

Nissha Sustainability Report 2023

English

NISSHA

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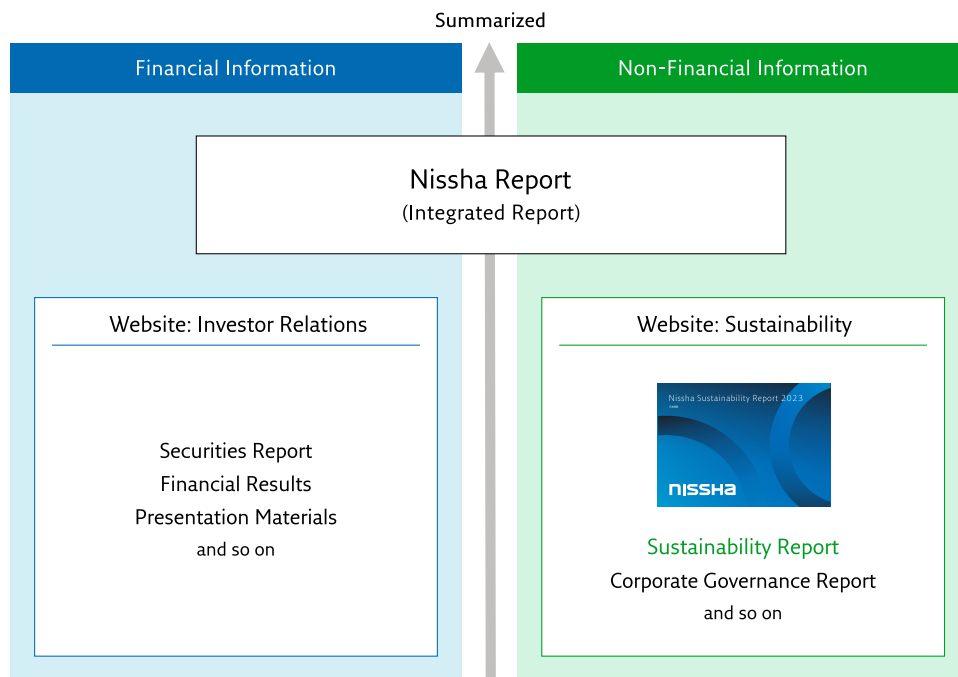
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1. Editorial Policy

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

Sustainability Report 2023 covers our initiatives and performance in the fiscal year ended December 2022 (January–December 2022), following the editorial policy given below.

The Role of Nissha Sustainability Report



1-1 Guidelines Used as Reference

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

1-2 Period Covered

From January 2022 to December 2022

1-3 Publication Dates

Current issue: July 2023 for Japanese, August 2023 for English
 Last issue: June 2022 for Japanese, August 2022 for English
 Next issue: June 2024 for Japanese, August 2024 for English (planned)

1-4 Scope of Reporting

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

1-5 Major Affiliated Companies and Businesses

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

1-6 Major Changes in Reporting Scope

No major changes.

1-7 Publishing Division and Contact for Inquiries

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

2. CEO Message

Nissha Group is a forward thinking global company. The Mission of Nissha Group is to enrich people's lives by creating and developing technology into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group. We are expanding three businesses: Industrial Materials, Devices, and Medical Technologies. In addition, we are also developing various businesses, such as Information and Communication, and Pharmaceutical and Cosmetics.

The Group views sustainability as "initiatives for sustainable growth and development for both the company and society." Based on this view, we consider social issues to be business opportunities. We



strive not only to leverage our strengths to provide products and services that help solve these issues on an ongoing basis, but also to strengthen the management foundation underpinning our business activities, reduce risks that could hamper business continuance, and promote governance to ensure these are all carried out appropriately. These activities will create the economic and social values stated in our Mission, allowing us to enrich people's lives.

The Group has set out where it wants to be in terms of management by 2030 in the form of our Sustainability Vision (long-term vision). We are aiming to create social value by providing products and services that contribute to solving social issues in the priority markets of medical, mobility, sustainable materials and IT equipment, and to achieve a 30% reduction in total CO₂ emissions in 2030 (versus 2020) with a view to carbon-neutral by 2050.

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

We look forward to your continued guidance and encouragement.

July 2023

Junya Suzuki

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



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

3. Nissha Group Sustainability

3-1 Nissha Philosophy

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



■ Mission

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

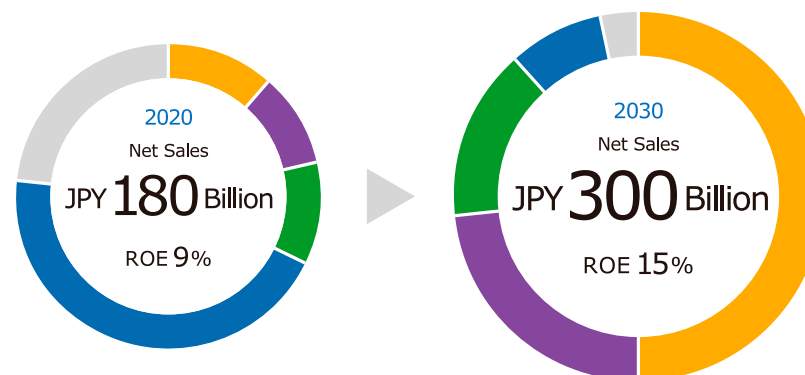
3-2 Sustainability Vision (long-term vision for 2030)

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

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

Sustainability Vision (Long-term vision for 2030)

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



Social value

- Solve social issues through business activities
- Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- Reduce 30% of total CO₂ emissions, in view of carbon-neutral by 2050 (compared to 2020)

Economic value

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

Medical

Solve medical issues

- Reduce patient burden (QOL improvement)
- Efficiency and labor saving in diagnosis and treatment
- Promote telemedicine (consultation and treatment)

Mobility

Realize safe and comfortable mobility

- Comfort: More comfort in interior space
- Safety and Convenience: Improve communication between people and cars
- Sustainability: Reduce environmental impact

Sustainable Materials

Contribute to a circular society

- Achieve carbon neutrality
- Protection of the natural environment
- Provision of petroleum-based plastic alternative

IT Devices

Contribute to solving social issues through our capabilities cultivated for IT devices

- Penetrate IT technology into society through advancement of digital transformation

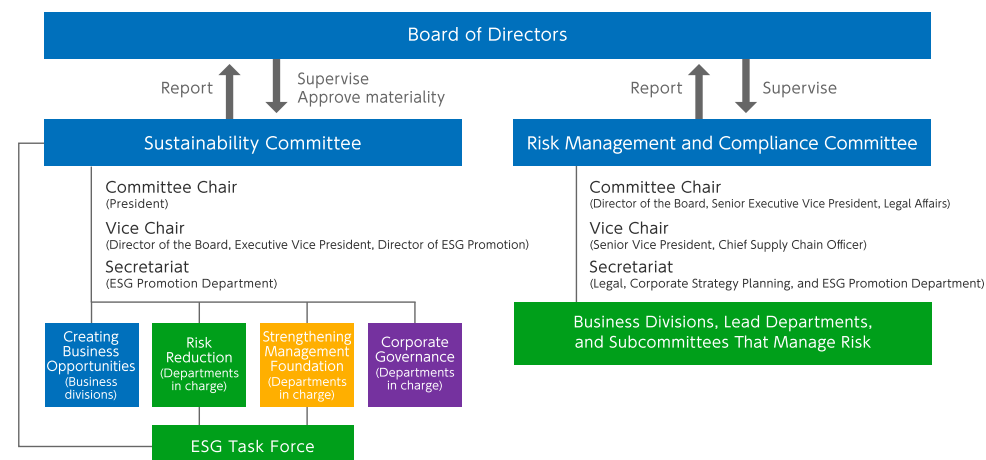
3-3 Promotion Framework for Sustainability

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

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

The Sustainability Committee holds a general assembly once per year, in which it authorizes the key performance indicators (KPI) and action items set by the main related business organizations, divisions, and the ESG task force based on the materialities determined through resolutions at the Board of Directors. In addition, monthly business reviews and quarterly progress confirmation meetings are held to confirm whether or not the set KPIs and action items are progressing as planned. Each business organization, division, and the ESG task force oversee the management of respective strategy items, KPIs, and action items. In the fiscal year ended December 2022, we held one Sustainability Committee meeting and two Progress Review Meetings.

Structure

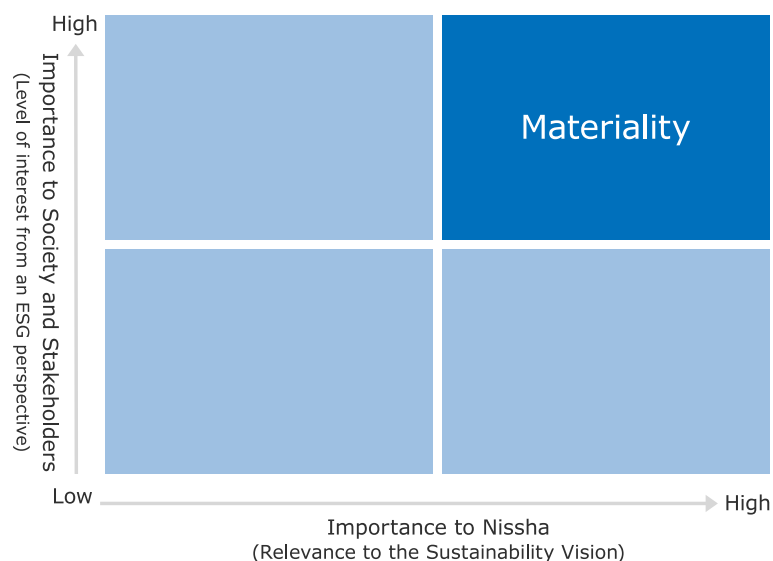


3-4 Materialities (Key Issues) and KPIs

3-4-1 Materiality Identification

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

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



Materiality Identification Process

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

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

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







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

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

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







■ Creating Business Opportunities

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

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

■ Risk Reduction






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

	Materialities	Strategy Items (Scenario for achieving materialities)	KPIs and Action Items (FY2023)	Related SDGs
Risk Reduction	Respect for human rights	Reduction of labor and human rights risks	<ul style="list-style-type: none"> Number of child labor and forced labor cases at primary suppliers in areas* with high labor and human rights risks : 0 	
	Responding to climate change	Realization of Sustainability Vision (Reduction of CO ₂ emissions)	<ul style="list-style-type: none"> Reduction of total CO₂ emissions -9% (compared to 2020) 	
	Providing responsible products and services	<ul style="list-style-type: none"> Maintain and expand quality management system in accordance with our business strategy Improvement of quality assurance levels by incorporating quality-oriented designing Fostering and improving the quality mindset 	<ul style="list-style-type: none"> Number of serious quality incidents: 0 	
	Sustainable procurement	Establishment and operationalization of stable procurement	<ul style="list-style-type: none"> 100% implementation rate of risk reduction measures for major components 	  

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

■ Strengthening Management Foundation / Corporate Governance

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

	Materialities	Strategy Items (Scenario for achieving materialities)	KPIs and Action Items (FY2023)	Related SDGs
Strengthening Management Foundation	Utilizing diverse human resources and developing global and management human resources	Promote activities for female employee	<ul style="list-style-type: none"> Female manager ratio Global consolidated: 21% Nissha non-consolidated: 8% 	  
		Enhancement of trainings for management / strategic human resources, and rotation	<ul style="list-style-type: none"> Selection rate of leader candidates Nissha non-consolidated: 36% 	
	Efficiency and productivity improvement	Improve efficiency and productivity by digitalization of value creation processes	<ul style="list-style-type: none"> Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / year Conduct training to improve AI/DX education and IT literacy: 20 subjects/year 	
	Creating technologies to achieve business strategies	Create a product platforms aimed at increasing development efficiency in priority markets	<ul style="list-style-type: none"> Build product platforms: 3 platforms/year 	
Corporate Governance	Improving the effectiveness of the Board of Directors	Upgrade systems related to corporate governance and group governance	<ul style="list-style-type: none"> Improve the evaluation of the effectiveness of the Board of Directors (compared to previous year) 	
	Advancement of global governance		<ul style="list-style-type: none"> Percentage of actions on the internal control checklist that were implemented: 100% 	

■ Boundaries of Materialities

Materialities	Boundaries	
	Inside Nissha Group	Outside Nissha Group
Respect for human rights	●	●
Responding to climate change	●	●
Providing responsible products and services	●	●
Sustainable procurement	●	●
Utilizing diverse human resources and developing global and management human resources	●	
Efficiency and productivity improvement	●	
Creating technologies to achieve business strategies	●	
Improving the effectiveness of the Board of Directors Advancement of global governance	●	

3-4-3 FY2022 Initiatives and Achievement Status

■ Creating Business Opportunities

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

* This shows the level of achievement of net sales plans for each segment in FY2022.

■ Risk Reduction

Materialities	Strategy Items (Scenario for achieving materialities)	KPIs and Action Items (FY2023)	Achievement Status*1	Initiatives in FY2022
Respect for human rights	Reduction of labor and human rights risks	<ul style="list-style-type: none"> Number of child labor and forced labor cases of primary suppliers in areas*2 with high labor and human rights risks : 0 	○	<ul style="list-style-type: none"> Conducted a survey of target suppliers using the CSR survey form, all suppliers scored above the threshold, and no use of child labor or forced labor was found
Responding to climate change	Achievement of Sustainability Vision (reduction of CO ₂ emissions)	<ul style="list-style-type: none"> Reduction of total CO₂ emissions -9% (compared to 2020) 	○	<ul style="list-style-type: none"> Promoted switch to renewable electricity at domestic and overseas production bases and promote energy conservation policies Continued efforts to identify Scope 3 emissions
Providing responsible medical products and services	Establishment of management systems for quality and safety of products and services	<ul style="list-style-type: none"> Continuation and expansion of ISO 13485 certification (number of certifications obtained and maintained as planned) 	△	<ul style="list-style-type: none"> Number of bases that acquired ISO13485 certification was as planned. Although training for all employees progressed as planned, we failed to complete training for management. Number of violations of laws and regulations: 0
	Strengthening the legal compliance system by thoroughly ensuring that employees understand medical-related laws and regulation	<ul style="list-style-type: none"> Continuous implementation of education for management and all employees Compliance with laws and regulations related to information disclosure (Pharmaceutical Machinery Law Enforcement Regulations, Appropriate Advertising Standards for Pharmaceuticals, etc.) 		
Sustainable procurement	Establishment and operationalization of stable procurement	<ul style="list-style-type: none"> 100% implementation of risk reduction measures for major components that need to be addressed (number of risk reduction measures implemented/ number of major components) 	○	<ul style="list-style-type: none"> Investigated the state of implementation of procurement risk reduction measures for key components and confirmed the state of risks among key components for which reduction measures have not been implemented.

*1. ○ means achieved, △ means partially achieved, and × means not achieved.

