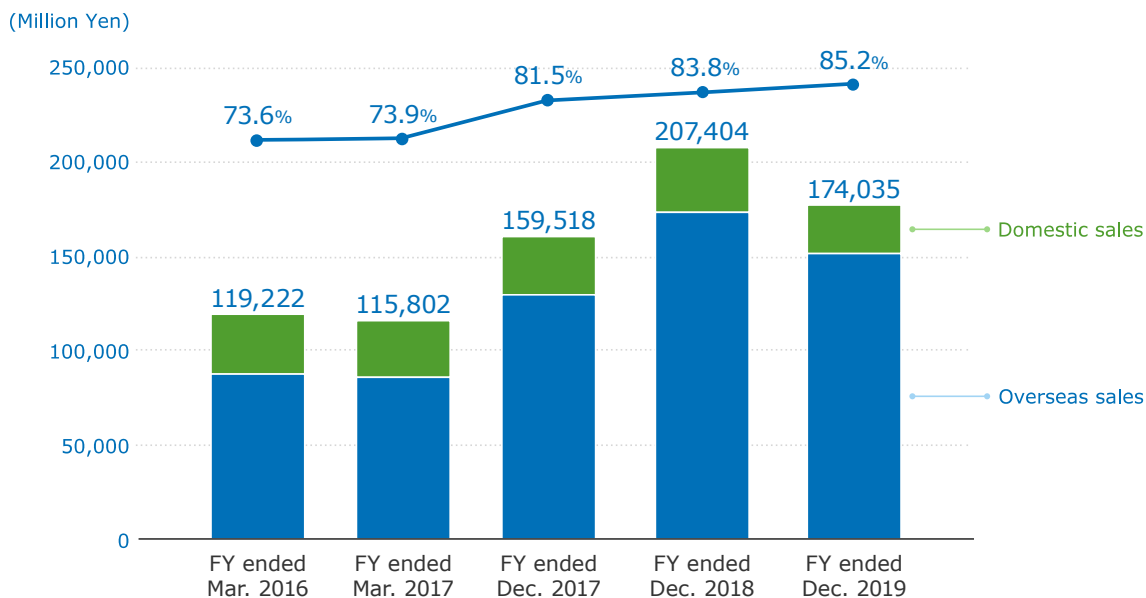
The Nissha Group has obtained ISO27001 certification, a global standard for ISMS, and is working to expand its scope of application to new bases. In the fiscal year ended December 2018, all major bases in Japan obtained ISO27001 certification. From the fiscal year ended December 2019 onward, our focus is global expansion and establishing operation of the ISMS in compliance with ISO27001 requirements.



Trade Management

We at the Nissha Group earned 85.2% of our sales outside Japan in the fiscal year ended December 2019. With the global development and expansion of Nissha Group operations, disciplined efforts in trade management are essential from the perspective of business continuity.

Net sales and percentage of overseas sales



Trade Management Policy and Management Structure

We have in place a Trade Management Policy covering the entire Nissha Group. As an Authorized Economic Operator (AEO), we also establish rules and regulations, and maintain a structure toward continuous improvement of trade management.

Trade Management Policy

Nissha and its subsidiaries comply with legal requirements and agreements in trade and strive for continuous improvements in the trade management system for the achievement of our Mission.

1. We comply with applicable trade control laws and regulations in each country and region, and with international regimes.
2. We designate a person responsible for trade management, and develop, maintain and improve the trade management system.
3. We pursue good trusting relationships with official agencies in each country and region and international logistics companies etc.
4. We provide necessary education on trade to employees and other parties concerned.

Established on October 1, 2016

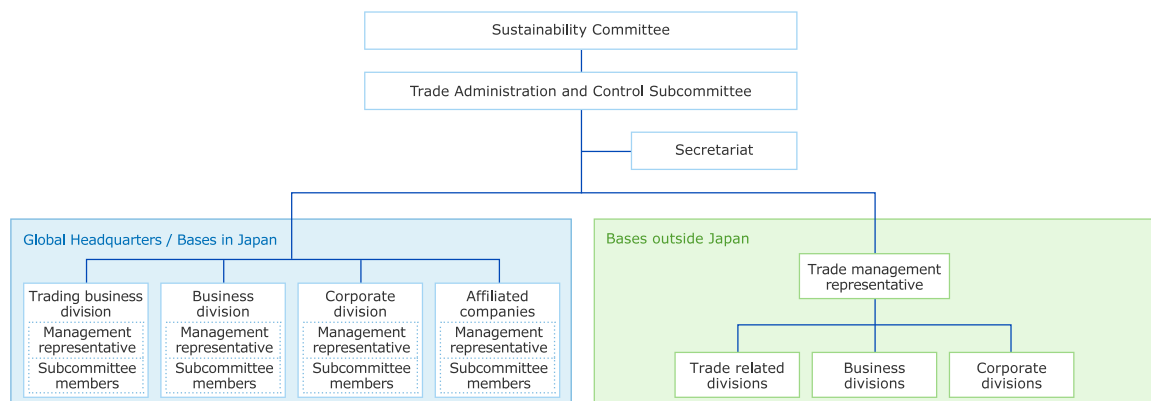
Revised on January 1, 2018

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

Trade management at the Nissha Group in Japan started with the launch of the Trade Administration and Control Committee in 2011. Currently, the Trade Administration and Control Subcommittee under the Sustainability Committee is responsible for its operation.

The Trade Administration and Control Subcommittee, headed by the senior director responsible for the line organization Corporate Supply Chain Management (SCM), oversees trade management operations for the entire Nissha Group. In Japan, daily operations are assigned to a management representative and subcommittee members at each trading business division, business division, corporate division, and affiliated company. Outside Japan, where legal systems and business practices vary by country and region, supervising is assigned to trade management representatives at each base.

Trade Management Structure



Based on our Trade Management Policy, we establish the Basic Rules of Trade Management as well as other rules and regulations on trade-related operations required for an AEO. Individual Nissha divisions draw on these to compile work standards and operating procedures, and carry out import and export operations. At overseas affiliated companies, we are working to promote the Trade Management Policy and the Basic Rules of Trade Management, and to create management documents.

Trade Management Documents System



Initiatives in the Fiscal Year Ended December 2019

In order to carry out appropriate and legal trade management operations, we provided trade management education for 183 Trade Administration and Control Subcommittee members selected from each division of the Nissha Group in Japan. All members completed training and enjoyed the opportunity to learn the laws and internal regulations covering international trade and recognize anew the role each of them must fulfill.

At overseas bases, we conducted training for all employees with the aim of boosting our levels of trade management. The course used material compiled by corporate divisions at our Global Headquarters in Kyoto. As of the end of 2019, 789 employees at 18 companies completed training and deepened their awareness that compliance with trade-related laws and internal regulations is essential for smooth business activities in the Nissha Group.

We also worked on compiling internal regulations for overseas bases. Nine affiliated companies formulated regulations corresponding to our Basic Rules of Trade Management and Regulations on Legal Compliance in Trade Management Operations in accordance with their respective circumstances and external environments. By this, what should be is clarified and expected to lead to the creation of more appropriate systems and structures.

In the fiscal year ending December 2020, we plan to provide specialized education for employees in trade operations with the aim of engaging in ever more appropriate and legal trade management operations.



Training at Guangzhou Nissha High Precision Plastics Co., Ltd.

AEO Approval

Nissha Co., Ltd. obtained approval as an AEO Exporter in June 2014, and as an AEO Importer in June 2015. Their post-audits were conducted in October 2019, and we maintain all approvals. As of the end of 2019, 60 companies in Japan are approved as both AEO Importer and AEO Exporter. Being one of these companies with dual approval, we have in place a system for safe and smooth international logistics.

Nissha Precision Technologies Malaysia Sdn. Bhd., based in Malaysia, obtained approval as both an AEO Exporter and an AEO Importer in October 2014.

AEO Approval Form



Authorized Economic Operator (AEO) Program

The AEO program is designed to secure and facilitate global trade and to strengthen a country's international competitiveness by providing benefits such as reduced or simplified customs controls to operators with cargo security management and compliance structures. The September 11, 2001, terrorist attacks on the United States raised awareness of the necessity of an international framework for reinforcing anti-terrorism measures by ensuring both security and efficiency in the international movement of goods. In 2006, the World Customs Organization (WCO) adopted a set of AEO guidelines as a global standard and the basis on which countries enact laws and operate their respective AEO programs. Japan launched its AEO program in 2006, starting with exporters and expanding gradually into the current form.

Initiatives Related to Intellectual Property

Approach to Intellectual Property

We at the Nissha Group cite the protection of intellectual property as a key item of our Corporate Ethics and Compliance Guidelines. In line with our Basic Policy for Protection of Intellectual Property, we make active efforts to respect the intellectual property of third parties, and under the leadership of Intellectual Property Management, obtain rights for and use that of our own.

Basic policy for protection of intellectual property

1. We will acknowledge the importance of our technologies and brands as intellectual property and will undertake their appropriate management.
2. We will report any invention arising through our business operations in accordance with our Company regulations.
3. We will strive to avoid the breach of third-party intellectual property rights.

Contents of Initiatives

Promotion of Patent Application

For every new technology developed in our development divisions, we consider obtaining rights by filing for patent application. Promoting technology development and obtaining patent rights work to differentiate Nissha products, made with our own proprietary technologies, from other companies' products. In line with the globalization of our businesses, we file for patent application not only in Japan but also abroad. Because this puts a check on the inappropriate use of other companies' technologies, it helps our customers reduce intellectual property-related risks in connection with Nissha products.

Monitoring of Other Companies' Patents

We periodically research and continuously monitor other companies' patents so that Nissha Group products do not infringe others' patent rights. For monitoring, we input subjects as research criteria in a patent database and obtain results on a regular basis using a selective dissemination of information (SDI) system.

Intellectual Property Training Programs

We organize various training programs to ensure that our employees can deepen their understanding of intellectual property and learn to properly protect Nissha's. In a mandatory program designed for employees in engineering fields to improve their knowledge and skills in intellectual property, we invite outside specialists to provide instruction on intellectual property systems, researching other companies' patents, recognizing and brushing up inventions, and detecting infringement. In the fiscal year ended

December 2019, we held two courses, basic and intermediate, which were attended by 49 employees. For employees other than engineers, members of Intellectual Property Management serve as instructor to teach the basics such as how to read a patent journal and file for patent application. In the fiscal year ended December 2019, 75 employees attended.