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

■ Strengthening Management Foundation / Corporate Governance

Materialities	Strategy Items (Scenario for achieving materialities)	KPIs and Action Items (FY2023)	Achievement Status*	Initiatives in FY2022
Utilizing diverse human resources and improving human resource capabilities	Promote activities for female employee	<ul style="list-style-type: none"> Female manager ratio Global consolidated: 21% Nissha non-consolidated: 8% 	△	<ul style="list-style-type: none"> Systematically select female leaders and promote female employees to management positions. Women's leadership development was also implemented at overseas group companies. Nissha Academy offered advanced level courses.
	Enhancement of trainings for management / strategic human resources, and rotation	<ul style="list-style-type: none"> Selection rate of leader candidates Nissha non-consolidated: 36% 		
Efficiency and productivity improvement	Efficiency and productivity improvement by Digitization of value creation process	<ul style="list-style-type: none"> Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / year 	○	<ul style="list-style-type: none"> Make progress in various productivity improvement initiatives and achieve targets. Achieved DX practical and external training completion targets, and made efforts to create digital skills training programs in-house.
		<ul style="list-style-type: none"> Provide training to improve AI/DX education and IT literacy: 20 subjects/ year 		
Ongoing technology creation	Establishment of a management system based on a technology roadmap	<ul style="list-style-type: none"> Number of verified new technologies consistent with business strategy: 5 (per year) 	○	<ul style="list-style-type: none"> Prepared a technology roadmap, built a management system proposal, and clarified the roles of each meeting body.
	Promote three technological synergies: inter-business, inter-regional, and inter-generational			
Advancement of global governance	Establish an internal control framework along the business axis (vertical) and a cooperative framework (RCC) along the regional axis (horizontal)	<ul style="list-style-type: none"> Ensure operation of internal control checklist (vertical) and RCC (horizontal). Further upgrade based on issues identified during operations. 	○	<ul style="list-style-type: none"> Started using internal control checklists (self-checking) Conducted ESG training in the U.S. and Europe

* ○ means achieved, △ means partially achieved, and × means not achieved.

3-5 Initiatives in Which Nissha Participate and External Evaluations

3-5-1 Initiatives in Which Nissha Participate

■ United Nations Global Compact



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

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

At Nissha Group, we have in place various targets based

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

The Ten Principles of the UN Global Compact

Human Rights

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

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

Labour

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

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

Principle 5: the effective abolition of child labour; and

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

Environment

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

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

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

Anti-Corruption

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

United Nations Global Compact

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



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

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

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

■ Japan Clean Ocean Material Alliance (CLOMA)



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

3-5-2 External Evaluation

■ CDP

In December 2022, we received a "B" rating in the Climate Change Report 2022 published by the CDP, an international non-government organization (NGO) that focuses on the environment. This is the third highest of the eight levels of evaluation.



■ EcoVadis

We have been awarded the Silver rating in EcoVadis sustainability survey. Silver is a rating for companies with an overall score in the top 25% or higher of all evaluated companies.

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

■ FTSE Blossom Japan Sector Relative Index

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



**FTSE Blossom
Japan Sector
Relative Index**

■ MSCI ESG Ratings

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



■ FTSE Blossom Japan Index

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



■ MSCI Japan ESG Select Leaders Index

We have been selected as a constituent stock of the MSCI Japan ESG Select Leaders Index. This index is created from among the constituents of the MSCI Japan IMI Top 700 Index and the stocks with relatively superior ESG ratings within each of the industry sectors, by MSCI Inc. The Government Pension Investment Fund (GPIF) is using it as their ESG index.

**2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

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■ S&P/JPX Carbon Efficient Index

We are included as a constituent stock of the S&P/JPX Carbon Efficient Index (as of March 2021). The S&P/JPX Carbon Efficient Index is built by the S&P Dow Jones Index, one of the world's largest independent index companies, based on carbon emissions data from Trucost, a pioneer in environmental assessment. This index increases the investment weight of companies in the same industry with high carbon efficiency, and those that disclose information on their greenhouse gas emissions. The Government Pension Investment Fund (GPIF) is using it as their ESG index.



■ SOMPO Sustainability Index

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



■ Certified Health and Productivity Management Outstanding Organizations

We have been certified as a "White 500" companies in large enterprise category of Certified Health and Productivity Management Outstanding Organizations Recognition Program. The Ministry of Economy, Trade and Industry (METI) promotes initiatives towards the strategic implementation of "health and productivity management" based on the idea that companies should consider the health management of their employees and others from a management perspective. Also, recognizes particularly excellent companies as Certified Health and Productivity Management Outstanding Organizations. The top 500 companies in the large enterprise category are certified as "White 500".



■ Kurumin Certification

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



■ DX (Digital Transformation) Certification

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



3-6 Nissha Group Stakeholders

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



Nissha's Circle of Trust

■ Customer

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

Communication

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

■ Shareholder

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

Communication

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

■ Employee

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

Communication

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

■ Supplier

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

Communication

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

■ Society

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

Communication

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

4. Environmental Policy and Management Structures

4-1 Policy and Principles

Nissha Group has established an "Environmental Policy". And together with a "Environment Principles" that outlines specific conduct and regulations, we disseminate them to all employees. We have also issued the "Nissha Group Environmental Objectives". Each business location and division sets their own goals in an effort to achieve those objectives, and acts in accordance with those activity plans. These goals are linked with the Key Performance Indicators (KPI) for each business unit and are directly connected with our business activities.

Environment Policy

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

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

The Environment Principles

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

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

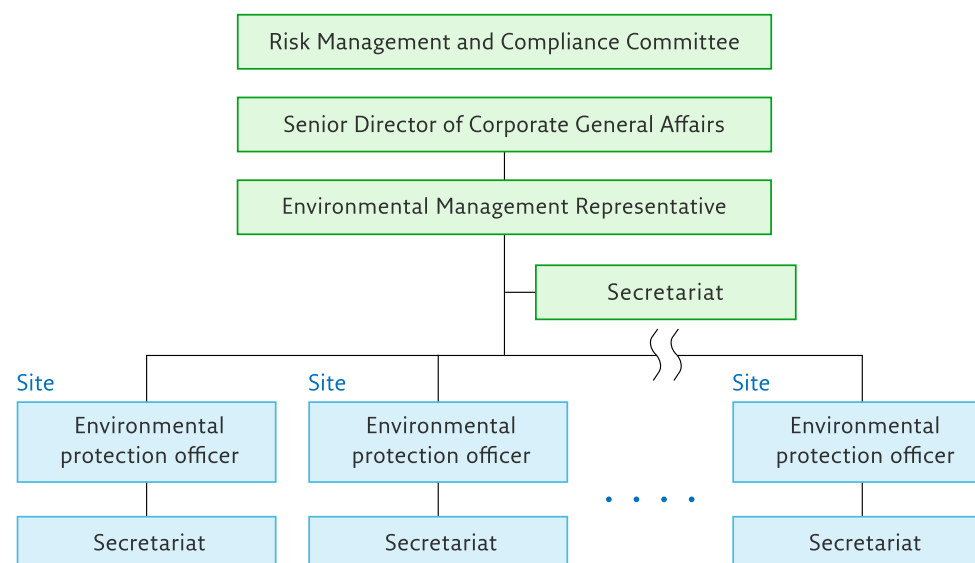
Established on April 1, 2012 / Revised on May 1, 2022

4-2 Management Structures

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

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

Environmental Management Structure



4-3 Environmental Management System (EMS)

The Nissha Group operates its own environmental, health and safety management system based on the ISO14001 environmental management system and the ISO45001 occupational health and safety management system. This system includes compliance with relevant laws and regulations as well as items requested by customers, and we strive for continuous improvement.

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

In our currently active 7th Medium-term Business Plan (FY2021.12 – FY2023.12), we set medical devices, mobility, sustainable materials, etc. as priority markets, and aim for growth via product lineups and services that contribute to solving social issues. As positive environmental initiatives, our development and product technology divisions set development themes from the perspective of solving social issues such as SDGs and life cycle assessments (LCA), at the product design and development stage. In addition to taking into consideration the reduction of environmental impact, we are promoting development and mass-production of products that contribute to reducing environmental impact, such as sustainable materials.

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

5. Impact on the Environment out of Our Business Operations

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

The amount of major raw materials used at the Nissha Group in the fiscal year ended December 2022 was 123,982t, a decrease of approximately 3% from the 127,430t used in the previous fiscal year. Of this amount, 19,114t was used at domestic production bases, a decrease of approximately 17% from the 22,981t used in the previous fiscal year. 104,868t was used at overseas production bases, which is roughly the same amount as the 104,449t used in the previous fiscal year. Overseas production bases account for approximately 85% of the total amount of major raw materials used. Of this amount, the paper used for Nissha Metallizing Solutions' metallized paper products accounted for approximately 73%.

The amount of energy used by the Nissha Group was 250,732MWh of electricity, a decrease of approximately 6% from the 264,973MWh used in the previous fiscal year, and 10,485,000m³ of gas, which is roughly the same as the 10,558,000m³ used in the previous year. From the fiscal year ended December 2020, CO₂ emissions are calculated using the market-based method for bases in Japan and the location-based method for overseas bases.

The overall Nissha Group waste material gross emissions were 27,207t, a decrease of approximately 11% from the 30,587t emitted in the previous fiscal year. In addition, Nissha Group in Japan waste material gross emissions were 13,606t, a decrease of approximately 22% from the 17,465t emitted in the previous fiscal year. The source of the reduction was a decrease in waste material output by Nitec Industries, Inc. (NII) and Nitec Precision and Technologies, Inc. (NPT). The overseas Nissha Group company waste material gross emissions were 13,601t, an increase of approximately 4% from the 13,122t emitted in the previous fiscal year.

INPUT



OUTPUT

Production bases in Japan		
Industrial Materials	PET/acryl film	1,057t
	Solvents	748t
	Gravure ink	705t
	Resin	160t
	Others	106t
Devices	Materials used in product manufacturing processes	11,244t
	Metallic materials	3t
	Resin materials	2t
	Half-finished goods	196t
	Printed circuit board assembly	6t
	Others	900t
Medical Technologies	Product materials	73t
	Resin materials	35t
	PET film	4t
	Aluminum	6t
	Packing materials	33t
Others* ¹	Paper	3,764t
	Ink	40t
	Others	32t
Total for production bases in Japan		19,114t

Overseas production bases		
	Resin/plastic	6,075t
	Film	52t
	Molds and molding materials	113t
	Touch sensors	0t
	Packing materials	116t
	Paper	88,318t
	Cardboards	123t
	Aluminum	1,991t
	Metal	92t
	Chemical substances	6,551t
	Others	1,438t
Total for overseas production bases		104,868t

Total for Nissha Group	123,982t
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Including production bases in Japan and overseas		
Energy	Electricity	250,732MWh
	Gas	10,485,000m ³
Water	Tap water	993,000m ³
	Underground water	49,000m ³
	Industrial water	1,549,000m ³

Production bases in Japan		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste	4,203t
Recyclable resources (industrial waste)	Waste plastic Iron scrap, waste cans Waste solvents, waste ink, waste cloth Waste acid, alkali Sludge, others	9,380t
	Waste for simple incineration/landfill	22t
	General business waste Others (industrial waste)	
Total for production bases in Japan		13,606t

Overseas production bases		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste Others	10,904t
Recyclable resources (industrial waste)	Waste plastic Waste ink, waste solvents Others	877t
	Non-recyclable waste	1,819t
	Incineration/landfill	
Total for overseas production bases		13,601t

Total for Nissha Group	27,207t
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Including production bases in Japan and overseas		
Emissions	CO ₂	114,691t
	VOC* ²	752t
Wastewater		2,342,000m ³

*2. Detoxified by direct combustion, catalyst deodorization, etc.

*1. Posted as "Information and Communication" until Nissha Sustainability Report 2021

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

Nissha Group publicly endorsed the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in January 2022.

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) at the request of the G20 to examine climate-related disclosures and financial institutions' responses. The TCFD's final report, published in June 2017, recommends that companies take measures to understand and address climate change-related risks and opportunities as a management issue. The need for disclosure in line with the framework of the TCFD recommendations is clearly stated in the June 2021 revision of Japan's Corporate Governance Code and in the January 2023 revisions to the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, and analysis of the financial impact of risks and opportunities related to climate change on business is becoming essential.

Using the framework of the TCFD recommendations, we have analyzed the financial impact of risks and opportunities related to climate change on our business. The details of our analysis are outlined below.



6-1 Governance

The Group has set out where it wants to be in terms of management by 2030 in the form of our Sustainability Vision (long-term vision). We are aiming to create social value by providing products and services that contribute to solving social issues, and to achieve a 30% reduction in total CO₂ emissions in 2030 (compared to 2020) with a view to carbon-neutral by 2050.

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

■ Materialities (Key Issues) Management

Materialities (Key Issues) for the Group are risks and opportunities related to the realization of our Sustainability Vision. Materiality is identified through deliberation and resolution by the Board of Directors meetings and managed by the Sustainability Committee which is chaired by the Chairman of the Board, President and CEO and vice-chaired by the Director of the Board, Executive Vice President (Director of ESG Promotion).

The Sustainability Committee receives and confirms quarterly progress reports on targets (KPIs and action items) related to materialities, including responses to climate change, from business organizations, divisions and the ESG Task Force which handles particularly important material issues. Targets are reviewed annually and updated as necessary, and the set targets and their progress are reported at a Board of Directors meeting once a year.

The Board of Directors oversees the activities of the Sustainability Committee, which manages the targets (key performance indicators and action items) related to materialities, discusses reports from the Sustainability Committee, and gives improvement instructions as necessary.

In addition to reporting progress to the Sustainability Committee, the ESG Task Force discusses the company's response to climate change with the Chairman of the Board, President and CEO and the Director of the Board, Executive Vice President (Director of ESG Promotion) on a quarterly basis.

Important strategic and financial decisions concerning our response to climate change are made by the Chairman of the Board, President and CEO within the scope of his authority. In order to make decisions appropriately, the Chairman of the Board, President and CEO and the Director of the Board, Executive Vice President (Director of ESG Promotion) receive information on climate change through study sessions and training by outside experts.

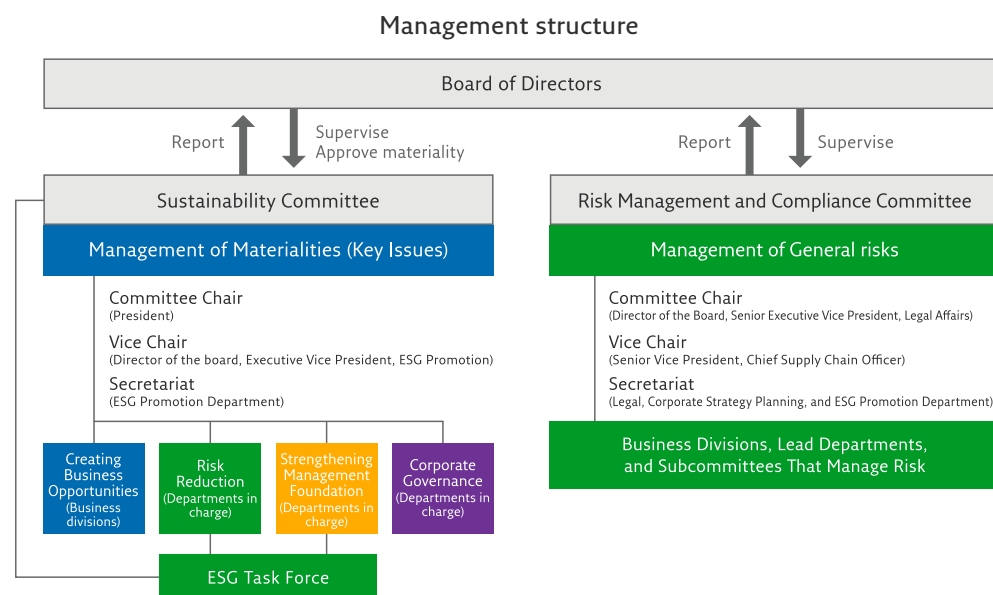
■ General Risks Management

General risks related to smooth business operations are managed by the Risk Management and Compliance Committee, which is chaired by the Director of the Board, Senior Executive Vice President (in charge of legal affairs) and whose members include the Chairman of the Board, President and CEO.

The Risk Management and Compliance Committee manages key risks that are identified, evaluated, and selected from a company-wide perspective. The Committee receives and confirms progress reports from the subcommittees and divisions that manage such risks on a quarterly basis, and reports on its activities to the Board of Directors once a year.

The Board of Directors oversees the activities of the Risk Management and Compliance Committee, discusses reports from the Risk Management and Compliance Committee, and gives improvement instructions as necessary.

The company has selected Business Continuity (natural disasters such as earthquakes, typhoons, and floods) as one of our key risks and includes climate change risk in this category. The Business Continuity Management Subcommittee, which manages such risks, formulates and updates emergency preparedness based on the most recent potential natural disasters and response plans for when a disaster occurs, and reports its activities to the Risk Management and Compliance Committee. The Chairman of the Board, President and CEO and the Director of the Board, Senior Executive Vice President in charge of legal affairs monitor the content of such reports and give instructions as necessary.



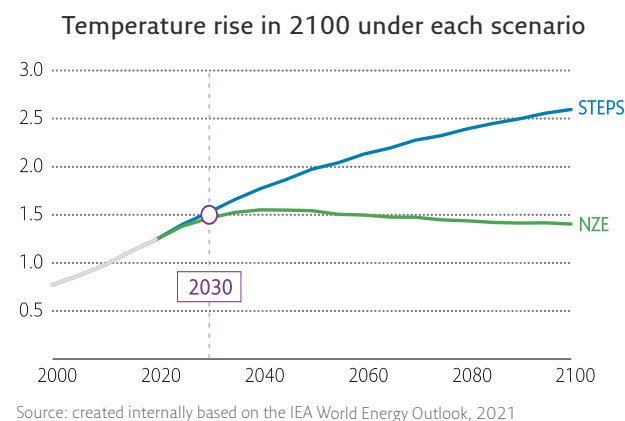
6-2 Strategy

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

For this analysis, of the three main businesses we operate, we have added the Industrial Materials business to the Devices business, which was the target of the previous analysis. We also analyzed the impact of future climate change on our business on a time horizon of 1 to 2 years in the short term, 3 to 5 years in the medium term, and 6 to 10 years in the long term, including the Sustainability Vision, and we considered measures to respond to these impacts.

(1) Scenario analysis assumptions

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



*1 NZE: a scenario in which the world decarbonizes and achieves virtually zero CO₂ emissions in 2050. It is called the "1.5° C scenario" because the average temperature increase as of 2100, compared to pre-industrial times, will be between 1.3 and 1.5° C.

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

*3. RCP4.5: a scenario in which CO₂ emissions peak in 2040 and stable economic development is achieved.

*4. RCP8.5: a scenario in which CO₂ emissions continuously increase and uneven economic development is achieved.

Under the two scenarios referenced from the IEA, we believe that we can visualize many climate change-related risks and opportunities by using the 1.5° C scenario in which regulations are tightened and zero CO₂ emissions are achieved by 2050, and the 3° C scenario in which no additional policies are introduced and climate change measures do not progress.

(2) Scenario analysis process

Scenario analysis was conducted using the following process:

- (i) Consider significant climate-related risks and opportunities for the Industrial Materials business and the Devices business
- (ii) Consider and create scenarios as preconditions for evaluation
- (iii) Assess risks and opportunities based on the scenarios
(Risks and opportunities are assessed by calculating and evaluating the "financial impact" as of 2030 using the parameters in each scenario, and the results are described below as "magnitude of risk" and "magnitude of the opportunity.")
- (iv) Consider countermeasures

(3) Results of risk analysis

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

Based on this analysis, we have concluded that there are no significant and difficult-to-address risks related to climate change in our Industrial Materials and Devices businesses at this time. The following climate change risks are applicable to both businesses and will have a relatively large impact on our business.

[Transition risks]

- (i) Increase in production and countermeasure costs due to carbon taxation on CO₂ emissions (1.5° C scenario)
- (ii) Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes (1.5° C scenario)

As a measure to address (i), we are promoting the switch to renewable energy sources at our production bases. At our production bases in Japan, the switch to only using renewable energy for electricity

was completed in January 2022 at the Nitec Industries, Inc. Koka Factory, which is the production base for the Industrial Materials business, while Nitec Precision and Technologies, Inc. plans to switch to only using renewable energy source by the end of the fiscal year ending December 2023 for electricity at its Kaga and Himeji factories, which are the production bases for the Devices business. At overseas bases, since 2018, Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China), a production base for the Industrial Materials business, has continued to generate solar power, and Nissha Metallizing Solutions (Belgium) has replaced part of its electricity with solar and wind power at its production bases. Other measures include reducing power consumption by streamlining production and saving energy in production and infrastructure facilities. We will continue to promote measures while verifying the cost and effectiveness of such measures.

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

[Physical risks]

No physical risks have been identified at this stage.

We have taken measures to address risks in the Industrial Materials and Devices businesses that have a relatively large impact with respect to climate change and we believe that the businesses are resilient to climate change.

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

Results of risk analysis

Type	Changes in the external environment	Target business	Time horizon	Risks to Nissha	Risk magnitude ^{*1,2}		Countermeasures
					3°C	1.5°C	
Transition risk	Policies/laws and regulations	Industrial Materials business Devices business	Medium to long-term	Increase in production and countermeasure costs due to carbon taxation on CO ₂ emissions	-	Medium	- Switch to renewable energy sources at production sites - Introduce energy-saving production equipment
				Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes	-	Medium	- Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products
		Industrial Materials business Devices business	Medium to long-term	Increase in electricity procurement costs due to switch to renewable energy sources for electricity and soaring levies, etc.	Small	Small	- Introduce energy-saving production equipment - Reduce electricity consumption
				Cost of reducing CO ₂ emissions in logistics (procurement and shipping) increases	-	Small	- Study trends in the logistics industry and consider shifting to transportation methods that emit less CO ₂
		Industrial Materials business	Medium to long-term	Increase in the cost of procuring raw materials needed to produce products due to the progression of plastics-related regulations	-	Small	- Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products - Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials
	Introduction of CFC regulations	Devices business	Medium to long-term	Restrictions on use of specified CFCs and their substitutes used at production bases increase capital investment costs	Small	Medium	- Research technology trends to enable compliance with CFC regulations
	Industries and Markets	Industrial Materials business	Medium to long-term	Increase in petrochemical material costs due to changes in crude oil demand	Medium	-	- Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products - Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials
				Increase in raw material costs due to increased use of reprocessed plastic	-	Small	
		Industrial Materials business	Short to long-term	Decrease in sales opportunities for EV-related products due to changes in market structure	Small	-	- Promote product development and enhance production facilities in response to market trends for next-generation vehicles other than Evs
	Changes in customer behavior (increase in requests from customers to reduce CO ₂ emissions)	Devices business	Short to medium-term	Net sales decline due to lost business opportunities caused by insufficient responses to customer requests	Small	Medium	- Conserve energy through improved productivity and reduce CO ₂ emissions through switch to renewable energy
	Technologies	Devices business	Medium-term	Costs increase due to replacing product packaging materials	-	Small	- Investigate alternative materials that can reduce costs while maintaining the quality of packaging materials
				Net sales fall due to substituting our products for low-carbon products made by other companies	Medium	Medium	- Develop low-carbon products with lower environmental impact
	Transition to materials and technologies with lower environmental impact			Net sales decline due to lost business opportunities resulting from delays in the development of low-carbon technologies	Medium	Medium	- Promote the development of low-carbon technologies
Physical risks	Acute	Industrial Materials business Devices business	Short to long-term	ESG assessment declines due to delays in addressing climate-related issues, and we are not chosen as a supplier resulting in a decline in net sales	-	Small	- Enhance climate change initiatives and disclose information appropriately
				- Decline in net sales due to production delays or suspensions resulting from damage to production bases, and incidence of repair costs due to damage to company assets such as buildings, facilities, and inventory - Decline in the company's net sales due to the impact of the suspension of the supply of raw materials and parts due to disasters at suppliers	Small	Small	- Improve and strengthen BCP, and establish a system to support affected sites - Build a supply chain for stable procurement, including multi-company purchasing and outsourced production of raw materials at multiple factories and lines

*1. Risk magnitude evaluation horizon: Annual decrease in net sales large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen, annual decrease in profit: large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen

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

*3. Physical risks are evaluated by considering the degree of financial impact and frequency of occurrence

(4) Results of opportunity analysis

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

The following climate change opportunities are applicable to the Industrial Materials business or the Devices business and will have a relatively large impact on our business.

- (i) Increase in demand for products that contribute to reductions in GHG emissions (both 1.5° C and 3° C scenarios)
- (ii) Increase in sales opportunities for EV-related products due to changes in market structure (1.5° C scenario)

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

environmental impact by undertaking recyclability studies and conducting Life Cycle Assessments (LCA) for each product to quantitatively evaluate the environmental impact.

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

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

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

Results of opportunity analysis

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

*1. Opportunity magnitude evaluation horizon: Annual increase in net sales large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen, annual increase in profit: large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen

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

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

We aim to expand net sales by developing new products that meet these EV needs to expand our product lineup.

We intend to reflect our scenario analysis results in our business strategy, such as the growing demand for products that contribute to reducing GHG emissions and the expanding EV market.







6-3 Risk Management

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

■ Risk Management by the Sustainability Committee

To realize our Sustainability Vision (long-term vision), we have identified items of particular importance as materialities, which we are working on by setting specific strategic items, key performance indicators, and action items backcasting from 2030 as a starting point. Materialities are evaluated from the perspectives of creating business opportunities, risk reduction, strengthening management foundations, and corporate governance using the two axes of "importance to society and stakeholders", and "importance to Nissha". The identified issues and their position within the Group are prioritized by the Sustainability Committee, and identified through deliberations and resolutions by the Board of Directors.

We have identified the following material issues relating to climate change from the perspectives of risk reduction and creating business opportunities.

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

The ESG Task Force is responsible for activities related to risk reduction. The ESG Task Force works based on key performance indicators and action items approved by the Sustainability Committee and reports the state of its activities to the Sustainability Committee on a quarterly basis.

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

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

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

■ Risk Management by the Risk Management and Compliance Committee

We select risks by carrying out risk assessments over the entire Group and selecting from both a business activity perspective and a company-wide perspective. From the business activity perspective, hearings were held with each business unit and subsidiary, in addition to the relevant subcommittees, and assessments were made in line with business activities. Then, assessing them from a company-wide perspective in order to work to integrate the risks selected from a business activities

perspective with management strategies, the important risks (including climate change risks) are selected at a general meeting held once a year.

Risk Assessments

(1) Target risks

- Cross-group risks including compliance risks
Refer to 28-4 Risk Assessments

(2) Selection process for key risks

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

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

(3) Management method

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

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

As a measure to address risks, a "Business Continuity Plan" has been formulated to prepare for and respond to natural disasters and emergencies should they occur, and the plan is promoted by the Busi-

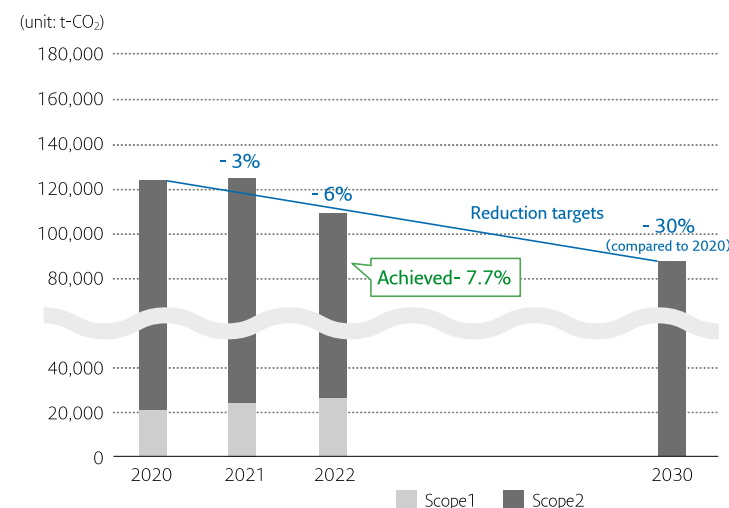
ness Continuity Management Subcommittee of the Risk Management and Compliance Committee. The Business Continuity Management Subcommittee, which manages such risks, works to mitigate risks based on KPIs and action items approved by the Risk Management and Compliance Committee, and reports the state of its activities to the Risk Management and Compliance Committee.

6-4 Indicators and Targets

We have defined total CO₂ emissions as an indicator for assessing and managing risks related to climate change. Our Sustainability Vision aims for a 30% reduction in CO₂ emissions in 2030 (compared to 2020), with a view to achieving carbon neutrality by 2050.

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

The Nissha Group's CO₂ Emissions Reduction Target and Results (Scope1 and 2)



* We are in the process of calculating Scope 3 for initiatives to set future reduction targets and reduction efforts, and have disclosed the emissions that we have been able to calculate for the fiscal year ended December 2022. We will continue to work on expanding the scope of these calculations.

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

Addressing climate change is positioned as one of the most important of the many social issues, and we believe that contributing to resolving this issue through our business activities will provide enormous business opportunities for the Group. Meanwhile, although the transition and physical risks associated with climate change are important, we believe that their impact on our finances will be limited if sufficient measures are taken to address the risks we have identified through our analysis.

Our analysis based on the TCFD recommendations was conducted on the Industrial Materials business and Devices businesses. In the next fiscal year, we will continue to analyze our three core businesses, including the Medical Technologies business.

7. CO₂ Emissions and Reduction Efforts

7-1 CO₂ Emissions Reduction Target

The move around the world towards a decarbonized society in an effort to reduce global greenhouse gases is progressing in response to the Paris Agreement. At the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) which was held in Glasgow, UK, from October to November 2021, the parties agreed on a target to limit the average global temperature rise to below 1.5° C compared to pre-industrial levels (1.5° C target). In response, companies are required to set medium- to long-term GHG emission reduction targets consistent with the level required by the 1.5° C target to work towards the 2050 net-zero target, and to disclose information appropriately.