Intellectual property training program

Instructor: Mr. Tatsushi Gocho, Patent Attorney, Associate Professor of Osaka Institute of Technology

Commissioned organizer: CKS Corporation

Partnership with Our Suppliers

Nissha Group procures the raw materials, components, equipment, and services necessary for making our products from suppliers in various regions. We work with the suppliers that constitute this supply chain to promote CSR procurement based on our Basic Purchasing Policy, sharing awareness of our social responsibility, and enhancing mutual corporate value.

Basic Purchasing Policy

For the achievement of our Mission, the Nissha Group build relationships of trust with our suppliers through mutually fair procurement.

We evaluate our suppliers fairly, impartially, and comprehensively based on the following criteria.

1. Stable business foundation and reliable management principles
2. Excellent technology development, stable supply, and quality servicing capabilities
3. Adaptability to changes in the business environment
4. Safety of products and services, consistency of quality, and competitiveness of
5. prices and lead times
6. Effective business continuity management

We promote CSR procurement by working with our suppliers in the following areas.

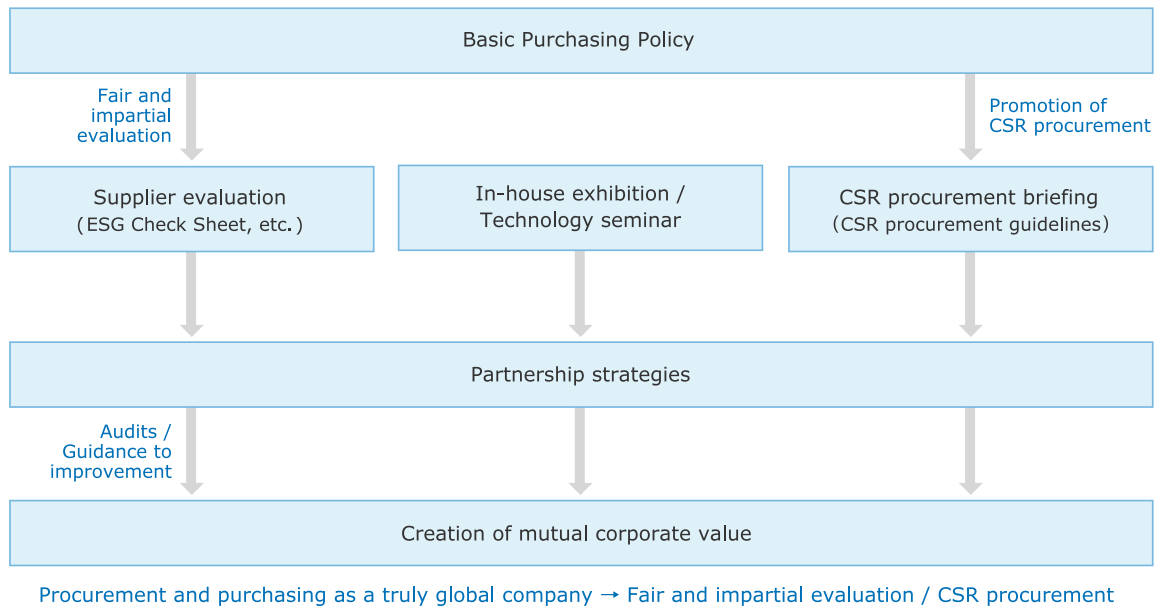
1. Labor and human rights
2. Health and safety
3. Environment
4. Ethics
5. Information security

Established on April 2, 2009

Revised on January 1, 2018

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

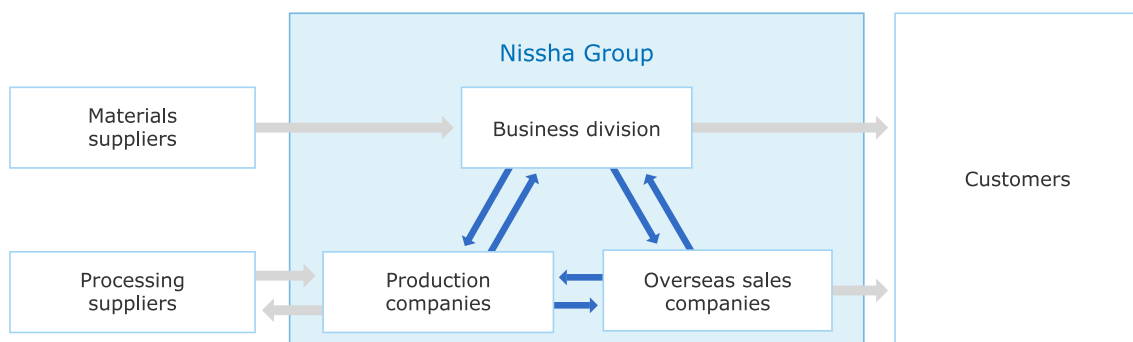
Basic Approach to CSR Procurement



Expansion of Our Supply Chain

We at the Nissha Group collaborate with various suppliers through our business activities. Our supply chain is expanding globally.

Main Entities of the Nissha Group Supply Chain



CSR Audit

We conduct CSR audits of particularly important suppliers and new suppliers. The audit cover five areas; labor, health and safety, the environment, ethics, and management system. They conform to the Responsible Business Alliance (RBA), a code of conduct for the electronics and automotive industries, and on our customers' own code of conduct based on this RBA template. Prior to the CSR audit, we explain the background, purpose, standards, and flow of the audit, and seek the understanding of each supplier. The audit process consists of an inspection of the supplier's employment regulations and work records, tours of the site premises including the clean room, and interviews with employees. In the event the audit uncovers any instance of noncompliance, the supplier is required to make plans for corrective action (CA) and preventive action (PA) by themselves. About three months later, auditors check that CA and PA have been taken and the noncompliance has been

remedied, bringing the CSR audit to completion.

From the fiscal year ended March 2015 to date, we have conducted audits at a total of 19 companies. The audits detected 187 instances of noncompliance (88 related to labor and human rights, 53 to safety and health, 29 to the environment, 12 to ethics, and 5 to management system). Recently, with a focus on risks to the human rights of employees, we are conducting audits at suppliers such as temporary employment agencies.

In the fiscal year ended December 2019, we carried out CSR surveys using the Self-Assessment Questionnaire (SAQ) based on the RBA code of conduct. This was the first edition of regular annual surveys. As a result of surveys targeting 11 sites at seven companies, no concern was confirmed in the SAQ responses. In the fiscal year ending December 2020, we plan to continue the surveys on an expanded scope. Should any concern is confirmed in the SAQ responses, our employees holding corporate auditor qualification will visit the supplier and conduct an on-site audit. These activities are organized according to a predefined manual.

Items of CSR Procurement Guideline

1. Labor and human rights

- 1) Freely chosen employment
- 2) Young workers
- 3) Working hours
- 4) Wages and benefits
- 5) Humane treatment
- 6) Non-discrimination
- 7) Freedom of association

2. Health and safety

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

3. The environment

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

4. Ethics

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

5. Information Security

- 1) Building of information management system
- 2) Prevention of leakage of confidential information about our customers and third parties
- 3) Defense against a computer and network threat, and management of electronic device and recording medium
- 4) Prevention of leakage of personal information.

Fields of ESG check sheet

1. Certification
2. Labor and human rights
3. Health and safety
4. Environmental management
5. Information security management
6. Corporate ethics and compliance
7. Management system

Development of Procurement Personnel

We provide education on a continuous basis for the development of procurement personnel in the Nissha Group in Japan toward promoting transactions with our suppliers based on fairness, impartiality, and integrity in line with our Basic Purchasing Policy.

We organize training for employees newly appointed to procurement divisions, and basic procurement education for employees in divisions responsible for selecting materials and suppliers. These programs are designed to provide the basic knowledge needed for participants to recognize the connection between their own division and procurement, and engage in procurement operations, as well as enhance awareness about compliance.

In the fiscal year ended December 2019, we expanded the basic procurement education program to engineering divisions and corporate supply chain management (SCM) divisions at affiliated companies, and provided training using e-learning.

Lecture/Training	Number of participants	
	FY ended Dec. 2018	FY ended Dec. 2019
Training for new procurement personnel	11	17
Basic procurement course (e-learning)	333	40
Basic procurement course for technical departments of affiliated companies (e-learning)	—	133
Procurement course for SCM divisions (e-learning)	—	83

Initiatives Related to Conflict Minerals

We at Nissha express our approach to and stance on conflict minerals in our Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement. Based on this policy, we make sincere efforts toward achieving conflict free procurement.

The major conflict minerals used in Nissha Group products include tin used in some decoration films and in ITO films^{*1} for touch panels, and gold used in FPC^{*2} plating. When checking whether we use any of these minerals, we use a Safety Data Sheet (SDS) or other methods to check all materials used in our products to identify those that contain conflict minerals. We also ask our suppliers, who procure the materials for our products, not to use any conflict minerals produced by smelters not identified as conflict-free^{*3}. We also investigate compliance using Conflict Minerals Reporting Templates (CMRT) issued by the Responsible Minerals Initiative (RMI). Recently, we began receiving surveys from our customers concerning minerals other than the 3TG (tin, tantalum, tungsten, and gold) such as cobalt. We are responding to these surveys with integrity.

Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement

The Nissha Group is deeply concerned that a portion of the conflict minerals extracted by the Democratic Republic of the Congo and its neighboring countries are being used as a source of funding for militia that through acts of looting, violence and forced labor are infringing on fundamental human rights.

In April 2012, Nissha became a signatory to the "Global Compact" as advocated by the United Nations. We at Nissha Group have fully embraced the Ten Principles stated in the Global Compact as a cornerstone of our Corporate Mission. Based upon our recognition of the importance of these principles and aiming for co-existence with our stakeholders, we are committed to non-use of these conflict minerals, as raw materials in our products as they result in an infringement of basic human rights. Accordingly where our company becomes aware of the use of any conflict minerals, we will immediately implement all measures required regarding that use.