In addition, at the G7 Climate, Energy, and Environment Ministers Communiqué in April 2023, various agendas were discussed, including a commitment by the G7 to take leadership to achieve the 1.5° C target and scale-up action against the effects of climate change.

Nissha Group regards addressing climate change as one of its most important management issues. Our Sustainability Vision (long-term vision) aims for a 30% reduction in CO₂ emissions in 2030 (compared to 2020) with a view to achieving carbon neutrality by 2050.

As a specific activity to realize our Sustainability Vision, we have established and are promoting a task force under the Sustainability Committee on the theme of addressing climate change. The Sustainability Committee is chaired by the Chairman of the Board, President and CEO. The task force is working to reduce our Scope 1 and Scope 2 CO₂ emissions by 3% per year, and to identify Scope 3 categories and calculate CO₂ emissions in our supply chain.

The Group will promote these initiatives on a global basis, while monitoring global trends relating to the reduction of CO₂ emissions, with an eye to introducing even more ambitious targets.

7-2 Summary of Emission

	Energy type	Reference year (FY2020)	FY2021	FY2022		Average over the 3 years
		Emission (t-CO ₂)	Emission (t-CO ₂)	Emission (t-CO ₂)	Comparison with the reference year (%)	Emission (t-CO ₂)
Scope 1	Mains gas	20,853	24,196	28,435	36.4	24,495
Scope 2	Electricity	103,351	101,048	86,255	-16.5	96,885
Total		124,204	125,244	114,691	-7.7	121,380

The Group's CO₂ emissions are characterized by the ratio of Scope 2 emissions being significantly higher than the ratio of Scope 1 emissions.

In the fiscal year ended December 2022, CO₂ emissions decreased by 8.4% compared to the previous fiscal year due to the introduction of renewable electricity at the Nitec Industries, Inc. (NII) Koka Factory and a decrease in electricity consumption at the Nitec Precision and Technologies (NPT) Himeji Factory and Kaga Factory, as demand for tablet products entered an adjustment phase.

Refer to 8. Third Party Verification

The above total CO₂ emissions for the fiscal year ended December 2022 of 114,691 (t-CO₂) includes 4,121 (t-CO₂) of CO₂ emissions as a result of chemical reactions. CO₂ emissions as a result of chemical reactions were discovered at NII (Koka Factory), Nissha Metallizing Solutions GmbH (Germany), and Nissha Metallizing Solutions N.V. (Belgium). We will continue to monitor CO₂ emissions as a result of chemical reactions.

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

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

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

About the following tables

- CO₂ emission factors for electricity are calculated based on data calculated using the market-based method for Japan and the location-based method for overseas.
- The company names listed in the tables 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.

CO₂ Emissions Volumes and Basic Unit

(unit: t-CO₂, excluding basic unit)

Company	FY2020	FY2021	FY2022
Nissha and others	3,721	3,925	4,249
NII	11,507	13,253	6,835
NPT	69,572	65,604	53,056
NCI	770	870	666
Overseas production bases	38,634	41,592	49,885
Total	124,204	125,244	114,691
Basic Unit*	0.69	0.66	0.59

*CO₂ emissions / Net sales (Millions of JPY)

Energy Consumption and Basic Unit

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

Company	FY2020	FY2021	FY2022
Nissha and others	102	104	124
NII	271	322	134
NPT	1,603	1,590	1,327
NCI	23	25	21
Overseas production bases	967	1,084	1,055
Total	2,966	3,124	2,662
Basic Unit*	0.0165	0.0165	0.0137

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

Electricity Consumption

(unit: MWh)

Company	FY2020	FY2021	FY2022
Nissha and others	9,002	9,090	11,590
NII	17,633	19,300	18,559
NPT	154,259	151,635	126,056
NCI	2,306	2,463	2,130
Overseas production bases	74,264	82,485	92,397
Total	257,464	264,973	250,732

Gas Consumption

(unit: 1,000m³)

Company	FY2020	FY2021	FY2022
Nissha and others	220	244	195
NII	2,506	2,891	2,571
NPT	1,441	1,729	2,015
NCI	0	0	0
Overseas production bases	4,919	5,694	5,703
Total	9,085	10,558	10,485

Gasoline, Diesel, and Heavy Oil Consumption

(unit: kl)

Company	FY2020	FY2021	FY2022
Nissha and others	54	48	39
NII	6	8	10
NPT	12	11	10
NCI	0	2	2
Overseas production bases	133	151	147
Total	205	220	207

7-4 Emissions Reduction Efforts

As a measure to reduce CO₂ emissions from electricity use, the Nissha Group in Japan has switched all of the electricity used at the NII Koka Factory, a production base for the Industrial Materials business, to renewable energy sources in January 2022 and part of the electricity used at the NPT Kaga Factory, a production base for the Devices business, to renewable energy sources in September 2022. We plan to switch to 100% renewable energy sources for electricity used at the NPT Kaga and Himeji factories by the end of 2023.

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

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

* A power generation and supply system that produces electricity and heat simultaneously powered by just one primary energy source like gas. All the thermal energy produced by combustion is reused for water heating, air conditioning, and other purposes.

7-5 Basic Unit Management of Energy Consumed in Production

In addition to monitoring and managing energy consumption per corporate unit as required by the Act on the Rational Use of Energy, the Group's domestic production bases have been conducting basic unit management of energy consumed in production since the fiscal year ended March 2014, aiming to improve the efficiency of energy use.

The actual basic unit for each production base in the fiscal year ended December 2021 was set at 1.00, and the target for 2022 was set at 0.99 or less, based on this. The results were as follows.

NII Koka Factory switched to 100% renewable energy and substantially exceeded its target. NCI worked to improve efficiency and achieved 0.99 or less compared to the previous fiscal year's results. The Nissha Global Headquarters failed to meet its target due to an increase in electricity consumption, while the NPT Himeji Factory and NPT Kaga Factory failed to meet their targets due to a deterioration in basic unit energy consumption.

Company	Basic unit (based on production volume etc.)			FY2022 evaluation
	FY2021 results	FY2022 target	FY2022 results	
Nissha (Headquarters)	1.00	0.99 or less	1.06	×
NII Koka Factory	1.00	0.99 or less	0.60	○
NPT Himeji Factory	1.00	0.99 or less	1.20	×
NPT Kaga Factory	1.00	0.99 or less	1.69	×
NCI	1.00	0.99 or less	0.92	○

7-6 Initiative in Scope^{*1}3 Management

In the fiscal year ended December 2022, the ESG Task Force (on climate change) took the lead in reaffirming the applicability of Scope 3 for each category. As a result, as shown in the following table, we confirmed that Scope 3 applies to 9 categories, and that Scope 3 is currently^{*2} expected to exceed 40% of the total of Scope 1, 2, and 3.

Categories 1, 4, 6, 7, and 11 were subjected to third party verification by DNV Business Assurance Japan K.K.

(unit:t-CO₂)

Scope 3 Category		Coverage	
		Domestic	Overseas
1	Purchased goods and services	50,616	Under investigation
2	Capital goods		17,126
3	Fuel and energy-related activities (not included in Scope 1, 2)		15,684
4	Upstream transportation and distribution of purchased products ^{*3}	4,272	6,824
	Upstream transportation and distribution of shipments ^{*4}	7,398	Under investigation
5	Waste generated in operations		4,462
6	Business travel	579	Under investigation
7	Employee commuting	2,261	Under investigation
11	Use of sold products		7,739
12	End of life treatment of sold products	535	Under investigation
Total			117,496

*Figures in **bold** have been certified by a third party

Refer to 8. Third Party Verification

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

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

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

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

*2. as of June 30, 2023

*3. Distribution of upstream major domestic material suppliers' raw materials to the point of delivery

*4. Logistics of major upstream domestic suppliers' products and raw materials to the point of delivery

7-7 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. Zonnebodo Pharmaceutical Co., Ltd. Nissha Eimo Technologies Nissha PMX Technologies, S.A. de C.V. Nissha Medical Technologies Lead-Lok, Inc. CEA Global Dominicana, S.R.L. CEA Medical Manufacturing, Inc. Nissha Medical Technologies Ltd. 	<ul style="list-style-type: none"> Nissha Medical Technologies SAS Nissha Schuster Kunststofftechnik Nissha Back Stickers Nissha Back Stickers International Nissha Metallizing Solutions N.V. Nissha Metallizing Solutions S.r.l. Nissha Metallizing Solutions Ltd. Nissha Metallizing Solutions Produtos Metalizados Ltda Nissha Metallizing Solutions GmbH Nissha (Kunshan) Precision IMD Mold Co., Ltd. Guangzhou Nissha High Precision Plastics Co., Ltd. Nissha Precision Technologies Malaysia Sdn. Bhd. Nissha SB Poland
Calculation method	<p>Calculated based on Ministry of the Environment "Greenhouse Gas Emissions Calculation Report Manual (Ver.4.7)" (CO₂ emission factors)</p> <p>CO₂ emissions associated with the fuel use: Emission factor based on the Act on Promotion of Global Warming Countermeasures</p> <p>CO₂ emissions associated with power purchase: Emission factor based on the market-based method for domestic bases and the location-based method for overseas bases</p>	

■ Scope 3

Category1. CO₂ emissions from major domestic material suppliers

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

The verified 50,616t-CO₂ emissions are from 39 key suppliers of Nissha Group in Japan, from whom we purchase 73% of all our purchases.

Since the Nissha Group has approximately 8,000 suppliers globally, monitoring the emissions of all suppliers is a challenge.

Category4. CO₂ emissions from distribution of upstream major domestic material suppliers

Coverage	Major domestic / overseas suppliers at Nissha Group in Japan (23 companies)
Calculation method	Total CO ₂ emissions of suppliers calculated using either the ton-kilometer method, fuel consumption method, or fuel method

The verified 4,272t-CO₂ emissions are from 23 key suppliers of Nissha Group in Japan, from whom we purchase 58% of all our purchases. The ESG Task Force plays a central role in conducting studies to achieve 100% coverage in the future.

Category 4. CO₂ emissions from logistics of major upstream domestic suppliers

Coverage	Logistics suppliers (31 companies)
Calculation method	Sum up domestic transportation: based on the Fuel Economy Law and overseas transportation: CO ₂ emissions from Global Logistics Emissions Council (GLEC) Framework for Logistics Emissions Accounting and Reporting Version 2.0

The verified 7,398t-CO₂ emissions are from 31 major upstream logistics suppliers to the Nissha Group in Japan, from whom we purchase 93% of all our purchases. The ESG Task Force plays a central role in conducting studies to achieve 100% coverage in the future.

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

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. Zonnebodo Pharmaceutical Co., Ltd. (commuting only)
Calculation method	<p>Calculated based on;</p> <p>Ministry of the Environment/Ministry of Economy, Trade and Industry "Basic Guidelines for Calculating Greenhouse Gas Emissions Through the Supply Chain (Ver.2.4)"</p> <p>Ministry of the Environment "Calculation intensity database for calculating greenhouse gas emissions of organizations through the supply chain (Ver.3.2)"</p>

Category 11. CO₂ emissions from use of sold products


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

The verified 7,739 t-CO₂ emissions cover all the products produced (or products sold) by the Nissha Group. Among the Group's products, the gas sensor range, which are active devices, fall under Category 11, while other products do not fall under this category. As a result, the gas sensor range emissions are calculated and are subject to verifications.

* Calculations of CO₂ emissions are subject to inherent uncertainty due to, for example, incomplete scientific knowledge used to determine emission factors and numerical data.

8. Third Party Verification

The Nissha Group has received a verification statement from DNV Business Assurance Japan K.K. on the accuracy of the CO₂ emissions data contained in this report in order to improve the reliability of our environmental performance data.



VERIFICATION STATEMENT

Project ID: PRJN-499957-2023-AST-JPN Page 1 of 2

Nissha Co., Ltd.

< Verification Objectives >
 DNV Business Assurance Japan K.K. (hereinafter referred to as "DNV") has been commissioned by Nissha Co., Ltd. (hereinafter referred to as "the Organization") to perform an independent verification of the greenhouse gas emissions and energy consumption (hereinafter referred to as "GHG emissions and others") reported in the "Nissha Sustainability Report 2023" (hereinafter referred to as "the Report") prepared by the Organization. The objective of this verification is to confirm that the GHG emissions and others claimed by the Organization have been calculated and reported appropriately based on the calculation standards, and to express an independent opinion.

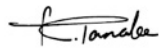
< Verification Scope >
 The scope of this verification is Scope 1+ Scope 2 emissions and related energy consumption (locations in and outside Japan), and Category 1,4,6,7 (locations in Japan only) and 11 (all-group companies) of Scope 3 emissions for the Organization and its all-group companies, in Fiscal Year 2022.


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


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

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


Place and date: Kobe, Japan, 06 June 2023
 DNV BUSINESS ASSURANCE JAPAN K.K.


 Koichiro Tanabe
 Lead verifier


 Tsuyoshi Katori
 Technical reviewer


 Naoki Maeda
 Managing Director

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



VERIFICATION STATEMENT

Page 2 of 2

< Period Covered by Calculation >
 The period covered by GHG emissions verification is from 1 January 2022 through 31 December 2022.

< Organization Boundary of Verification >
☒ Management Control ☐ Equity Share ☐ Others

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

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

■ Total amount of Scope 1 & 2 emissions (locations in and outside Japan)	114,691 t-CO ₂ e
■ Amount of Scope 1 emissions	26,435 t-CO ₂ e
■ Amount of Scope 2 emissions (Market-based)	86,255 t-CO ₂ e
■ Scope 3 emissions ¹⁾	
■ Category 1 (Purchased Goods and Services) ²⁾	50,616 t-CO ₂ e
■ Category 4 (Upstream Transportation and Distribution) ³⁾	4,272 t-CO ₂ e
■ Category 4 (Upstream Transportation and Distribution) ³⁾	7,398 t-CO ₂ e
■ Category 6 (Business travel)	579 t-CO ₂ e
■ Category 7 (Employee commuting) ³⁾	2,261 t-CO ₂ e
■ Category 11 (Use of Sold Products)	7,739 t-CO ₂ e
■ Total energy consumption (related to Scope 1+Scope 2, locations in and outside Japan)	2,662 (10 ³ GJ)
■ Electric power consumption	250,732 (MWh)
■ Gas consumption	10,485 (10 ³ m ³)
■ Gasoline, diesel, and heavy consumption	207 (KL)

< Verification Opinion >
☒ Unmodified Opinion
☐ Modified Opinion
☐ Adverse Opinion

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

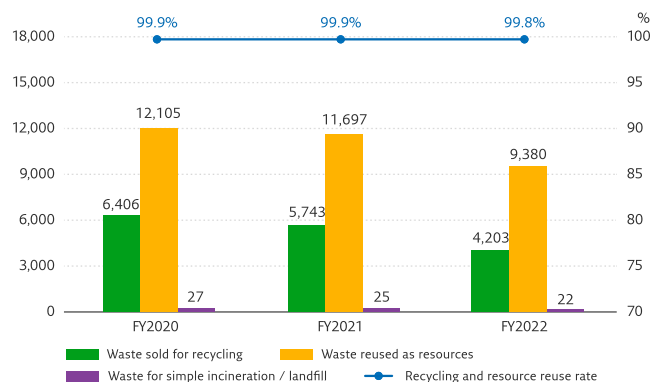
9. Waste Management

9-1 Total Amount of Waste Generated by Nissha Group

In the fiscal year ended December 2022, the Nissha Group generated a total of 27,207t of waste, including waste sold for recycling, waste reused as resources, and waste for simple incineration/landfill.

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

The total amount of waste generated by the Nissha Group in Japan in the fiscal year ended December 2022 was 13,606t, a decrease of approximately 22% compared to the 17,465t in the fiscal year ended December 2021. In addition, emissions from incineration and landfill waste accounted for 22t, a decrease of approximately 12% from the 25t generated in the fiscal year



ended December 2021. The source of the reduction was a decrease in waste material output by Nitec Industries, Inc. (NII), a production base for the Industrial Materials business, and Nitec Precision and Technologies, Inc. (NPT), a production base for the Devices business.

Our recycling and resource reuse rate for the Nissha Group in Japan was 99.8%, allowing us to successfully meet our target of zero emissions (a recycling and resource reuse rate of 99.5% or above).

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

The total amount of waste generated by the Nissha Group overseas in the fiscal year ended December 2022 was 13,601t, an increase of approximately 4% over the 13,122t from the fiscal year ended December 2021. This was mainly due to an increase in waste material output at Nissha Metalizing Solutions (NMS), which produces sustainable materials (metallized paper) for the Industrial Materials business, and at Nissha Medical Technologies (NMT), which handles production for the Medical Technologies business.

The recycling and resource reuse rate for major overseas Nissha Group production bases was 86.6%, an improvement of 1.4 points from 85.2% in the fiscal year ended December 2021.

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

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

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

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

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

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

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

10. Management of Chemical Substances and Environmental Risks

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

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

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

^{*1. A document containing information on the properties and handling of the chemical concerned}

10-2 Management of Chemical Substances Used in Products

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

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

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

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

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

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

10-2-2 Management System

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

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

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

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

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

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

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

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

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

■ Efforts to comply with the RoHS Directive

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

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

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

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

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

■ Compliance with REACH Regulation

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

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

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

■ Compliance with other regulations

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

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

Contexts of standards	List of target substances
Usage-prohibited substance ^{*1}	<ul style="list-style-type: none"> Asbestos fibres Dioxins Ozone depleting substances Fluorinated greenhouse gases Bisphenol-A (with usage conditions) Substances prohibited from being manufactured (Manufacture-prohibited substance) Specific amine (with regulations on impurity content) Azo-dyes which do not form specific amine (with regulations on impurity content concentration) Arsenic and its compounds (with usage conditions)
Deliberate usage-prohibited substance ^{*2}	<ul style="list-style-type: none"> Substances subject to RoHS directive REACH SVHC (Substances of Very High Concern) Nickel and its compounds (with usage conditions) Polychlorinated biphenyls (PCBs) Specific phthalates Specific 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 TSCA PBT substances TSCA preferred substances POPs Convention residual organic pollutants
Regulated substance ^{*3}	<ul style="list-style-type: none"> Global Automotive Declarable Substance List Conflict minerals The Proposition 65 Children's Safe Product Act (RCW 70.240.030) The Reporting List of Chemicals of High Concern to Children (CHCC)

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

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

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

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

10-3 Chemical Substances Used in Production Processes

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

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

As an example, when Nitec Precision and Technologies, Inc. (NPT) uses chemical substances in its production processes, we examine the substances based on prescribed procedures and uses chemical substances in consideration of the environment, health and safety.

10-3-2 Reduction of Chemical Substances in Use

Our Environmental Objectives include reducing the usage rate of chemical substances at ISO14001-certified business sites. In the fiscal year ended December 2022, the Nitec Industries, Inc. (NII) Koka Factory worked to reduce the use of PRTR substances and organic solvents other than PRTR substances. However, it failed

to achieve its target of a 1% reduction year-over-year.

The Nitec Precision and Technologies, Inc. (NPT) Kaga Factory achieved results by reducing the amount of chemicals used in its wastewater treatment facilities.

Fiscal year	FY2020	FY2021	FY2022
Assessment	○	○	△

10-4 Management of Environmental Pollutants

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

In the fiscal year ended December 2022, substances which were transferred or emitted in excess of one tonne were ethylbenzene, xylene, toluene, 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. Through an internal audit, we check the status of chemical substance management.

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

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

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

- Examples of initiatives for preventing pollution**
 - Equipment of emergency cutoff devices
 - Sites for deliveries of liquid chemicals via tanker truck or waste liquid collection are equipped with emergency cutoff devices to prevent any substances from leaking outside the site if an accident occurs.
- Leak response training**
 - We have established response procedures to prevent pollution from spreading in the event of a leak at a site for receiving chemicals, unloading chemicals, or collecting waste liquid.

We also carry out regular training, and review the response procedures as necessary.

In addition to its existing emergency drills, the Nitec Industries, Inc. (NII) Koka Factory has been conducting emergency drills at the factory in cooperation with suppliers in response to a chemical leak* that occurred in 2021.

*There was one leakage incident, but it did not lead to a serious environmental impact.



In the fiscal year ended December 2022, there were no serious environmental accidents or violations of environmental regulations at the Nissha Group, and no penalties or fines were incurred.

10-6 Prevention of Water Pollution

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

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

*1. Water Pollution Control Act

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

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

Items measured	Regulatory value*1	Agreement value*2	Voluntary standard	Unit	FY2020		FY2021		FY2022	
					Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5,200	5,000	5,000	m ³	4,156	○	4,150	○	3,854	○
pH	5.8	5.8	6.5		6.8	○	6.9	○	6.8	○
	~ 8.6	~ 8.6	~ 8		7.5	○	7.5	○	7.4	○
BOD	120	10	9	mg/l	4.0	○	3.7	○	2.6	○
COD	120	10	9	mg/l	5.2	○	4.4	○	4.8	○
SS	150	5	4.5	mg/l	1.9	○	2.6	○	1.1	○
n-hexane derived substances	Mineral oil 5 Vegetable oil 30	1	0.9	mg/l	<0.5	○	<0.5	○	<0.5	○
Phenol	5	0.1	0.08	mg/l	<0.005	○	<0.005	○	<0.005	○
Copper	3	0.5	0.4	mg/l	0.05	○	0.02	○	0.01	○
Zinc	2	1.5	1.2	mg/l	<0.01	○	<0.01	○	<0.01	○
Soluble iron	10	0.15	0.08	mg/l	0.03	○	0.03	○	0.03	○
Soluble manganese	10	0.05	0.045	mg/l	0.04	○	0.04	○	0.02	○
Chromium	2	0.02	0.02	mg/l	<0.02	○	<0.02	○	<0.02	○
Nitrogen	60	10	9	mg/l	4.2	○	4.5	○	4.3	○
Phosphorus	8	1	0.45	mg/l	0.02	○	0.03	○	0.02	○

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

Items measured	Regulatory value (Prefecture)	Voluntary standard	Unit	FY2020				FY2021				FY2022			
				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	○	7.7	○	7.4	○	7.7	○	7.6	○	7.7	○
BOD	160 or less	40 or less	mg/l	23.4	○	40.0	○	23.3	○	35.0	○	17.4	○	24.0	○
COD	160 or less	80 or less	mg/l	33.5	○	47.0	○	37.7	○	44.0	○	25.8	○	36.0	○
SS	200 or less	20 or less	mg/l	6.3	○	23.0	○	6.0	○	10.0	○	7.7	○	21.0	○
n-hexane derived substances	30	15 or less	mg/l	0.6	○	0.9	○	0.5	○	0.5	○	0.5	○	0.5	○

10-7 List of PRTR-Designated Chemical Substances

In FY2022, the number of substances subject to PRTR Law notification was nine at three factories.

■ Nitec Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2020			FY2021			FY2022			Average over the 3 years	
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies
53	Ethylbenzene	710	286	○	2,273	928	○	1,211	494	○	1,398	569
80	Xylene	15,745	6,431	○	10,524	4,298	○	12,022	4,910	○	12,764	5,213
88	Hexavalent chromium compounds	0.1	0	○	0.1	850 *	○	0.1	0	○	0	283
296	1,2,4-Trimethylbenzend	25	10	—	59	24	—	1	0.3	—	28	11
300	Toluene	61,535	25,134	○	106,873	43,652	○	57,728	23,579	○	75,379	30,788
392	N-hexane	601	245	○	258	105	○	0	0	○	286	117

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

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

Unit: kg

PRTR No.	Name of chemical substance	FY2020			FY2021			FY2022			Average over the 3 years	
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies
71	Ferric chloride	0.0	0.0	—	0.0	0.0	—	0.0	0.0	—	0.0	0.0
272	Water-soluble copper salts (excluding complex salt)	0.0	1,820.2	○	0.0	2,677.4	○	0.0	2,491.4	○	0.0	2,329.7
453	Molybdenum and its compounds	0.0	0.0	○	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	FY2020			FY2021			FY2022			Average over the 3 years	
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies
71	Ferric chloride	0.0	0.0	○	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	○	0.0	0.0
627	Diethylene glycol monobutyl ether	—	—	—	—	—	—	0.0	0.0	○	0.0	0.0

10-8 Prevention of Air Pollution

10-8-1 Soot and Dust and NOx Emissions

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

10-8-2 VOC Emissions

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

Kyoto Headquarters

	Unit	FY2020	FY2021	FY2022	Average over the 3years	Compliance
NOx	ppm	30	25	27	27	○
Soot and dust	g/m ³ N	Less than 0.001	0.002	Less than 0.001	—*	○
Sulfur dioxide	ppm	n/a	n/a	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a	n/a	n/a

*Not calculated

Nitec Industries, Inc. Koka Factory

	Unit	FY2020	FY2021	FY2022	Average over the 3years	Compliance
NOx	ppm	40	32	29	34	○
Soot and dust	g/m ³ N	Less than 0.01	Less than 0.01	Less than 0.01	Less than 0.01	○
Sulfur dioxide	ppm	n/a	n/a	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a	n/a	n/a

Nitec Precision and Technologies, Inc. Himeji Factory

	Unit	FY2020	FY2021	FY2022	Average over the 3years	Compliance
NOx	ppm	33	34	31	33	○
Soot and dust	g/m ³	Less than 0.001	Less than 0.001	Less than 0.001	Less than 0.001	○
Sulfur dioxide	ppm	n/a	n/a	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a	n/a	n/a

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

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

11. Water Resources

11-1 Basic Concept

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

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

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

11-2 Target and Progress

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

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

Target	FY2020	FY2021	FY2022
Reduce use of water by improving production efficiency and saving water	○	○	○

We decreased the water usage quantity by consolidating factories at the NPT Kaga Factory and achieved over 1% of water usage reduction. Additionally, we were able to decrease the quantity of water used at the NPT Himeji Factory through water conservation efforts there. We continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories. At the Global Headquarters, repairs to leaking pipes reduced water consumption waste.

11-3 Understanding Water Stress Areas

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

In 2022, the "Overall Water Risk" at domestic production bases was Low (0-1) or Low - Medium (1-2).

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

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

11-4 Management of Water Intake and Wastewater

All of the Nissha Group production bases in Japan use water supplied by a third-party (tap water and industrial water).

■ NPT Himeji Factory

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

■ NPT Kaga Factory

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

11-5 Initiatives for Appropriate Water Use

■ NPT Kaga Factory

1. Reduction of water usage

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

2. Replacing aging water pipes

- We are replacing aging water pipes to prevent leaks and reduce water usage. At the end of 2022, some of the water pipes were upgraded from conventional PVC pipes to pipes that can withstand earthquakes and other disasters.

■ Kyoto Headquarters

During monitoring of monthly water usage, we noticed that there were months in which usage increased more than expected. Upon investigation, we found that the water pipes were leaking due to aging, and we replaced them.

11-6 Water Data

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

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Water usage	Tap water	m ³	Production bases in Japan and overseas	1,252,000	1,291,000	1,287,000	1,249,000	993,000
	Underground water	m ³	Production bases in Japan and overseas	10,000	103,000	40,000	46,000	49,000
	Industrial water	m ³	Production bases in Japan and overseas	2,158,000	1,943,000	1,725,000	1,670,000	1,549,000
Water discharge		m ³	Production bases in Japan and overseas	3,334,000	3,305,000	3,033,000	2,594,000	2,342,000

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

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

Environmental Objectives

Period: FY2018 - FY2023

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

Assessment Definitions

○ Satisfactory: Objective achieved

△ Unsatisfactory: Objective not achieved but good progress made

× Poor: Objective not achieved and poor progress made

*Company names and abbreviations

NII: Nitec Industries, Inc.

NPT: Nitec Precision and Technologies, Inc.

NCI: Nissha Printing Communications, Inc.

12-1 Initiatives and Achievements in FY2022

1. Prevention of pollution

Target	FY2020	FY2021	FY2022
(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	○	○	○

- (1) There was one leak accident in the fiscal year ended December 2022. A delivery company's truck experienced a fuel leak at Nissha FIS, but it did not have a significant environmental impact.
- (2) As one of our efforts to reduce environmental risks, we conducted a chemical leakage response drill. As a result, the factory's environmental risk "potential" (the value in the environmental risk assessment) has been reduced by more than one level.

2. Mitigation of climate change

Target	FY2020	FY2021	FY2022
(1) Reduce CO ₂ emissions rate (basic unit)*1 by 6% or more*2 by the fiscal year ending December 2023	○	○	○
(2) Reduce CO ₂ emissions rate (basic unit) by 1% or more compared to the previous year	○	×	×

*1. CO₂ emissions rate (basic unit) = CO₂ emissions / Production volume (depend on the sites)

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

- (1) By the fiscal year ended December 2022, we have managed a drop of more than 4% of the target to be achieved by the fiscal year ending December 2023. This means we are still on the planned track. In addition to various energy-saving initiatives, we are converting to renewable energy. The NII Koka Factory and NPT Kaga Factory obtain 100% and 10% of their electricity, respectively, from renewable energy sources.
- (2) In order to reduce the CO₂ emission rate (basic unit) by at least 1% over the previous fiscal year, we set targets for each factory and reduced energy input in conjunction with quality improvements. Three out of the six locations (NII Koka Factory, and NPT Kyoto, NCI) achieved at least a 1% reduction compared to the previous fiscal year. However, three locations (Global Headquarters, NPT Himeji Factory, NPT Kaga Factory) did not achieve the target.

3. Reduction of waste

Target	FY2020	FY2021	FY2022
(1) Reduce waste generation rate (basic unit)* ¹ by 6% or more* ² by the fiscal year ending December 2023	△	×	×
(2) Reduce waste generation rate (basic unit) by 1% or more compared to the previous year	△	×	×
(3) Maintain zero emissions (recycling and resource reuse rate of 99.5% or more)	○	○	○
(4) Reduce cost of waste treatment	○	△	×

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

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

- (1) Each factory is working to improve its yield rate and efficiency through quality improvement activities and reducing the amount of wasted materials by improving production efficiency. For the fiscal year ended December 2022, four out of the six locations (NPT Himeji Factory, NPT Kaga Factory, NPT Kyoto, NCI) did not achieve the target, and the company-wide evaluation was set to "×". The main reason for NPT's failure to meet its intensity target is the decrease in production volume.