1. Nissha Group is presently implementing ongoing control systems for conflict minerals which we maintain continuously.
2. Nissha Group will promptly provide to its customers conflict minerals information including its smelters, etc.
3. Nissha Group in respect of this issue will publish the relevant information in its CSR reports.

We will continue to make sincere efforts for the responsible procurement of related minerals in order to fulfill our corporate social responsibilities.

Established on March 12, 2014
Revised on January 1, 2018

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

- *1. ITO film: Film with a transparent conducting coating of indium tin oxide (ITO).
- *2. FPC: Flexible printed circuits (FPC) that maintain their electrical properties when flexed.
- *3. Conflict free: Not sourced from a conflict zone.

Initiatives Related to Anti-corruption

The United Nations Global Compact, which Nissha Co., Ltd. is on the list of signatories, has set anti-corruption as its 10th principle. And in recent years, global society has seen a tightening of the crackdown on bribery and other corrupt practices pursuant to anti-corruption legislation including the United States' Foreign Corrupt Practices Act and the United Kingdom's Bribery Act. With the code of conduct for global companies provided by the Responsible Business Alliance (RBA) also containing a provision on "No Improper Advantage," we have seen a rise in demand to comply with anti-corruption standards.

The Nissha Group cites prohibition of corrupt practices as an important point of our Corporate Ethics and Compliance Guidelines. We have in place a Nissha Group Anti-Corruption Guidelines, and are disseminating information about its background and contents at bases in and outside Japan. At overseas bases, particularly in Asia, we conducted interviews and training about initiatives in the prohibition of corrupt practices. The interviews turned up no significant issues; however, we will continue to keep an eye on certain regions in which bribery and corruption are rife.

We plan to continue keeping an eye on movements in the global community as well as the situation in the Nissha Group, and will review the contents of our initiatives as the need arises.

Nissha Group Anti-Corruption Guidelines

The Nissha Group makes clear that all officers and employees are prohibited from presenting customers, suppliers, and government officials, either directly or indirectly, with gifts or entertainment that may constitute corrupt practice, and observes Japan's Unfair Competition Prevention Act, the United States' Foreign Corrupt Practices Act, the United Kingdom's Bribery Act, and the regulations of other countries and regions regarding anti-corruption.

1. We neither present to nor accept from customers, suppliers, and government officials offers of unfair advantage.
2. We neither present to nor accept from customers, suppliers, and government officials offers with gifts or entertainment that exceed the limit permitted by internal standards, laws, and regulations.
3. We strive to understand the circumstances of the Nissha Group overall, and periodically review our initiatives.
4. We respond with sincerity to requests from our customers for cooperation in investigations, by providing necessary information.

Established on April 1, 2017

Revised on January 1, 2018

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

Tax Policy

Nissha Group will compliance with tax laws and regulations in each country and each region with our group tax policy, in order to fulfill our corporate social responsibilities (CSR).

Nissha Group Tax Policy

■ Basic policy

Nissha Group will strive to minimize tax risks, enhance our corporate value by complying with tax laws and regulations in each country and each region.

Nissha Group will pay close attention to the trends in the international tax framework such as Base Erosion Profit Shifting (BEPS) project and make properly responses to such changes while aspiring to be a truly global company.

1. Nissha Group's approach to tax planning

Nissha Group will enter into transactions with a business purpose and a business activity and in case we approach to tax planning, we will implement it properly and efficiently in compliance with tax laws and regulations.

Our group will consider taxes as an essential factor in our business planning and make use of available tax incentives within the scope of normal business activities. However, we will not engage in transactions for the primary purpose of tax avoidance and transactions without any actual business activities.

2. The level of risk to taxation that Nissha Group is prepared to accept

Nissha Group's tax policy is to minimize tax risks wherever possible when undertaking tax matters.

We will work to identify, evaluate, and manage tax risks in each country and region to reduce such risks, and where there is significant uncertainty or complexity in relation to tax risks, we will ask for advice from third parties.

3. The approach of Nissha Group towards its dealings with Tax authorities in each country and region

Nissha Group believe that we can build and maintain good relationship with tax authorities in each country and region corresponding with them and disclosing necessary information in a sincere and appropriate manner.

Therefore, We will strive to provide necessary information appropriately and cooperatively in response to requests from tax authorities in each country and region while issuing tax returns properly and paying appropriate amount of tax according to tax laws and regulations in each country and region.

If tax authorities inform us of tax adjustments, we will immediately take appropriate measures to prevent similar issues happen unless we file a petition of objection against their action or interpretation.

4. The approach of Nissha Group to risk management and governance arrangements in relation to taxation in each country and region

Nissha Group's tax policy is reviewed and controlled by our group's Chief Financial Officer who is responsible for our group's tax strategy and policies, and the status is reported to Board of Directors on an on-going basis through our group's Chief Financial Officer.

Where there is significant uncertainty or complexity in relation to application or interpretation of tax laws, we will take appropriate measures after seeking external advices.

5. UK content

On September 2016, HMRC in the UK put a bill of "Large businesses: publish your tax strategy" into force.

Nissha Group's tax policy also meets their requirement.

December 25, 2017

Quality Management

Quality

We at Nissha Group strive daily to improve quality, based on our Quality Policy, so that we may provide products and services that satisfy and meet the needs of our customers.

Quality Policy

Nissha and its subsidiaries are committed to contributing widely to society through customer's trust and satisfaction of quality, cost, delivery, services and speed.

1. We aim for quality that stands up to the customer's expectations.
2. We pursue Zero Defects in our products.
3. We provide products which satisfy customer requirements and conform to relevant legislation and regulations.
4. We establish and maintain a quality management system, and continually improve its effectiveness.

April 1, 2011

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

Quality Management System (QMS)

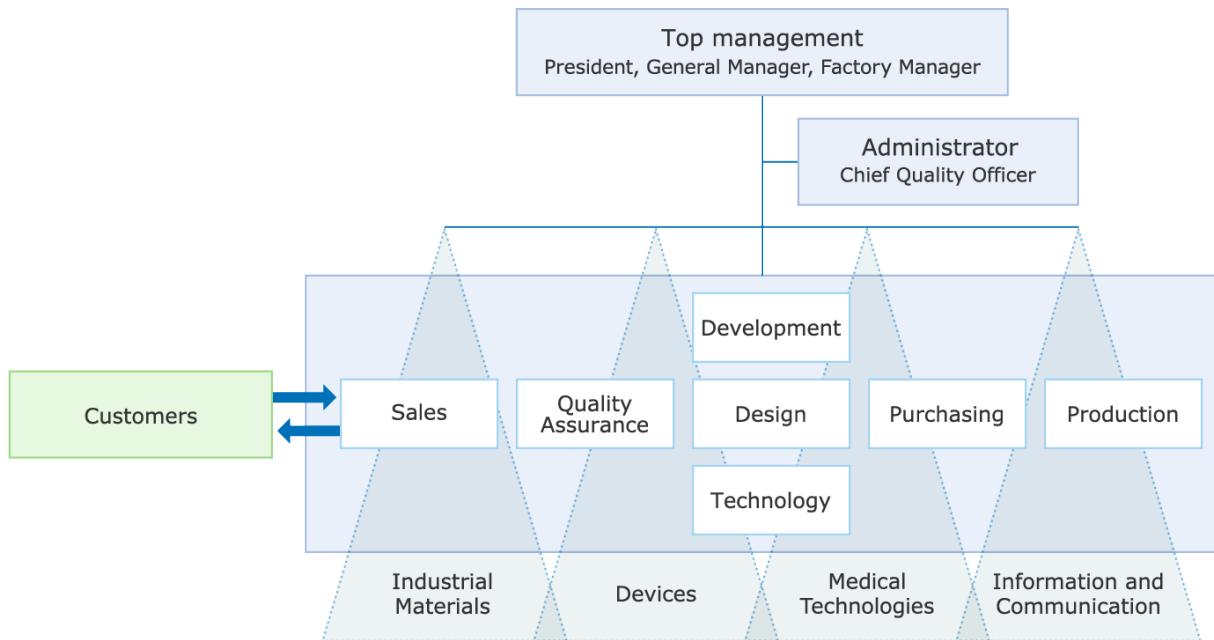
Improving quality improves profits—based on this approach, the Nissha Group in Japan sets all key performance indicators (KPI) as quality goals with the aim of integrating our quality management systems with business administration. We promote improvements in quality by operating our Nissha Group Total Quality Management (NTQM), based on a quality management system that meets the requirements of international standard ISO9001. In business targeting the mobility (automotive) market, Nitec Precision and Technologies, Inc. (NPT) Kyoto Factory, which manufactures touch sensor modules, and multiple other bases have obtained IATF16969 certification for quality management systems in the automotive industry. From the fiscal year ending December 2020, we are aiming to expand certification to other bases

In the Medical Technologies business, eight bases of the Nissha Group in North and Central America and Europe have obtained ISO13485 certification, the international standard for quality management systems in the medical devices industry. Our Global Headquarters in Kyoto obtained the same certification in October 2019.

To meet the licensing requirements for the manufacturing and sales of medical devices in Japan, in 2017, Nissha Co., Ltd. obtained a Class 2 medical devices marketing and manufacturing license and a manufacturing license., and In addition, affiliated company Nissha FIS, Inc. became a registered

medical devices manufacturer. In this way, we are making steady efforts to build a quality assurance structure that fits our new business segments.

QMS Model



Nissha Group Total Quality Management (NTQM)

Our NTQM initiative seeks to build and improve a mechanism for keeping promises with our customers as well as complying with laws and regulations. NTQM clarifies the procedures followed at each business unit, such as design reviews (DR), reliability tests, and supplier management. We believe that improving the accuracy of these procedures will enable us to provide products and services with even higher levels of quality and safety.

Five Musts for the Systematization of Work

We set forth Five Musts for the Systemization of Work, a concept we are working to communicate companywide through training and our company magazine.

Five Musts for the Systematization of Work

1. Standardize work.

Standardization clarifies the required input, as well as the work you have to perform.