- (2) Targets are set according to the characteristics of each factory. For the fiscal year ended December 2022, one out of the six locations (NII Koka Factory) achieved at least a 1% reduction compared to the previous fiscal year. However, five locations (Global Headquarters, NPT Himeji Factory, NPT Kaga Factory, NPT Kyoto, NCI) did not achieve the target.
- (3) The Nissha Group in Japan as a whole achieved a recycling rate of 99.8%, and has maintained zero emission of waste (a recycling and resource reuse rate of 99.5% or more) as in the previous fiscal year.
- (4) Although we continued to reuse waste material as usable material due to enhanced separating of packaging material at the NII Koka Factory, we were not successful in gaining major cost reductions.

4. Reduction of water usage

Target	FY2020	FY2021	FY2022
Reduce use of water by improving production efficiency and saving water	○	○	○

We decreased the water usage quantity by consolidating factories at the NPT Kaga Factory and achieved over 1% of water usage reduction. Additionally, we were able to decrease the quantity of water used at the NPT Himeji Factory through water conservation efforts there. We continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories. At the Global Headquarters, repairs to leaking pipes reduced water consumption waste.

5. Reduction of chemical substances usage

Target	FY2020	FY2021	FY2022
Certification sites reduce usage rate of chemical substances (Certification sites set individual targets)	○	○	△

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

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

6. Environment-conscious design

Target	FY2020	FY2021	FY2022
(1) Introduce the viewpoint of energy saving, resource saving, durability, recycling, and so on in product design and development.	○	○	○
(2) Design environment-conscious processes and reduce the environmental impact of production.	○	○	○

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

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

7. Enhancement of environmental performance in supply chain

Target	FY2020	FY2021	FY2022
Enhance environmental performance based on customer requirements and the RBA code of conduct	○	○	○

In consideration of feedback we received in customer-driven supplier auditing, we are continuing our environmental improvement efforts. With the help of our suppliers, we respond to questionnaires and conduct on-site inspections which reflected our customers' demands in relation to the environment. In addition, we examine CO₂ emissions during production processes and check chemical materials used in products. Through these activities, we are grasping the environmental impacts in our supply chain in order to contribute to environmental improvement.

13. Human Rights

13-1 Basic Policy

We at Nissha Group have in place a basic policy on labor and human rights. In formulating the policy, the 10 principles of the United Nations Global Compact, which we joined in April 2012, and the Responsible Business Alliance (RBA) code of conduct, mainly for the electronics and automotive industry, 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

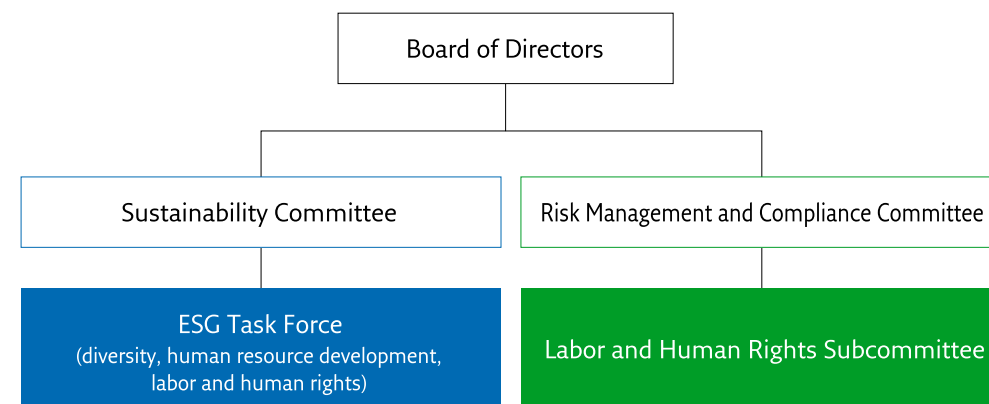
Nissha Group will observe the international norms, laws and ordinances related to human rights and labor standards and will make efforts to continually improve human rights and labor standards.

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

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

13-2 Structure

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



13-3 Initiatives Related to Labor and Human Rights

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

During the fiscal year ended December 2022, the ESG Task Force worked on the materiality of “respect of human rights” by setting “reduction of labor and human rights risks” as its strategic item and “zero child labor and forced labor at the Group’s primary suppliers” as a key performance indicator/action item.

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

Furthermore, we conduct internal audits once a year at major Nissha Group production bases in Japan to check compliance with laws and regulations and the RBA’s code of conduct, etc. Specifically, in addition to checking whether the salaries paid irrespective of employment categories such as full-time, contract, or temporary employees, etc. meet the minimum wages set by the prefectural governments, and whether working hours and overtime are correctly reflected in wages in compliance with laws and regulations and the RBA, we also check whether items which have been pointed out and corrected in previous audits continue to be complied

with and so on. Internal audit findings are reported through the report line, and the Labor and Human Rights Subcommittee provides support to production bases, as necessary, so that corrective action can be taken. The results of the internal audit conducted during the fiscal year ended December 2022 were favorable, with no major findings relating to issues such as forced labor.

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. For example, when employees first join the Company, they are given opportunities to experience Japanese culture and we organize recreational activities so they can learn about local culture.



Strawberry picking at tourist attractions near the workplace

Furthermore, we are preparing and providing signs showing evacuation routes and the location of the medical office, notices about harassment and other consultation desks, pay slips,

and training materials, etc. in both Japanese and Vietnamese so that both all employees and technical interns can understand them easily. In terms of communication, senior trainees and employees work with interpreters to provide detailed explanations and to create an environment where trainees can always ask for help if they have any questions.

Despite the COVID-19 pandemic, six technical interns completed their training in the fiscal year ended December 2022 and returned to their home countries. We hope that many young people will acquire skills and grow as world-class human resources while experiencing different cultures, and we will continue to support them in this endeavor.

13-4 Harassment Prevention

We at the Nissha Group establish a set of Harassment Prevention Regulations, which prescribe measures to prevent various forms of harassment in the workplace, with the aim of realizing sound workplace environments in which all employees can live up to their full potential. As a structure for promoting harassment prevention, we designate chief promoters of harassment prevention at each base and we have established an external hotline consultation service (Refer to 28-6 Hotline Consultation Service). The contact information is provided through the Nissha Group intranet and e-learning, and we are working to ensure that employees understand that the system is set up so they can discuss issues with confidence by assuring them that their privacy will be fully respected and that they will not be treated unfairly or be disadvantaged for making use of these services. There were 4 consultations with hotline consultation service during the fiscal year ended December 2022 and all consultations have been addressed.

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

13-5 Relationship with Labor Union

Our Basic Policy on Labor and Human Rights contains the provision, "Freedom of association and the right to collective bargaining." In Japan, the labor contract concluded between company and labor union confirms, "the Company and the Union shall respect each other's position and maintain a peaceful relationship between labor and management as well as strive for the maintenance and improvement of labor conditions and the growth of the Company." In the fiscal year ended December 2022, there were no significant violations of freedom of association.

The Nissha Group in Japan has formed the Nissha Crew Alliance, as a single labor union for the Nissha Group in Japan, centered on employees of Nissha Co., Ltd., and two affiliated companies, Nitec Industries, Inc. and Nissha Printing Communications, Inc. (as of January 2023, there were 1,051 members). From April 1, 2023, employees of Nitec Precision and Technologies, Inc. can also join. The vision of the Nissha Crew Alliance is "realizing new happiness" through "new ways of working (workplace sphere)," "new lifestyles (social sphere)," and "new union activities (individual sphere)." It aims to support all employees of the Nissha Group in Japan. The Nissha Crew Alliance engages in regular negotiations and discussions based on this concept to build stable labor-management relations while resolving common issues in the Nissha Group in Japan.

The Management Council, whose members are mainly directors and corporate officers of Nissha Co., Ltd., holds regular meetings with the Nissha Crew Alliance. In addition to negotiating and discussing employee working conditions, the Council shares information on the management of the Nissha Group. Furthermore, the labor and management offices strive to prevent labor

problems by regularly sharing employees' opinions on the working environment and the working hours situation. During the fiscal year ended December 2022, the Management Council met eight times, including regular bi-monthly meetings and ad-hoc meetings. In addition, the labor and management offices strive to prevent labor problems by sharing employees' opinions on the working environment and the working hours situation once a month. Furthermore, when changing important labor conditions of the Nissha Group in Japan, the company engages in communication with the union in addition to regular consultations, with the aim of reaching an agreement satisfactory to both parties. During the fiscal year ended December 2022, we shared opinions on revisions to the retirement pay system based on the new human resources system, the award system, and new and diverse work style initiatives, and we cooperated in improving existing systems and formulating new measures. In January 2023, as the trend in rising prices also became apparent in Japan and the momentum for wage increases grew, labor and management agreed to raise the starting salary for new graduates and salary levels.

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

In fiscal year ended December 2022, the Nissha Group in Japan had no report either of a strike or lockout. We will continue to respect the mutual positions of both company and union, and build a sound relationship between labor and management.

14. Human Resources System

14-1 Policy

We at Nissha Group recognize that human resources are the driving force for improving corporate value. With the start of the 7th Medium-term Business Plan in the fiscal year ended December 2021, we have formulated and started to roll out a Human Resources Policy. This policy outlines our fundamental approach to human resources measures. Our human resources-related systems and development are implemented based on this policy.

Human Resources Policy

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

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

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

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

14-2 New Human Resources System

Based on the idea that company growth leads to employee growth, and employee growth to company growth, the Group has overhauled its human resources system, which still had elements of seniority-based hierarchy, and started operating a new system focused on roles and abilities in line with the 7th Medium-term Business Plan (FY2021–FY2023).

In this new system, the required skills are clearly stated, and employees demonstrating the skills required by the company will be given a fair chance to be promoted, regardless of age or length of service. In the human resources system for general employees, we have greatly improved the treatment of employees who hold key positions and introduced a multi-track human resources system based on expected roles. In addition, the actions expected of the managers who direct these employees have been clarified as managerial competencies consisting of the ability to change (leadership) and the ability to execute (management).

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

14-3 ESG Task Force Initiatives

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

	Key Performance Indicators and Action Items for 2023	Key Performance Indicators and Action Items for 2030
1. Diversity	Female manager ratio Global consolidated: 21% Nissha non-consolidated: 8%	Female manager ratio Global consolidated: 25% Nissha non-consolidated: 17%
2. Human resources development	Selection rate of leader candidates Nissha non-consolidated: 36%	Selection rate of leader candidates Nissha non-consolidated: 50%
3. Labor and human rights	0 incidents of child labor or forced labor at primary suppliers in regions with high risks of labor and human rights (Central and South America, Southeast Asia and Greater China).	Identify audit targets based on annual purchasing results and continue to perform audits Zero child labor and forced labor

① Diversity

Although the definition of managerial staff varies between countries, we have adopted a new standardized definition of managerial staff on a global basis, and we monitor the situation regularly. At the end of the fiscal year ended December 2022, the ratio of male to female employees in the Group was approximately 6 (male) to 4 (female), but the ratio of male to female managerial staff was approximately 8 (male) to 2 (female), which indicates a discrepancy. We are working on a project to promote the advancement of women on a global basis in order to bring the ratio of female managerial staff, a key performance indicator, closer to the ratio of female employees by 2030.

② Human resources development

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

③ Labor and human rights

We are working to “understand and reduce human rights risks” at Nissha Group domestic and overseas bases and their primary suppliers. In the fiscal year ended December 2022, we conducted a CSR survey of 95 of our primary suppliers in regions* with high labor and human rights risks, and confirmed that there was no use of child labor or forced labor.

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

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

14-4 Talent Management System

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

In the fiscal year ended December 2022, we began implementing personnel evaluations on the system, which enables us to monitor progress in real time. The system has become a useful information tool for management, allowing supervisors at the new location to inquire about the past personnel evaluations of transferred employees. We will continue to collect and visualize employee information to promote data-based talent management.

14-5 Fair Evaluation and Treatment

The Nissha Group considers rewarding employees for their achievements to be the foundation of our human resources system. In our personnel evaluations, and based on the target management system, employees are evaluated on the two axes of "performance evaluation," which evaluates key performance indicators related to the company's management strategy and the mission of the organization to which they belong, and "behavior evaluation," which focuses on demonstration capabilities required to create results. The results are reflected in bonuses, salary increases, promotions, and other benefits. We present clear evaluation criteria to employees and employees meet with their supervisors to receive feedback on our

expectations and evaluations when setting goals at the beginning of the term and when conducting evaluations at the end of the term. We place emphasis on dialogue for mutual understanding, and devise ways to ensure more fair and convincing evaluations and treatment.

14-6 Wage Management

Wages and other compensation for labor are appropriately stipulated in the wage rules of each affiliated company and in individual contracts in accordance with the laws and regulations of each country. The Nissha Group makes no distinctions based on age, gender, or other factors.

The gap between male and female in terms of wages in the fiscal year ended December 2022 is shown below. The figures show a comparison of female with a male wage set at 100.

The treatment of full-time workers is the same for male and female. The difference is due to differences in the grade structure due to the different average lengths of service between male and female.

In addition, non-regular workers include employees who are treated differently, such as contract employees who are rehired after mandatory retirement and employees working under individual labor contracts. The main reason for the gap between male and female is the large proportion of male in managerial staff roles despite their non-regular employment.

■ Nissha Co., Ltd.

	Male	Female
All workers	100	76.3
Full-time workers	100	77.7
Non-regular workers	100	56.2

* Wages include bonuses, overtime allowance, commuting allowance, and family allowance, etc.

15. Respect for Diversity

The Nissha Group aims to be a company where all employees, regardless of nationality, gender, or age, can exercise their abilities to the full. One of our Shared Values that serve as the principle of employee behavior is Diversity and Inclusion, and we have declared that we welcome diverse human 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.

15-1 Nissha Group Employee Composition

The diversity of the Nissha Group shows in our employee composition, and a variety of employees of different genders, ages, and nationalities are active. With the expansion of our activities across the globe, about 60% of permanent employees work at Nissha Group companies outside Japan. Nissha Group overseas bases are continuing to hire local employees and locally hired employees have been appointed to upper management positions, such as CEO, at 8 of the 17 major overseas group companies.

■ Composition by region (Nissha Group, as of the end of December 2022)

Number of employees by region and gender

Area	Japan	North America	Central and South America	Asia	Europe
Male	1,500	690	365	319	488
Female	415	461	568	314	205
Total	1,915	1,151	933	633	693

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

■ Composition by employment status (Nissha Group, as of the end of December 2022)

Composition by employment status and gender

	Permanent		Temporary	
	Number	Composition (%)	Number	Composition (%)
Male	3,362	63.1	865	60.2
Female	1,963	36.9	573	39.8
Total	5,325	—	1,438	—

* Figures exclude directors by a delegation agreement.

■ Employee Composition (Nissha Co., Ltd.)

Fiscal Year	Gender	Directors of the Board* ¹	Corporate officers	Nissha fellows	Managerial staff* ²	Total employees* ³	Average age* ⁴	Average years of employment* ⁴
End of FY2018	Male	8	12	1	161	616	42.1	14.5
	Female	1	0	0	11	203	36.5	10.7
End of FY2019	Male	8	12	1	162	609	42.9	15.3
	Female	1	0	0	10	210	36.7	11.0
End of FY2020	Male	8	11	2	145	531	43.0	15.4
	Female	1	0	0	8	189	37.3	11.5
End of FY2021	Male	8	12	2	157	534	43.8	15.6
	Female	1	0	0	9	197	37.8	10.8
End of FY2022	Male	8	12	1	153	513	44.7	17.2
	Female	1	0	0	10	197	38.2	11.8

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

*2. Managerial staff exclude corporate officers.

*3. Employees exclude temporary employees.

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

■ Composition by age (Nissha Co., Ltd., as of the end of December 2022)

Age	18-19	20-29	30-39	40-49	50-59	60-69
Male	0	33	117	205	152	6
Female	2	39	76	56	23	1

■ Number of employees (Nissha Group)

	FY ended Dec. 2018	FY ended Dec. 2019	FY ended Dec. 2020	FY ended Dec. 2021	FY ended Dec. 2022
Male	3,832	3,692	3,432	3,470	3,362
Female	2,012	2,026	1,958	1,939	1,963
Total	5,844	5,718	5,390	5,409	5,325

* Figures exclude temporary employees.

Of all permanent employees who left Nissha Group companies in Japan in the fiscal year ended December 2022, 3.66% left for personal reasons.

■ Composition of managerial staff (Nissha Group in Japan)

Fiscal Year		Male	Female	Total	Of which mid-carrier employees	Of which foreign employees
End of FY2020	Number	273	13	286	86	2
	Composition ratio (%)	95.5	4.5	—	30.1	0.7
End of FY2021	Number	281	14	295	94	2
	Composition ratio (%)	95.3	4.7	—	31.9	0.7
End of FY2022	Number	269	15	284	91	1
	Composition ratio (%)	94.7	5.3	—	32.0	0.4

* Managerial staff exclude temporary employees.

* Figures as of December 31, 2020 and December 31, 2021 have been revised due to a review of the aggregation method in accordance with the disclosure in our Annual Securities Report.

15-2 Employment of Persons with Disabilities

The Nissha Group is working to achieve the employment rate for people with disabilities at the companies with the number of employees that are subject to the employment rate system for people with disabilities set by the government. To ensure that employees with disabilities can work with peace of mind, we provide support from outside specialists such as job coaches, help them develop their skills, and hold regular interviews with Human Resources at least once a year.

The following shows the changes in the employment rate of persons with disabilities in our company.

■ Legal employment rate and Nissha's employment rate

(%)

	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Employment rate of Nissha	2.18	2.38	2.11	2.12	2.07
Statutory employment rate	2.2	2.2	2.2	2.3	2.3

In the fiscal year ended December 2022, three new employees with disabilities were hired, but the employment rate of persons with disabilities remained unchanged as some retired and others returned their disability certificates.

We will continue to work systematically to achieve and maintain our target for the percentage of persons with disabilities employed by creating opportunities to hire and employ persons with disabilities through strengthening cooperation with public employment security office and other external organizations, creating a comfortable work environment, and promoting understanding of employment of persons with disabilities in the workplace.

15-3 Foreign Employees in Active Roles

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

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

Unit: Number of employees

	Total number of hires	New graduates		Mid-career		Country
		Total number	Foreign nationals	Total number	Foreign nationals	
FY2019	21	18	4	3	0	Malaysia, Indonesia, Vietnam, Iran
FY2020	20	12	0	8	0	
FY2021	29	11	0	18	0	
FY2022	37	12	1	20	0	Republic of Korea

15-4 Promotion of Women's Advancement

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

Our Group has identified utilizing diverse human resources and developing global and management human resources as a materiality. To that end, we have made promoting female advancement a strategic item and the ratio of female managerial staff a KPI, for which we have set targets of 21% for global consolidated companies and 8% for Nissha on a non-consolidated basis by 2023. In the fiscal year ending December 2023, several women will be appointed as managerial staff, and Nissha expects the percentage to increase to more than 7% on a non-consolidated basis.

Refer to 14-3 ESG Task Force Initiatives

Female managers ratio

	End of FY2020	End of FY2021	End of FY2022	Forecast at the end of FY2023
Nissha Group (%)	19.4	20.0	21.5	21.0 ~ 22.0
NISSHA (%)	5.0	5.4	5.9	7.0 ~ 8.0

* Figures as of the end of FY2020 and the end of FY2021 have been revised due to a review of the aggregation method in accordance with the disclosure in our Annual Securities Report.

The Nissha Group in Japan opened a career counseling office in 2021, where women can get support for career planning that accommodates their life events. In addition, we are providing challenging growth opportunities for female employees by enhancing selective training and company-wide common

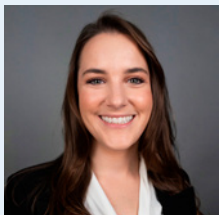
training items for each grade, and systematically developing candidates for upcoming managerial staff positions through personnel rotation.

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

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

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

Employment of Diverse Human Resources



Jenna Gimbar
VP Global Human Resources
Nissha Medical Technologies

Nissha Medical Technologies (NMT) is actively involved in creating employment opportunities in the community. One such opportunity that is particularly worth noting is the collaboration between NMT's Head Office in Buffalo, New York and Journey's End Refugee Services, Inc. Journey's End Refugee Services is an organization with deep roots in the local community whose mission is to accept refugees, regardless of origin or creed, and help them become healthy, independent and valuable members of the community. The organization provides essential resources and support to enable refugees to actively contribute to their communities on the western side of New York State. NMT takes great pride in working together to create a more inclusive workplace by successfully employing refugees through this program.

Through our partnership with Journey's End Refugee Services, we have been able to connect with two individuals who have since been hired by NMT. Anil Faizi is a machine operator and has been one of our team members for over a year. When asked about his experience at NMT and how it contributed to his growth, Anil spoke of his satisfaction at the opportunities offered to him. He

indicated that joining NMT has allowed him to gain experience operating a variety of machines and to improve his English. Anil is especially grateful for the positive work environment and friendships with his colleagues.

Naweed Joyana, a member of the manufacturing department, just celebrated his first anniversary since joining NMT in May 2023. He has honed his skills through training and skill development, and has demonstrated an aptitude for learning in a variety of fields. Naweed is looking to grow further and hopes to advance his career to become a machine operator. Naweed, who has a background in automotive repair and painting, and previously worked in the engineering unit at a military base, brings a strong work ethic to our team.

NMT is proud to be working with Journey's End Refugee Services based on our shared mission to provide employment opportunities and support to refugees in our community. We believe in the power of collaboration, cultural exchange, and personal growth through the development of a diverse and inclusive workforce. Anil Faizi and Naweed Joyana embody the success stories resulting from such partnerships. NMT will continue to build partnerships with local communities at each of its bases.

16. Human Resources Development

16-1 Basic Concept

The Nissha Group in Japan offers a wide range of training programs to realize our medium- to long-term growth strategy and to support employees' medium- to long-term career development and promote their growth. These programs have been organized into an in-house university, Nissha Academy. Specifically, we have established selective training programs to develop candidates for the next generation of management, rank-specific training programs that match the employee's stage, function-based training programs to provide specialized knowledge according to job type and duties, and career design training programs tailored to employees' life stage. The Nissha Group overseas is also developing various training programs under the Nissha Academy flag, based on the actual situation in each country and region. Through such human resources development initiatives, the Group aims to see the company and our employees grow together.



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

16-2 Training Systems

■ Selective training

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

Business School

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

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

The Business School offers beginner (leaders in the workplace), intermediate (managerial staff), and advanced (senior managerial staff) level programs. The beginner-level course is taught by in-house officers and managerial staff who have completed programs at the Business School, and covers basic business literacy and the Nissha Group's corporate philosophy system (Nissha Philosophy). The intermediate and advanced programs are original programs that combine MBA-based lectures by professors from graduate schools of management with lectures based on practical case studies by in-house instructors.

Executive MBA program and a graduate school program for working professionals

We also offer an external Executive MBA program and a graduate school program for working professionals as training programs that rank above the Business School. These programs are mainly used to acquire new skill sets in anticipation of a change in position that involves a major change in perspective or viewpoint.

Overseas trainee system

We have an overseas trainee system for developing young human resources (from both liberal arts and science backgrounds) who can flourish in global business settings regardless of their job type. Employees are selected internally from their third year on and spend about one year in a local subsidiary. By working at overseas subsidiaries in Europe, America, or Asia, they can improve their specialized skills, language abilities, and intercultural adaptability with the goal of becoming global leaders, including candidates for overseas postings, in the future.

■ Rank-specific training

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

New employee training

At the Nissha Group, the first three years after new graduates enter the company are positioned as the initial training period. At the start of this period, group training is conducted at all domestic Group companies. New employees who join Nissha Co., Ltd. are assigned to their business units after group training, business unit training, and factory training. Three years after joining the company, new employees are rotated across job categories and

divisions to gain a wide range of experience, helping them to grow step by step.

Group training	Employees learn how to act as members of society, business manners, and the basic skills for carrying out their work. In addition, through lectures and group work, employees learn the Nissha Philosophy, strategies, businesses, technologies, basic manufacturing concepts, and company rules that they should understand as employees of the Nissha Group.
Business unit training	Employees learn how to build up core technologies and corporate values tied to business. Through lectures and group work, employees deepen their understanding of the roles and work of the divisions (functions) that make up a business unit.
Factory training	Employees visit actual factory production sites to train in manufacturing under the guidance of senior employees. Through hands-on work, employees learn to understand technology and production processes, as well as quality, safety, and other important aspects of a manufacturing company.



■ Function-based training

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

Priority market skills training (reskilling)

Our 2030 sustainability vision has identified medical and mobility as priority markets. For us to be successful in new areas, it is essential for employees to acquire the necessary knowledge and skills in such areas and to fit our capabilities into the new markets, and we have thus developed priority market skills training as a reskilling program.

The training program consists of three levels, common subjects for engineers, design subjects, and specialized subjects by the target market. The lineup includes a wide range of subjects to enable employees to learn everything from the basics up to specialized content. We conduct this six-month program a total of four times during our 7th Medium-term Business Plan (FY2021.12-FY2023.12).

Common training for engineers

The technical knowledge required to meet the needs of global customers is taught from the dual aspects of the “core technologies” that are our strengths, and the science-based “common engineering” knowledge (quality, statistics, intellectual property, etc.) that all engineers, regardless of where they work, should be aware of. Employees are taught all this, from introductory to applied fields, in line with their individual experience and knowledge levels.



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

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

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

16-4 Career Planning Support

Since the fiscal year ended December 2019, we have been providing career design training annually for full-time employees in their 50s. All full-time employees aged 50-59 have completed this training (as of December 31, 2022), which is designed to help them understand changes in the external environment, company systems, and their own values and strengths, and choose their own careers.

16-5 Training Records

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

While there are fluctuations due to changes in the number of programs offered and participants each fiscal year, both total training hours and training hours per employee are increasing over the medium- to long-term, together with the enhancement of training programs.

	Gender	FY2020	FY2021	FY2022
Total training hours per year	Male	19,092	28,928	23,252
	Female	7,245	13,498	7,361
	Total	26,337	42,426	30,613
Training hours per employee	Male	11.8	16.4	14.2
	Female	17.9	24.0	15.3
	Total	13.1	18.2	14.4

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

16-6 In-House Training Programs

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

ESG training at U.S. and European Bases

The Nissha Group provided ESG training at its U.S. and European bases in November and December 2022.

Nissha has a history of cooperating with domestic and overseas affiliated companies to develop a variety of sustainability and ESG-related initiatives on a group-wide consolidated basis, and has made efforts to disclose such information.

The Nissha Group does business with many customers who are developing their operations globally, and has also responded to customer requests for global standards in the past. However, in light of the increasing demand for global sustainability and ESG, especially from European customers, we decided to provide this training to systematically deepen awareness of sustainability and ESG.

This training was positioned as a Nissha Academy program and was implemented primarily by the Regional Collaborate Committee (RCC), which provide leadership for company-wide initiatives in their respective regions. The training was taught by an outside expert (ESG consulting firm) and attended by approximately 400 participants, including management, managers, and personnel from affiliated companies in Europe and the U.S.

The training consisted of lectures and workshops. During the lectures, participants learned about global sustainability and ESG trends and the Nissha Group's initiatives. During the workshops, participants were divided into groups according to the company they belonged to discuss how to incorporate sustainability into their businesses and develop action plans.

Training on RBA Code of Conduct at production bases in Asia

As one of the key performance indicators and action items for "corporate governance", a materiality taken up by the Sustainability Committee, in 2023 we are providing in-house training to familiarize employees with the RBA (Responsible Business Alliance), a global code of conduct mainly adopted by the electronics and automobile industries.

The target participants are managers working at Nissha Group production bases in Asia, namely Nissha Precision Technologies Malaysia Sdn. Bhd. (Malaysia), Nissha (Kunshan) Precision IMD Mold Co., Ltd. and Guangzhou Nissha High Precision Plastics Co., Ltd. We invited outside experts to be instructors, and learned the outlines of Social Audits (Social Responsibility Audits) and RBA during the basic training sessions, as well as the details of requirements during the specialized training sessions.

Training name	Contents
Basic training	Social Audit Overview of RBA basic requirements (occupational, health and safety, environmental, ethical and management systems)
Specialized training	Details of RBA requirements (occupational, health and safety, environmental, ethical and management systems)

The Nissha Group plans to continue to provide such training in the future.

17. Employee Engagement

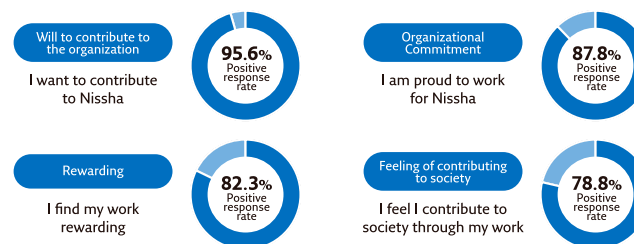
The Nissha Group has established Diversity and Inclusion as one of the Shared Values, which is the principle of employee behavior, and is working to create a workplace where human resources with diverse values and diverse backgrounds can maximize their abilities. At Nissha Group in Japan, we are implementing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

17-1 Engagement Survey

For employees to work passionately and for the company and employees to grow together, we believe it is important for the company to improve employee engagement by putting in place a system that encourages this and fostering an organizational culture that is easy to work in. As one of these efforts, an engagement survey was conducted for the first time, targeting a total of approximately 3,000 employees, including all permanent employees working for the Nissha group companies in Japan in the first half of the fiscal year ended December 2022 and employees excluding those working at overseas Nissha Group factories, etc., in the second half of the fiscal year ended December 2022. The purpose of this survey was to identify issues that will improve the diverse capabilities and passions of Nissha, the source of our growth, and to improve it to the way we are, and will be conducted annually in the future.