2. First of all, check the input.

Begin your work by checking for any fault in input.

3. Incorporate the customer viewpoint into the output.

Not only customers for the Company, but your immediate customers, internal and external. In your work, you must aim at an output that meets QCDS from all your customers.

4. Reinforce the system using human factors.

Human factors should be used to cover those areas of work which cannot be covered by the system alone. Your communication and teamwork will reinforce the system.

5. Make continuous efforts to improve the system.

The system must be established and implemented continuously. Continuous implementation results in further improvement of the system, as well as that of the quality of our work and the Company.

*QCDS: Initial of Quality, Cost, Delivery, Service, the index for product evaluation.

Quality Slogan

Taking action with a strong awareness of the customer is essential to quality improvement. All Nissha Group employees are required to perform their daily duties with a sense of responsibility, and create quality in the eyes of the customer.

To this end, in April 2017, we established the quality slogan given here. The Japanese have a maxim that reads, "The next process is the customer." The "me" in the slogan says each employee should take on a leading role in delivering quality to the customer. And this "customer" may be external customers of the Nissha Group or internal workers in the production process following one's own. The slogan is communicated thoroughly across Nissha Group companies both in and outside Japan, along with a sense of "responsibility to all customers, internal or external."



Company-wide Optimization

We define the ties between one's own department and others, and even ties between work processes across the Nissha Group, as "input" and "output." Hence we stress the importance of recognizing links between internal processes and the orderly division of roles. By having all employees stand in the customer's shoes, we aim to break free of department-based optimization and strive for company-wide optimization. We believe that basic concepts like this and the sorting out of functions will build Nissha Group's foundation as a manufacturing company.

Continuous Improvement

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 "smallgroup activities" and "improvement proposal system". We recognize these as important mechanisms to work on and develop across the Nissha Group. Moreover, based on the idea that the quality of people plus the quality of work equals the quality of the company, and 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.

Training

1. General quality training (for new employees, promoted employees, new managerial staff, managers, and overseas assignees)
2. Management system training (ISO9001, IATF16949, core tools, internal quality auditor)
3. Quality control training (QC Exam levels 3 and 4, QC Seven Tools, New QC Seven Tools, basic statistics)
4. Quality methodology training (statistical methods, experimental design, Taguchi methods, reliability engineering etc.)
5. Other training (electric/mechanical basic education, equipment maintenance, etc.)

Practical education

1. Support for small-group activities
2. Nissha Academy (Monozukuri School etc.)

Information sharing / reciprocal learning

Company-wide Presentation Meeting of Small-group Activities

Quality and Safety of Products

We at Nissha provide our customers with explicit information on product usage and safety in documents such as delivery specifications. In the event a serious accident occurs as a result of flaws in our products and services, which may violate laws or regulations, we will establish a CPL* committee and strive for a quick resolution. We are also prepared to report the incident to government agencies in accordance with laws and to notify our customers as soon as possible. We communicate to our employees the importance of ensuring the quality and safety of products through corporate ethics and compliance training.

Up to fiscal year ended December 2019, the number of instances in which we organized a CPL committee or violated laws was zero, resulting in a fine of 0 yen. We will strive to maintain our zero violation record in the future.

*CPL: Combination of contractual liability (CL) with product liability (PL)

Management of Chemical Substances in Products

We at Nissha have in place two sets of criteria for managing chemical substances: the Nissha Control Criteria for Chemical Substances, covering Nissha products and packaging materials, and the Nissha Control Criteria for Chemical Substances in Purchased Products, covering procured items such as primary and secondary raw materials. Both reflect the laws and regulations of relevant countries and regions, including the Restriction of Hazardous Substances (RoHS) directive and the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulation, as well as the substance-related criteria of our customers. Whenever our customers' criteria change, we identify the differences from our criteria and work to conform to our customers' request. Apart from this, we review our criteria once a year, making revisions as necessary, and organize briefing sessions for related divisions and our suppliers.

When selecting new materials or changing materials in the design and development stages, we conduct design reviews (DR) and assess compliance with the Nissha Control Criteria for Chemical Substances in Purchased Products. Our factories are building a mechanism for accepting materials that meet our criteria, ensuring traceability, identifying and separating noncompliant substances, and responding to issues swiftly such as through reporting in efforts to prevent misuse and contamination.

The Environmental and Safety Management division functions as the secretariat and works with the product development of each business unit, quality assurance and procurement divisions to promote management of the chemical substances used in products. It also carries out internal environmental audits on a regular basis to inspect the management status. This internal structure implements strict control of chemical substances from the design stage to the final product, and responds to changes in the needs of society and the demands of our customers.

Identifying Environmental and Social Risks in the Medical Technologies Business

Through activities of the Sustainability Committee in the fiscal year ended December 2019, we sought to identify environmental and social risks in the Medical Technologies business. The Medical Technologies business serves the medical devices market, one of four focus markets defined in the Sixth Medium-Term Business Plan.

In order to identify environmental and social risks, we used the Sustainability Disclosure Topics and Accounting Metrics indicated by the Sustainability Accounting Standards Board (SASB), Medical Equipment and Supplies. We then checked the environmental and social response status required for business continuity particularly at affiliated companies outside Japan.

As a result, we found that the quality department of each overseas affiliated company is building and operating a system for identifying and managing products distributed on a global basis, with their understanding the contents of each disclosure requests. In the fiscal year ended December 2019, no recall was issued in the Medical Technologies business. Moving forward, we keep monitoring the situation and consider disclose our findings externally.

Topics on SASB Medical Equipment & Supplies

- ✓ Affordability & Pricing
- ✓ Product Safety
- ✓ Ethical Marketing
- ✓ Product Design & Lifecycle Management
- ✓ Supply Chain Management
- ✓ Business Ethics

Along with Local Communities

Promoting Communication with Local Communities

The Nissha Group, conducting business around the world, value communication with local communities as a means to win the trust of the people in each country and region. In Japan, we coordinate with educational institutions and non-profit organizations to organize next generation support initiatives and sponsor nationwide art exhibitions in line with our Basic Social Contribution Policy.

Social contribution activities

We at the Nissha Group have in place a Basic Social Contribution Policy and carry out activities centering on the four fields of environmental protection, next generation support, promotion and support of arts and culture, and human support.

Basic Social Contribution Policy

Nissha and Nissha People contribute to society under the spirit of global citizenship by using their management resources effectively toward the achievement of our Mission.

Main fields of contribution: "Environmental Protection", "Support for Future Generation", "Promotion and Support of Arts and Culture", and "Humanitarian Support".

Nissha Group in Japan organize various social contribution activities continuously, such as factory and facility tours and exchange meeting with the people of local community, cleanup projects near production sites, environmental workshops by our employees at local elementary schools, and future generation support initiatives in collaboration with local education boards and non-profit organizations.

Initiatives for Future Generation Support

Presentation of Nissha Award at 14th Supreme Moving Toy Contest in Kyoto

Nissha Co., Ltd. is a sponsor of the Children's Monodzukuri Project run by the Kyoto City Board of Education. Promoting industry-academia-government-citizenry collaboration to create opportunities for elementary and middle school pupils to learn about and experience Monodzukuri, or manufacturing—in a show of support for the board's objective, we host a corporate booth at the Monodzukuri Hall of Fame in the Kyoto City Inquiry Learning Center for Career Education, and provide teaching materials for programs held at the Hall of Fame for elementary school pupils.

As part of these activities, we support the annual Supreme Moving Toy Contest in Kyoto. The toy contest invites 3rd to 6th graders to make their own rubber-powered toy and join the competition. The 14th edition, held on January 19, 2020, at Kyoto Kogakuin Senior High School, attracted about 440 pupils from 100 elementary schools mainly in Kyoto City (the visitor count including guardians and team leaders was about 1,050).

By offering the opportunity to make a moving toy, the contest aims to cultivate creativity, independence, and social skills, and raise the children's familiarity with and interest in Kyoto's unique style of Monodzukuri where tradition and innovation coexist. We supplied a racing car assembly kit for the beginners' category targeting 3rd and 4th graders, and presented a Nissha Award to the top racers. Our corporate booth featured a quiz in which visitors answered questions about Nissha products and services on a tablet computer. The corner attracted a crowd of elementary school pupils.



Toy Contest venue



Beginner course



Nissha exhibition booth

"Let's Make a Safari Park" Children's Workshop

Nissha Co., Ltd. organizes workshops in collaboration with the NPO Kids Meet Artists (Director Haruka Idegami). On December 15, 2019, we conducted a workshop titled "Let's Make a Safari Park" at the Kyoto Prefectural Center for Arts & Culture with cooperation from the Japan Environment and Children's Study (JECS) Kyoto Regional Center as part of its Kyoto-only event. The workshop attracted 18 groups of 38 parents and children.

The workshop invited artist duo HANA★JOSS, based in Osaka Prefecture, to serve as instructors and introduce the traditional Indonesian music form gamelan and shadow puppet theater wayang. The participants handled the instruments and puppets for a chance to enjoy the sounds and textures, and then tried their hand at making puppets around the theme of a safari park. Elephant, lion, and train—the participants used their imagination to create unique characters. HANA★JOSS improvised a story based on these characters, and performed a song to which the children presented a puppet show, for a fun moment of fusion between musical and performing arts.

As a material for making the puppets, we provided single-use electrocardiogram (ECG) electrodes manufactured and sold for medical use, offering children the opportunity to explore a medical device through the filter of their own worldview.

* Single-use: Designed for single use only; disposable



Introduction of Wayang



Traditional musical instrument, Gamelan



Wayang making

Sponsorship of Museum Exhibitions and Art Events

As part of our efforts in “promotion and support of arts and culture” cited in our Basic Social Contribution Policy, we cosponsor museum exhibitions and art events held throughout Japan. In the fiscal year ended December 2019, we sponsored the following 6 exhibitions.

Exhibition / event	Schedule	Venue
Unrivalled Calligraphy: Yan Zhenqing and His Legacy	January 16 to February 24, 2019	Heiseikan, Tokyo National Museum (Ueno Park)
Special Exhibition "National Treasures of To-ji Temple: Kukai and the Sculpture Mandala"	March 26 to June 2, 2019	Heiseikan, Tokyo National Museum (Ueno Park)
MOOMIN	April 9 to June 16	Mori Arts Center Gallery
KYOTOGRAPHIE International Photography Festival 2019	April 13 to May 12, 2019	11 venues in Kyoto city
Matsukata Collection	June 11 to September 23, 2019	The National Museum Art of Western Art
Vincent van Gogh	October 11, 2019 to January 13, 2020	The Ueno Royal Museum
Special Exhibition "The Thirty-Six Immortal Poets: Elegant Arts of the Classical Japanese Court"	October 12 to November 24, 2019	Kyoto National Museum, Heisei Chishinkan Wing

Membership in Community Organizations

We participate in various activities of the local community.

Organization / host	Position / membership status	Company registered
Kyoto Chamber of Commerce and Industry	Permanent member	Nissha Co., Ltd.
Kyoto Employers' Association	Councilor	Nissha Co., Ltd.
Kyoto Association of Corporate Executives	Special secretary	Nissha Co., Ltd.
Kyoto Industrial Association	Director	Nissha Co., Ltd.
The Japan Kanji Aptitude Testing Foundation	Director	Nissha Co., Ltd.
Kyoto Institute of Technology	Joint management council member	Nissha Co., Ltd.

Kyoto University Graduate School of Business Administration	Member of External Evaluation Committee	Nissha Co., Ltd.
Ritsumeikan University Business School	Advisory board member	Nissha Co., Ltd.
Nissha Foundation for Printing Culture and Technology	Representative Director	Nissha Co., Ltd.



Governance

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

In order to remain a trust placed in us, all of our executives and employees work to promote and thoroughly implement corporate ethics and compliance.

Corporate Governance

Basic Approach to Corporate Governance

Nissha, since its foundation, has been executing strategies that promptly address external challenges, under committed leadership. The Company believes that strengthening corporate governance along with such leadership will promote agile and decisive decision making, as well as ensuring management transparency and fairness. Based on this recognition, the Company places corporate governance as one of the key management issues, strives to maintain and improve it, and seek out sustainable corporate growth and an increase in corporate value over the medium- to long-term. In an effort to clarify the Nissha Group's basic approach to and policy for implementing corporate governance, in October 2015 we established a Corporate Governance Policy.

* For further information, please follow the links below.

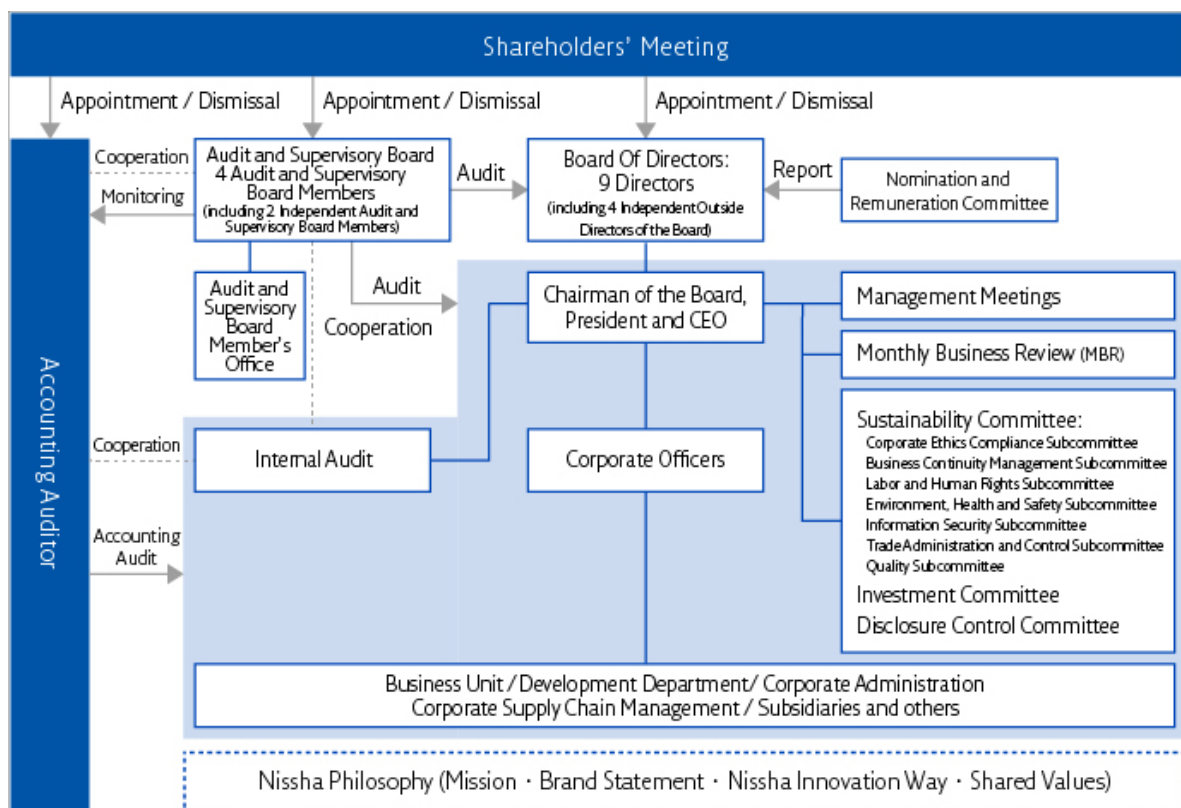
[About>Corporate Governance](#)

Corporate Governance Policy (PDF)

Overview of Corporate Governance

We have established a corporate governance structure as shown in the figure below.

*as of March 24, 2020



We make major business judgments and oversees the execution of the duties of the Directors of the Board at meetings of the Board of Directors, and as a company with an Audit and Supervisory Board, will strive to maintain and improve the oversight and checking functions by Audit and Supervisory

Board Members and an Audit and Supervisory Board which are independent from the Board of Directors. We adopt a corporate officer system in an effort to clarify the powers and authority in the speedy decision making and the implementation of decisions, under which the Board of Directors will be in charge of the formulation of strategies and business oversight, and the Corporate Officers will be in charge of the execution of business.

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

- **Management Meeting:** Comprises Inside Directors of the Board as core members. Deliberates on matters relating to the direction of important managerial issues within the scope of the President's authority.
- **Monthly Business Review (MBR):** Reviews the progress of business strategies based on key performance indicators (KPI) and determines actions to take over the short term. The purpose of the MBR is to monitor business execution by Corporate Officers and quickly respond to changes in the business environment.
- **Investment Committee:** Supports the Board of Directors' decision-making process by verifying particularly important investment matters from a groupwide standpoint, toward minimizing investment risks and enhancing accountability, prior to submission to the Board of Directors.

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

- **Sustainability Committee:** Chaired by the President and vice-chaired by the Senior Director of Sustainability, the Sustainability Committee prioritizes social issues that represent business opportunities and risks that jeopardize the business continuity of the Nissha Group, and determines materiality (material issues). Business organizations and the Sustainability Committee's seven subcommittees then establish strategy items, key performance indicators (KPI), and target values for each material issue and apply a plan-do-check-act (PDCA) cycle.
- **Disclosure Control Committee:** Chaired by the President. Discusses the necessity of timely disclosure of corporate information and the contents of disclosure.
- **Internal Audit Office:** Under the direct control of the President, audits the internal control systems of the Nissha Group, analyzes and evaluates their status of establishment and operation, and offers suggestions for improvement.

Directors of the Board and the Board of Directors

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

Our Board of Directors comprises an appropriate number of 12 or fewer members, taking into account diversity and balance between the knowledge, experience, and skills of the individual to ensure that the Board fulfills its role of making important management decisions and overseeing the execution of duties by Directors of the Board and Corporate Officers. Inside Directors of the Board are elected for their acquaintance with our operations and suitability for carrying out growth strategies and overseeing business execution. Multiple Independent Outside Directors of the Board are elected who satisfy the requirements of not only the Companies Act but also the Standards for Independence of Independent Officers, established by our Board of Directors.

In the event that a Director of the Board damages the trust or honor of the company, markedly diminishes our corporate value, or gives rise to grounds that he or she is unfit to perform his or her duties, the Board of Directors confirms the presence of a valid reason and makes the Director of the Board subject to a proposal for dismissal.

To ensure clarity in management responsibilities for each fiscal year, the term of office of Directors of the Board is set at one year.

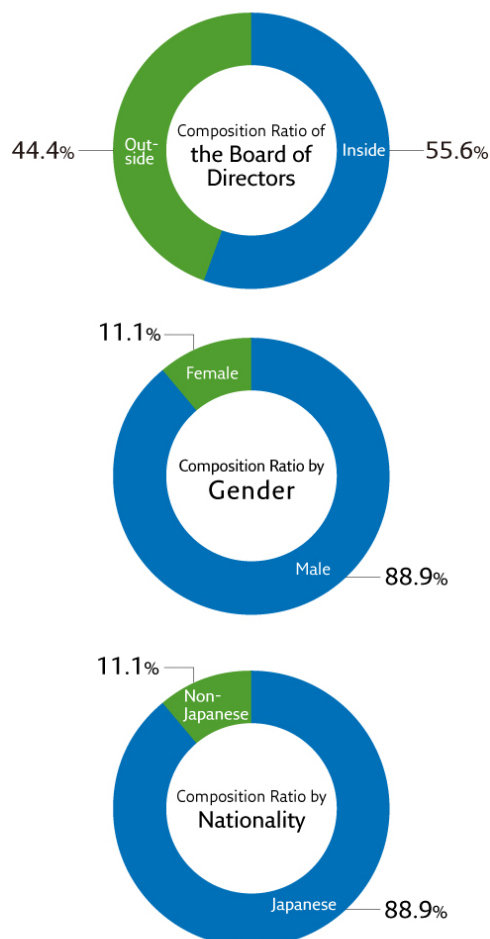
Having received reporting from the Nomination and Remuneration Committee, based on the policy above, the Board of Directors makes decisions on proposals for the appointment/dismissal of a Director of the Board to be deliberated at the general meeting of shareholders.

* For further information, please follow the links below.

[About>Corporate Governance](#)

Standards for Independence of Independent Officers (PDF)

Diversity of the Board of Directors (as of March 24, 2020)



As of March 24, 2020, our Board of Directors consists of nine members, of which four are Independent Outside Directors of the Board with one being a woman of foreign nationality. The Board includes individuals with experience abroad or at other companies, or holding a master's degree in business administration. Each of our four Independent Outside Directors of the Board has experience into general corporate management and business management in manufacturing industry, specialized knowledge in corporate governance, business strategies, management strategies, legal affairs and compliance, and broad insight into monetary economics.

We consider that the four Independent Directors satisfy standards for independence of outside officers by the Tokyo Stock Exchange, hence they have sufficient independence and there is no risk of conflict of interest with general shareholders. Therefore, we have designated them as Independent Officers.

Role of the Board of Directors

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

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

The Board of Directors makes decisions on matters that require resolution by the Board as stipulated by laws and regulations and our Articles of Incorporation as well as on important managerial matters as stipulated by the Regulations of the Board of Directors, and oversees business execution by Directors of the Board and Corporate Officers.

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

Initiatives to Enhance the Content of Discussions

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

Toward improving the quality of discussions, we distribute a meeting agenda and related materials in advance, and explain particularly important matters to Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members beforehand. Toward thoroughness, important issues such as the medium-term business plan and major M&A transactions are discussed once or twice as matters to be reported prior to being listed as matters to be resolved. By setting and allotting times for briefing and discussion in accordance with the degree of importance of the matter, we aim for effective meeting operation.

In efforts to enhance the Board's monitoring function, matters such as the status of post-merger integration (PMI) and the financial results of major M&A transactions and newly established subsidiaries and joint ventures are reported regularly in meetings.

To secure attendance by as many Directors of the Board and Audit and Supervisory Board Members as possible, the secretariat of the Board of Directors creates an annual schedule of board meetings and notifies members in advance.

Evaluation of Effectiveness of the Board of Directors

Once a year since April 2016, our Board of Directors has analyzed and evaluated board membership and operation in the previous fiscal year toward continuous improvement of its effectiveness.

From January to February 2020, we analyzed and evaluated the results of a questionnaire covering all board meetings held in the fiscal year ended December 2019 and disclosed an outline of the results in a Corporate Governance Report submitted to the Tokyo Stock Exchange in March.

Nomination and Remuneration Committee

Purpose

We establish a Nomination and Remuneration Committee as an advisory panel for the Board of Directors in order to ensure the objectiveness and fairness of the appointment/dismissal of Directors of the Board and the appointment of Audit & Supervisory Board Members, and incorporate the knowledge of Independent Outside Directors of the Board, as well as the remuneration of the Directors of the Board. The chair and the majority of the members are selected from Independent Outside Directors of the Board.

Role

With consultation from the Board of Directors, the Nomination and Remuneration Committee deliberates on and provides a response regarding the following matters.

- (1) The appointment/dismissal standards for Directors of the Board and the appointment standards for Audit & Supervisory Board Members
- (2) Proposals for candidates for Directors of the Board and Audit and Supervisory Board Members, and proposals for dismissal of Directors of the Board
- (3) Proposals for the appointment/dismissal of the Chairman of the Board, titled directors, and the CEO
- (4) Matters related to the succession plan for the President
- (5) Policy on remuneration of Directors of the Board
- (6) Remuneration of Directors of the Board

Membership (as of March 24, 2020)

- (1) Four independent members:
 - Kazuhito Osugi (Independent Outside Director of the Board and Committee Chair)
 - Makoto Ando (Independent Outside Director of the Board)
 - Asli M. Colpan (Independent Outside Director of the Board)
 - Kazumichi Matsuki (Independent Outside Director of the Board)
- (2) Two inside members:
 - Junya Suzuki (Chairman of the Board, President and CEO)
 - Wataru Watanabe (Director of the Board and Executive Vice President)

Audit and Supervisory Board Members and the Audit and Supervisory Board

Policy and Procedure for Electing Auditors

Our Audit and Supervisory Board comprises an appropriate number of four or fewer members. Inside Audit and Supervisory Board Members are elected for the wealth of experience required in auditing. Independent Audit and Supervisory Board Members are elected from attorneys and certified public accountants with a focus on specialized knowledge in legal affairs, financial matters, and accounting, who satisfy the requirements of not only the Companies Act but also the standards for independence of independent officers, established by our Board of Directors. Having received reporting from the Nomination and Remuneration Committee, and with prior approval

of the Audit and Supervisory Board, based on the policy above, the Board of Directors makes decisions on proposals for the appointment of Audit and Supervisory Board Members to be deliberated at the general meeting of shareholders.

At present, our Board consists of four members, of which two are Full-time Audit and Supervisory Board Members and two are Independent Audit and Supervisory Board Members. All two Independent Audit and Supervisory Board Members have been designated as independent officers, as they meet the standards of independence established by the stock exchange and are judged not to have a conflict of interest with general shareholders.

Role of Audit and Supervisory Board Members and the Audit and Supervisory Board

Our Audit and Supervisory Board Members and Audit and Supervisory Board audit the execution of duties by Directors, Members of the Board and Corporate Officers as stipulated by laws and regulations, our Articles of Incorporation, and internal regulations, and make appropriate decisions from an independent, objective standpoint on electing and dismissing accounting auditors and exercising their authority relating to audit fees, etc. Independent Audit and Supervisory Board Members draw on their highly specialized knowledge as attorneys and certified public accountants to contribute to the maintenance and improvement of our corporate governance structure.

Our Audit and Supervisory Board determines the duties of Audit and Supervisory Board Members, the audit structure, and the audit standards that describe the evaluation basis for audits and the action guidelines. In accordance with these, the Board develops auditing policies and Nissha Group's Corporate Governance auditing plans.

In compliance with the above, Audit and Supervisory Board Members attend Board of Directors' meetings and other important meetings, review approval documents and other important documents, perform visiting audits at major offices and affiliated companies, and regularly exchange views with the President and CEO, Directors of the Board, and General Managers. In order to increase the effectiveness of audits, Audit and Supervisory Board Members hold regular meetings and coordinate closely with the Accounting Auditor, Internal Audit, and corporate divisions such as Corporate Finance and Corporate Legal Affairs. In addition, full-time Audit and Supervisory Board Members hold regular group meetings with the auditors of Nissha Group companies in Japan in efforts to monitor the management status of each company, and enhance and strengthen audits.

Policy on Determining Remuneration of Directors of the Board and Audit and Supervisory Board Members

We establish a remuneration system for Directors of the Board and Audit and Supervisory Board Members based on the individual's role in business execution and management oversight, and so that the role may be fulfilled appropriately, toward linking the remuneration with the sustainable growth of the Nissha Group and the enhancement of our corporate value over the medium to long term. In particular, our policy on remuneration of Directors of the Board who are responsible for business execution, is to ensure that the system promotes value sharing with our shareholders and contributes to the improvement of our financial results and corporate value.

Remuneration System

Remuneration of Directors of the Board who are responsible for business execution, consist of base remuneration, bonuses, and stock remuneration. Base remuneration is established as a base amount according to the individual's position and the scale of his or her role. Bonuses are short-term performance-related remuneration taking into account the financial results of each fiscal year and reflecting the achievement rate of goals. Stock remuneration is medium- to long-term performance-

related remuneration reflecting the achievement rate of annual goals under the medium-term business plan, and designed to promote awareness of the individual's contribution to the medium- to long-term improvement of financial results and sustainable growth of corporate value.

Remuneration of Independent Outside Directors of the Board is not linked to performance, since they oversee management from a position independent from business execution, but consists of only base remuneration determined according to criteria such as the individual's career and duties.

Remuneration of Audit and Supervisory Board Members consists of only base remuneration, since their duty is to perform audits of the Nissha Group overall from an independent position.

Procedure for Determining Remuneration

The policy on remuneration of Directors of the Board, remuneration system, and framework for linking remuneration with performance are deliberated by the Nomination and Remuneration Committee and then reported to the Board of Directors. The Board of Directors receives reporting and makes a decision. Remuneration of Directors of the Board is drafted by the President within a limit defined at the general meeting of shareholders in accordance with a predetermined calculation method, deliberated by the Nomination and Remuneration Committee, and then reported to the Board of Directors. The Board of Directors receives reporting and makes a decision.

Remuneration of Audit and Supervisory Board Members is determined within a limit defined at the general meeting of shareholders through consultation among the Audit and Supervisory Board Members.

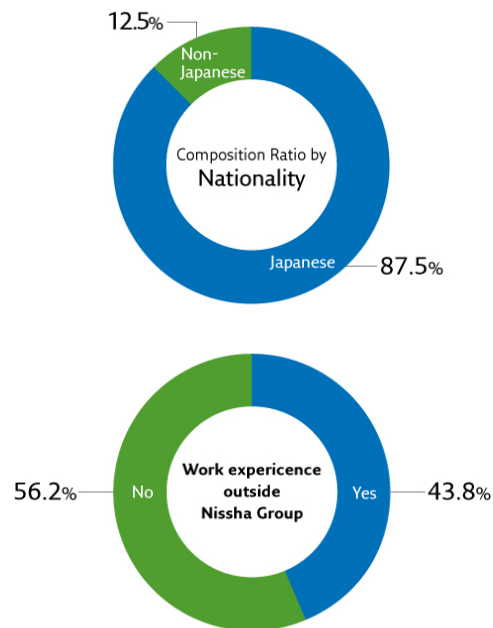
Results of FY ended December 2019

Title	Total Remuneration (Million yen)	Remuneration by Category (Million yen)			Number of Members
		Basic Remuneration	Performance-related Compensation		
			Bonuses	Provision for Management Board Benefit Trust	
Directors of the Board (Excluding Independent Outside Directors of the Board)	255	174	55	25	5
Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	28	28	—	—	2
Independent Outside Directors and Independent Audit and Supervisory Board Members	50	50	—	—	8

Corporate Officers

In order to adapt flexibly to changes in the business environment, we appoint Corporate Officers also taking into account diversity and balance between the knowledge, experience, and skills of the individual. The term of office of Corporate Officers is set at one year.

Diversity of Corporate Officers (as of January 1, 2020)



At present, we have 16 Corporate Officers, of which two are foreign nationals. These include individuals with work experience abroad or at other companies, and holding a Master of Business Administration degree.

Internal Control System

Nissha builds and operates an internal control system in accordance with a Policy for Internal Control formulated by the Board of Directors. The system is designed to ensure that the duties of each internal organization are carried out legally, appropriately, and efficiently toward enhancing our corporate value. To ensure reliability of financial reporting, we submit the assessment results of our internal control system in the form of internal control reports to the Prime Minister of Japan and disclose the contents to our shareholders and investors.

Risk Management in Business Operation

The Nissha Group establishes a Risk Management Policy to clarify our approach to risk management efforts. The Business Continuity Management (BCM) Subcommittee of the Sustainability Committee plays a central role in promoting risk management, including preparing for and responding to emergencies such as a natural disaster or pandemic.

Risk Management Policy

The Nissha Group strives to accurately identify the risks we face, avoid unexpected loss, and appropriately control risks, thereby ensuring business continuity and enhancing our corporate value toward realizing the enrichment of people's lives by creating technology and developing it into economic and social value.

1. We build and maintain a structure for responding to the various risks present in our business environment.
2. We promote risk management at the managerial level toward conducting organization-wide activities and preserving management resources.
3. In the event of an emergency, such as a situation with critical managerial consequences or a natural disaster, we work to minimize damage, resume business activities as quickly as possible, and prevent recurrence while prioritizing the safety of human lives.
4. We conduct in-house training to enhance awareness of and the ability to respond to risks, and ensure that each employee takes responsible, swift, and appropriate action.
5. We periodically review our risk management structure, including this policy, and make improvements on a continuous basis to ensure effective risk management at all times.

Established on July 1, 2015

Revised on January 1, 2018

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

We at Nissha have in place a set of Emergency Response Regulations that defines “emergency” and stipulates the action and structure required between initial response to a disaster and the early stages of business recovery. In the event of a serious interruption of business due to emergency over a certain level, such as a natural disaster or pandemic, we set up a response task force headed by the President at our Global Headquarters in Kyoto. We also stockpile supplies at major bases in Japan, distribute “survival cards” listing information about what to do at earthquake strike, educate employees using an e-learning system, and conduct emergency training to promote thorough awareness about the general rules for action and response in an emergency.

Our Basic Plan for Business Continuity Management (BCM) stipulates in detail the steps to be taken in order to promote early recovery of key business locations. In efforts to verify the effectiveness of these steps, we organize business continuity planning (BCP) exercises on a regular basis for employees including the management. We respond quickly to changes in management environment and reorganization, such as managing the latest editions of relevant documents.

In the fiscal year ended December 2019, we confirmed the status of BCP at major overseas affiliated companies engaging in business in focus markets identified by the Nissha Group in the medium-term business plan.

Response to COVID-19 Pandemic

The Japanese government declared a state of emergency against the novel coronavirus disease (COVID-19) on April 7, 2020. On the same day, Nissha Co., Ltd. set up a response task force headed by the President and strengthened measures throughout the Nissha Group. We disseminated information about infection prevention and health management to employees, and made working from home the rule for all except those in production and logistics divisions.

In addition to continuing to supply products and services needed by our customers, we undertook procurement and sales of medical face shields for use by medical professionals in efforts to resolve a social issue that surfaced amid the crisis.

BCP Training for the Management

Once a year for the duration of the medium-term business plan, we conduct training for the management themed around business continuity planning (BCP). The training is a simulation exercise designed to confirm whether our BCP will function appropriately in the event of an emergency such as an earthquake.

The session in the fiscal year ended in December 2019 replicated a situation in which the Global Headquarters in Kyoto and the Kameoka Factory were struck by a massive local earthquake on the Hanaore Fault in Kyoto City. Training focused on tracking the managers’ decision-making process. The participants gave detailed instructions for dealing with damage to resources such as buildings and facilities, information infrastructure, employees, and suppliers, for a true-to-life exercise.

Active involvement by the management in BCP/BCM construction and operation helps to enhance the company’s competitiveness and increase its corporate value. With customers citing BCP as a supplier requirement in recent years, we believe it is necessary to continue these efforts.



Simulated response task force



Task force at Kameoka Factory



Management participating

Administration of Risk Survey

Each year, we conduct a risk survey at Nissha Group affiliated companies in Japan and overseas, employing the knowledge of a risk consulting expert. Our survey in the fiscal year ended December 2019 was administered in May at Nissha Precision Technologies Malaysia Sdn. Bhd., our Malaysian production base of the Industrial Materials business.

Because electric power facilities and outdoor equipment are often exposed to the blazing sun, we used a thermal camera to inspect heat sources that can potentially spark fires.

The results of the survey are incorporated into improvement activities at other bases as well.



Risk survey being administered at Nissha Precision Technologies Malaysia Sdn. Bhd.

Initiatives of Internal Audit Office

Internal Audit Office maintains its impartiality and objectivity by serving as an organization independent of business execution divisions. It draws up annual auditing plans, investigates whether business activities are carried out appropriately and efficiently in the Nissha Group, offers advice and recommendations to internal organizations, and conducts follow-up audits to confirm the status of improvement of each finding that has surfaced through the audits. Based on the results of its audits, the office compiles reports and provides suggestions to the President at monthly meetings, and presents particularly important matters at Board of Directors meetings. In addition, to establish mutual cooperation with the Audit and Supervisory Board, it holds meetings with full-time members every three months.

In the fiscal year ended December 2019, audits were themed around the management of trade secrets in the Nissha Group in Japan, Nissha's uniquely Japanese *ringi* approval system and management of

authority, and business administration in general at affiliated companies. Internal Audit Office also established a scope of evaluation and performed an independent assessment of financial reporting-related internal controls in accordance with the Financial Instruments and Exchange Act.

Corporate Ethics and Compliance

Corporate Ethics and Compliance Guidelines

The Nissha Group's Corporate Ethics and Compliance Guidelines present a fundamental approach to corporate ethics and compliance that each employee can practice to realize the Nissha Philosophy, integrating our mission, standards of thought, and rules of conduct. The guidelines comprise 4 Foundational Rules and 10 Important Points, which all executives and employees work to promote and thoroughly implement.

Foundational Rules

1. We value and hold on to high ethical standards, integrity in our actions, and act with good common sense through our responsible behavior.
2. We pursue the co-existence with the stakeholders including our customers, shareholders, suppliers, local communities and our employees.
3. We will comply with all laws and regulations, internal corporate regulations, and socially accepted rules and norms.
4. If we witness actions contrary to the "Corporate Ethics and Code of Conduct" or are suspicious of certain behaviors or decisions, we should immediately report to and consult with our supervisors.

10 Important Points

1. Free and Fair Competition
2. Prevention of Corrupt Practices
3. Product Quality and Safety
4. Protection of Intellectual Property
5. Appropriate Handling of Information and Resources
6. Compliance with Import/Export Regulations
7. Proper Disclosure of Information and Compliance with Insider Trading Regulations
8. Environmental Protection and Conservation
9. Creating a Comfortable Workplace, and Community and Social Contribution
10. Respect for Human Rights

To ensure that all employees of the Nissha Group can understand the guidelines, we compile and distribute a Corporate Ethics and Code of Conduct Manual in the Japanese, English, Chinese, and Vietnamese languages, and publish these editions on the Nissha Group intranet. In further efforts to disseminate, we inform the guidelines to employees at the regular training sessions. After each session, we collect signatures from the participating employees confirming that they understand and will base their conduct on the manual.

Promotion Structure and Initiatives

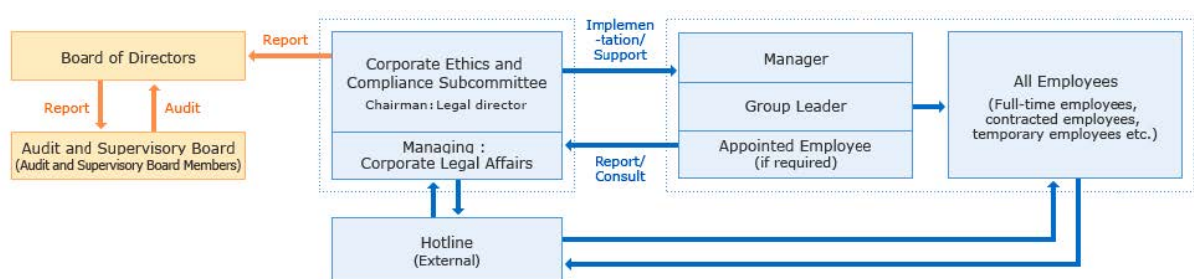
All Nissha Group bases in Japan and overseas appoint managers and group leaders in charge of promoting corporate ethics and compliance. These managers and group leaders not only conduct training in their respective divisions but also implement corporate ethics and compliance on a day-to-day basis through organizational management, serve as a liaison for referring specific cases to Corporate Legal Affairs, and take on the role of consultant in their workplace. In order to increase awareness of the managers and group leaders, we distribute quarterly issues of Corporate Ethics and Compliance News.

Designating every October and November as corporate ethics and compliance month, we organize group-wide training at all bases in Japan and overseas. In the fiscal year ended December 2019, we conducted an e-learning course for employees at bases in Japan, highlighting actual cases of information leakage in the Nissha Group and raising awareness that compliance-related problems are relevant to us all. While taking advantage of e-learning, we also organized group training sessions for employees in Japan working at production sites, who do not use a personal computer. At overseas bases, training courses are tailored to the circumstances of each region. The course in Europe focused on the General Data Protection Regulation (GDPR), for instance, and that in the United States on social issues such as the #MeToo movement and the California Consumer Privacy Act (CCPA). These courses were planned by Legal Affairs at our Global Headquarters in Kyoto with cooperation from outside attorneys, and administered on site in group training sessions. At other overseas bases, we conduct training according to each base's operations, laws, and customs.

Through a questionnaire distributed to participants of the e-learning course, we collect a broad range of information and views on workplace conduct that might constitute a breach of corporate ethics and compliance, and that otherwise requires improvement. Cases based on the information in which efforts are made toward improvement are reported together with the contents and outcomes of training to the Corporate Ethics and Compliance Subcommittee of the Sustainability Committee.

Furthermore, we established pages on the Nissha Group intranet titled "OK or Not? Corporate Ethics and Compliance Consultation Desk." In the fiscal year ended December 2019, it featured actual cases from bases in Japan and overseas, which were presented in a way that employees could relate to at a personal level.

Corporate Ethics and Compliance Structure



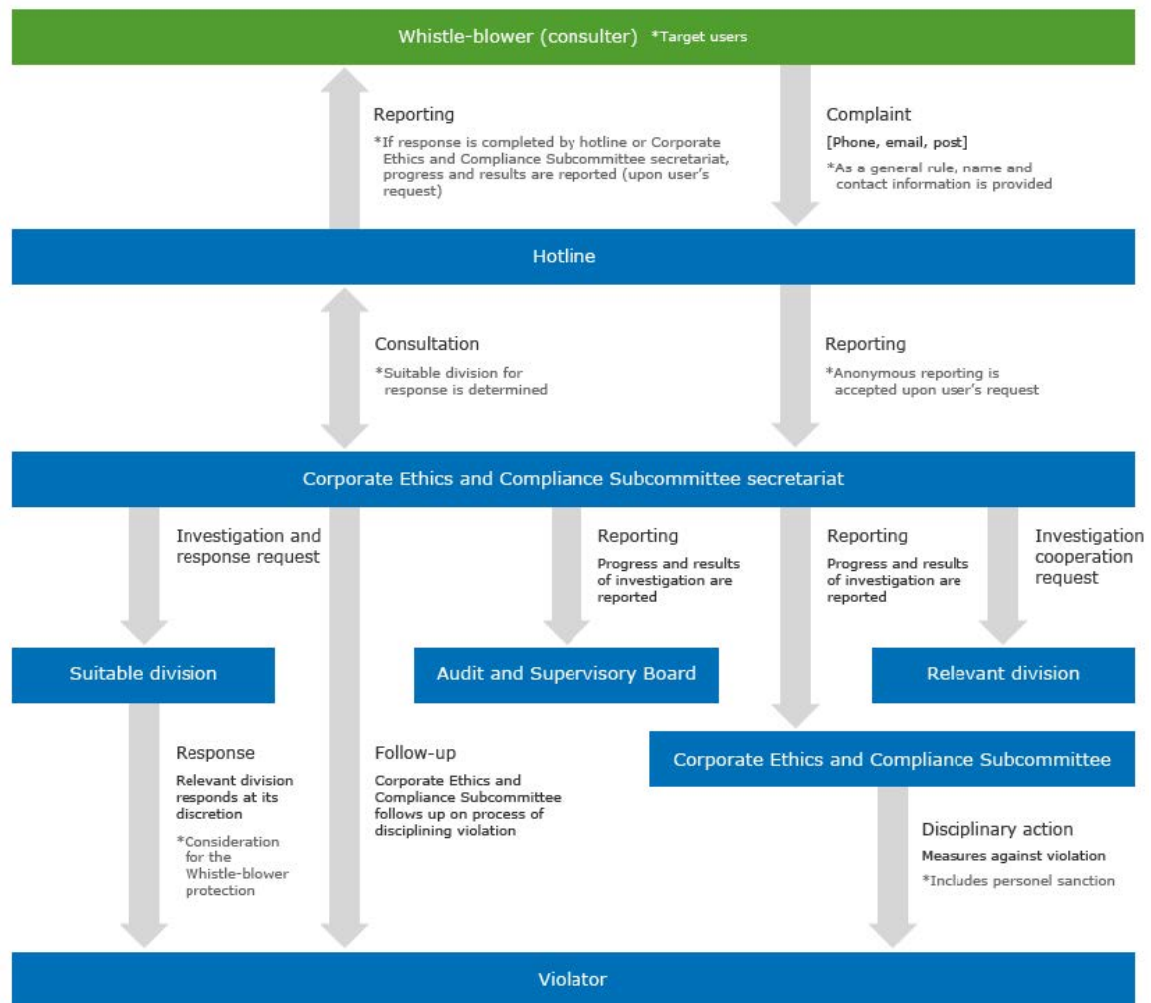
Hotline

The Nissha Group has in place an Internal Reporting Code and a hotline based on the Whistleblower Protection Act for the purposes of quickly identifying the facts about illegal, unfair, or unethical conduct by an organization or individual, minimizing the risk of a crisis, promoting ethical and legal compliance, and ultimately enhancing our corporate value. Initially accessible from Nissha Group bases in Japan and some bases overseas, the hotline was expanded to some suppliers in Japan in the fiscal year ended December 2019. In the interest of neutrality and fairness, the hotline reaches a third party served by an outside attorney.

Our Internal Reporting Code, covering operation of the hotline, protects whistleblowers from any unfavorable treatment by either the company or other employees on account of their complaints, and obligates the acceptance of anonymous reporting. In the fiscal year ended December 2019, the hotline was used nine times for complaints centering on workplace environment and interpersonal relationships. All complaints received are relayed from the hotline (the outside attorney) to the Corporate Ethics and Compliance Subcommittee secretariat, which, as a rule, coordinates with relevant divisions in conducting an investigation and fact-checking while taking care to protecting the whistleblower. When needed, the contents are reported to the Corporate Ethics and Compliance Subcommittee for deliberation, and then measures are taken according to the results of the investigation and deliberation.

In order to make corporate ethics and compliance a familiar concept for all, we are working to create an environment in which employees can feel comfortable about discussing even seemingly trivial matters, and to disseminate information about the hotline through the Corporate Ethics and Code of Conduct Manual distributed to all employees, the Labor and Human Rights Handbook, the Nissha Group intranet, and in-house training.

Hotline Organizational Chart



* The hotline reaches an outside attorney.

Hotline for Technical Interns from Vietnam

The Nissha Group accepts technical interns from Vietnam, and to ensure that they can feel safe about consulting the hotline in their native language, we introduced a Vietnamese interpreting service in July 2019. In the interest of neutrality and fairness, the Vietnamese hotline reaches a third party served by an outside attorney, as with the hotline for the Nissha Group in Japan.

Editorial Policy

The Sustainability Report is published annually to serve as a communication tool between the stakeholders and the Nissha Group. Sustainability Report 2020 covers our initiatives and performance in the fiscal year ended December 2019 (January–December 2019), following the editorial policy given below.

Guidelines Used as Reference

- The GRI Sustainability Reporting Standards
- ISO26000
- Environmental Reporting Guidelines 2012, issued by the Japanese Ministry of the Environment

Period Covered

From January 2019 to December 2019

Publication Dates

Current issue: June 2020 for Japanese, July 2020 for English

Last issue: May 2019 for Japanese, July 2019 for English

Next issue: June 2021 for Japanese, July 2021 for English (planned)

Scope of Reporting

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

Major Affiliated Companies and Businesses

Companies	Major Businesses
Nitec Industries, Inc.	Industrial Materials
Nitec Precision and Technologies, Inc.	Devices
Nissha FIS, Inc.	Devices

Nissha SiMICS, Inc.	Devices
Nissha Printing Communications, Inc.	Information and Communication
Zonnebodo Pharmaceutical Co., Ltd.	Others
Nissha Business Service, Inc.	Others
Nissha USA, Inc.	Industrial Materials
Eimo Technologies, Inc.	Industrial Materials
Nissha PMX Technologies,S.A. de C.V.	Industrial Materials
Graphic Controls Acquisition Corp.	Medical Technologies
Nissha Medical Technologies Ltd.	Medical Technologies
Nissha Europe GmbH	Industrial Materials
Nissha Schuster Kunststofftechnik	Industrial Materials
Nissha Back Stickers	Industrial Materials
AR Metallizing N.V.	Industrial Materials
AR Metallizing Ltd.	Industrial Materials
Nissha ARM Embalagens Trading Do Brasil Ltda.	Industrial Materials
Nissha Korea, Inc.	Industrial Materials
Nissha Industrial and Trading (Shenzhen) Co., Ltd.	Industrial Materials
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	Industrial Materials, Devices
Guangzhou Nissha High Precision Plastics Co., Ltd.	Industrial Materials
Hong Kong Nissha Co., Ltd.	Industrial Materials
Taiwan Nissha Co., Ltd.	Industrial Materials, Devices
Nissha Vietnam Co., Ltd.	Devices

Note: AR Metallizing N.V., a consolidated subsidiary in the Industrial Materials Business Unit of Nissha Co., Ltd., has acquired all shares of Eurofoil Paper Coating GmbH (company name changed to AR Metallizing GmbH on April 2020), a German manufacturer of metallized paper, and fully completed the transaction on January 31, 2020.

Major Changes in Reporting Scope

Date	Contents	Impact on reporting scope
January 2019	Nissha Printing Communications, Inc. consolidated our manufacturing subsidiary, Nitec Printing Co., Ltd. In January 7, 2019 as part of the restructure in our Information and Communication Business. With this, Nissha Printing Communications gathered its mass-production process after printing into Kameoka Factory in Kameoka, Kyoto.	The content of the Sustainability Report 2020 has not been affected.

July 2019	On July 1st, 2019, Nissha Industrial and Trading Malaysia Sdn. Bhd. (Malaysia) transferred the shares of Nissha Flooring Industries Sdn. Bhd to Scanwolf Plastic Industries Sdn. Bhd. Nissha Flooring Industries Sdn, Bhd was a subsidiary company for production of Luxury Vinyl Tiles operated in a joint venture with Scanwolf Plastic Industries Sdn. Bhd.	The content of the Sustainability Report 2020 has not been affected.
November 2019	Nissha Co., Ltd. completed the share acquisition of Zonnebodo Pharmaceutical Co., Ltd. and made it a subsidiary as of November 25, 2019. Zonnebodo Pharmaceutical Co., Ltd. engaged in manufacturing and marketing authorization holder of in-house developed prescription pharmaceuticals (brand-name drugs) and quasi drugs.	The content of the Sustainability Report 2020 has not been affected.

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