■ Engagement survey results (Total for Japan and overseas)

Response rate 83.0%



The positive response rate for willingness to contribute to the organization and organizational commitment is high. This may be related to the fact that our Mission has been widely disseminated and is strongly identified with. On the other hand, when limited to their own work, the respondents found it somewhat more difficult to feel a sense of fulfillment and contribution to society. Based on these results, we analyze and develop the factors at each company, business and workplace level and promote specific actions. Based on these results, the factors are analyzed and developed at company, business and workplace level, and specific actions are promoted. We will continue to implement initiatives and make improvements to enhance a culture in which all employees work with passion.

■ Examples of specific actions

- Installed large monitors in workplaces and factories to introduce the latest corporate information and case studies on the adoption of our products
- Renovated workplace facilities to accommodate diversified

work styles by reflecting employee feedback

- Increased efforts to enhance morning meetings and increase communication opportunities in the workplace

17-2 Flexible Work Hours

We have introduced a flextime system to promote work-life balance, as well as to flexibly accommodate the time difference between Japan and overseas, enabling working styles that meet both the needs of our customers and variations in business demands. Many employees, not only in sales divisions, but also in the development, engineering, and administration divisions, make use of this system.

17-3 Telework System

A telework system was introduced in 2014 to promote effective and flexible working styles for employees. In the fiscal year ended December 2020, by expanding its scope from employees with child-rearing and family care responsibilities to any employee who can perform the same level of work at home as at the office, the system is now also an indispensable part of our BCP response in the event of transportation disruptions or disasters.

17-4 Child-Rearing and Family Care Support

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

■ Major child-rearing support system

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

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

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

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

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

Support system	Gender	FY2018	FY2019	FY2020	FY2021	FY2022
Child-rearing leave	Male	14	18	19	21	25
	Female	45	43	50	46	48
	Total	59	61	69	67	73
Shorter hours for child-rearing	Male	8	7	2	2	3
	Female	81	90	93	87	92
	Total	89	97	95	89	95
Days off for child nursing	Male	67	79	56	49	50
	Female	78	78	64	59	65
	Total	145	157	120	108	115

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

	Gender	FY2018	FY2019	FY2020	FY2021	FY2022
Reinstatement Rate^{*1} (%)	Male	100.0	100.0	100.0	100.0	100.0
	Female	100.0	95.0	100.0	95.6	95.8
	Average	100.0	96.8	100.0	97.1	97.6
Retention rate^{*2} (one year) (%)	Male	83.3	100.0	92.0	83.3	87.5
	Female	100.0	90.0	88.6	91.3	100.0
	Average	96.3	93.5	90.0	88.5	94.7

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

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

■ Major family care support systems

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

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

17-5 Promotion of the Use of Annual Paid Leave

With the goal of having all employees take five days of annual paid leave per year, we are continuing efforts such as disseminating information internally via the intranet, registering annual paid leave plans for the year in advance in the attendance management system, and distributing the results of leave taken to department managers. In the fiscal year ended December 2022, the acquisition rate was the highest in the past five years. Currently, the target has been raised to eight days per year, and we will continue to promote the use of annual paid leave.

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

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

Fiscal Year	FY2018	FY2019	FY2020	FY2021	FY2022
Average days	11.0	12.2	11.4	11.5	12.9
Percentage of use	60.4	65.9	61.4	60.3	66.1

17-6 Saved Expired Leave System

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

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

The paid leave accumulation system can be used when participating in volunteer activities such as registering as a donor with the bone marrow bank, assisting at welfare facilities managed by local governments, and activities related to reconstruction assistance following natural disasters. In the fiscal year ended December 2022, two people used the system for a total of three days.

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

In fiscal year ended March 2016, we introduced an outpatient sick leave system with the aim of supporting employees who require long-term outpatient treatment to continue working. The system enables employees with specified disorders to take 12 days off per year for treatment. Nine employees used the system in fiscal year ended December 2022.

Fiscal Year	FY2018	FY2019	FY2020	FY2021	FY2022
Male	1	1	2	3	5
Female	1	2	2	3	4
Total	2	3	4	6	9

17-9 Support for Reinstatement After Long-Term Leave

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

17-10 Management of Working Time

Nissha Group in Japan promote the reduction of overtime work to realize employee health and work-life balance. In addition to improving productivity, the Group companies have been steadily decreasing overtime hours over the years through ongoing activities including employee training aimed at optimizing working hours and sending out individual alert e-mails to employees who are likely to work long hours. As a result, an average of 15 hours of overtime per month were worked during the fiscal year ended December 2022. At the same time, Group companies are working to equalize working hours among departments by reviewing the division of duties.

Diverse work styles that took hold during the COVID-19 pandemic

At the Nissha Group, teleworking has become established as a work style option, triggered by the spread of COVID-19 in 2020 and thereafter. In the fiscal year ended December 2022, although there was a trend toward returning to the office and face-to-face work as the infection situation calmed down, the teleworking rate remained at an average of about 20%. Employees are able to choose the best work style to produce results that suit their lifestyle, such as combining telework and flextime to enable employees who have been working shorter hours to work full time, or combining telework and paid leave taken in half-day or hourly increments to efficiently complete work and personal tasks in one day.

17-11 Internal Job Posting System

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

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

Fiscal Year		FY2018	FY2019	FY2020	FY2021	FY2022
Number of job posting		15	9	No offering	15	31
Successful applicants (transferees)	Male	2	4	-	6	2
	Female	1	1	-	1	0

17-12 Awarding System (Nissha Group)

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

The results of the four main group-wide awards in the fiscal year ended December 2022, namely the CEO's Award, the BU Head's Award, the Synergy Award, and the New Hope Award, are as follows. These award winners include employees at overseas bases. As part of the company's efforts to create synergy, we encourage movement across business units and divisions, so many employees who have contributed to cross-sectional projects have been selected.

Type	Content	Number of winners
CEO's Award (Company-wide)	For employees who have made significant contributions to the consolidated performance	n/a
CEO's Award (Group Companies)	For employees whose sales and operating profit greatly exceed the previous year's level and plan, or who have contributed to the bold and dynamic execution of business strategies	n/a
BU Head's Award	For employees who have made significant contributions to business performance or strategy	21
Synergy Award	For employees who have created synergies across regions and businesses	79
New Hope Award	For domestic employees who act proactively without fear of failure or change as workplace heroes	8

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



17-13 Career Resumption Program

This program supports former employees who resigned due to life events such as childbirth, childcare, or nursing care, or for personal reasons such as job change, by giving them the option to return to work for the Nissha Group.

This enables us to draw on the range of experiences, knowledge and skills that former employees who are already familiar with our corporate culture and business have acquired outside the company, such as at other companies. It allows them to play active roles again as human resources with diverse values and careers. Two former employees who asked to use this program in 2022 rejoined the Nissha Group in 2023.

17-14 Employee Stock Ownership Plan / J-ESOP

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

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

As of the end of December 2022, 27.5% of the employees have joined, and together hold 0.9% of the Company's shares.

■ Subscription Status of Employee Stock Ownership Plan

Year	2018	2019	2020	2021	2022
Number of eligible subscribers	2,413	2,353	2,089	2,081	2,011
Number of subscribers	598	625	543	573	553
Subscription rate	24.8	26.6	26.0	27.5	27.5

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

17-15 Retirement Pay System

As part of our retirement pay system, we have introduced a defined contribution pension plan in addition to a defined benefit pension plan to support our employees' life planning and money planning. Under the defined contribution pension plan, in addition to the Company's contributions, employees can voluntarily add their own contributions, which are then invested by the employees themselves.

18. Safety and Health

18-1 Policy and Principles

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

Occupational Safety and Health Policy

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

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

Occupational Safety and Health Principles

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

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

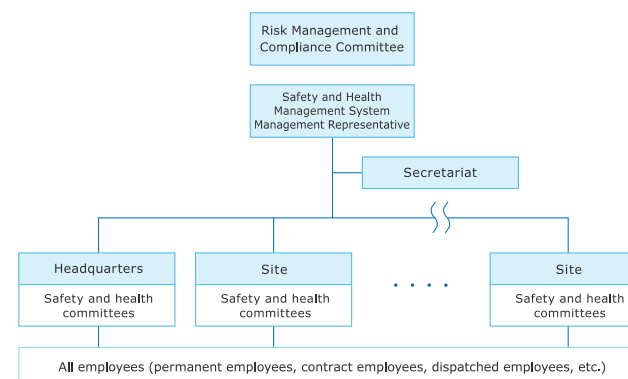
Established on April 1, 2007 / Revised on May 1, 2022

18-2 Safety and Health Management System

Under the Risk Management and Compliance Committee, the Nissha Group in Japan operates its own environmental, health and safety management system based on the ISO14001 environmental management system and the ISO45001 occupational health and safety management system, that includes compliance with relevant laws and regulations as well as items requested by customers, and strives for the continuous improvement of safety and health activities. The Safety and Health Committees established at each base are formed from representatives from the bases, such as the safety manager and the health manager, along with employee representative members selected from the Nissha Crew Alliance (labor union) and workplaces. The Committee is responsible for responding to occupational accidents and implementing corrective measures, as well as bringing about safe and comfortable workplaces.

The Nissha Group in Japan manages the progress of safety and health objectives, conducts safety and health risk assessments at workplaces, takes measures to prevent the recurrence of occupational accidents, monitors the number of accidents and the results of working environment measurements, and conducts internal audits and takes corrective action. The progress of these activities is reported at management review report meetings that all bases participate in. At the end of the fiscal year, a review is held on whether the management system is functioning effectively and to link it to activities for the next fiscal year as part of the PDCA cycle.

Safety and Health Management Structure



18-3 Initiatives for FY2022

The Nissha Group in Japan has set safety and health targets in line with our Occupational Safety and Health Policy and Occupational Safety and Health Principles, and are developing a range of occupational accident prevention activities with the goal of zero occupational accidents over the three-year period (FY2021 to FY2023) linked with the 7th Medium-term Business Plan.

Workplace Risk Reduction - Risk Assessment

We conduct risk assessments to reduce occupational safety and health risks in the workplace in accordance with our internal regulations. Risk assessments are conducted regularly on a workplace basis to continuously identify sources of hazards, conduct risk assessments, and determine and implement risk reduction measures based on the risk assessments. When an injury accident occurs, a risk assessment is conducted for that work, and risk reduction measures are taken. Chemical substance risk assessments are conducted at workplaces that use chemical substances, such as technical development departments and production facilities. In addition to regularly conducting assessments of the risks posed by chemical substances, we also conduct assessments and review the results, as necessary, when introducing production processes, work methods and work environments or new materials or chemicals, when changing chemicals, etc., or when accidents or disasters occur.

Safety Patrols

A team led by the safety manager, health manager and industrial physician conducts safety patrols of workplaces. In addition to checking for potential hazards and unsafe work practices in the workplace, and whether chemical substances are being

managed appropriately, the patrols also try to raise workplace safety awareness by incorporating the perspective of customer requirements.

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

18-4 Occurrence of Occupational Accidents

The following table shows the occurrence of occupational accidents at the Nissha Group in Japan. The number of work-related accidents in the fiscal year ended December 2022 was seven, a record low, and both the frequency and severity improved greatly due to the decrease in accidents resulting in days of leave. When an accidents occurs, we analyze the cause and disclose details of the countermeasures on the Nissha intranet to prevent similar accidents.

Occurrence of Occupational Accidents (Nissha Group in Japan)

Item	FY2020	FY2021	FY2022	Average over the 3 years
Number of occupational accidents	15	15	7	12.3
4 or more days of leave	3	7	0	3.3
Occupational accident frequency* ¹ (%)	0.98	1.48	0.35	0.97
Occupational accident severity* ² (%)	0.01	0.05	0.00	0.02
Fatal accidents	0	0	0	0

* Figures include accidents involving temporary employees.

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

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

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

The numbers of occupational accidents at the Nissha Group major overseas production bases in the fiscal year ended December 2022 are given in the table below.

Region	North America	Central and South America	Europe	Asia
Number	19	2	30	2

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

18-5 Safety and Health Education and Training

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



Risk assessment training

Training Participation

Category	Lesson/Session	Number of attendees in FY2022
General training	New employee training (safety and health)	20
Safety training	Safety training at the time of assignment	26
	Training when installing new equipment	66
	Health training (occupational health and health hazards)	102
	Health training (prevention of heatstroke)	73
	Risk assessment training (safety and health)	414
	Foreman education	3
	Chemicals training (risk assessment of chemicals)	85
	Safety training (chemical substances)	185
	General lifesaving training	49
	AED training	61
	Traffic safety education	1,307

18-6 Safety Slogan

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

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

18-7 External Evaluation

The Nissha Group in Japan received the following awards in the fiscal year ended December 2022.

Award target	Award name	Awarding body
Safe Driving Manager, Nissha Co., Ltd. Kameoka Factory	Excellent Safe Driving Manager	Kyoto Prefecture Traffic Safety Association
Safe Driving Manager, Nitec Precision and Technologies Inc. Kaga Factory	Excellent Safe Driving Manager	Ishikawa Prefecture Association of Safe Driving Managers

19. Health and Productivity Management

19-1 Policy

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. To achieve this, we have formulated a Health and Productivity Management Policy based on the belief that it is important for the realization of our mission that each and every employee to be healthy in mind and body and to be highly motivated in their work, as this will lead to improvements in company performance.

Health and Productivity Management Policy

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

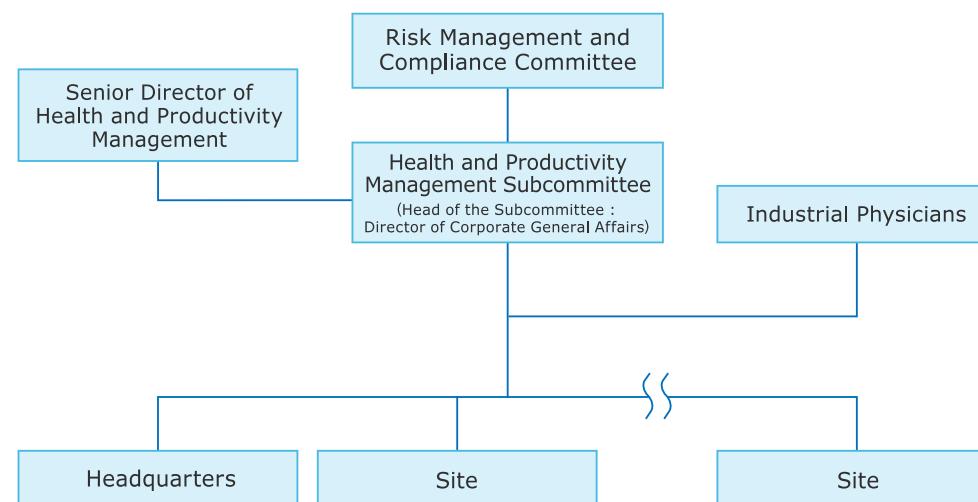
Junya Suzuki
Chairman of the Board, President and CEO
Nissha Co., Ltd.

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

19-2 Structure

We have appointed a director of the Board, Senior Executive Vice President in charge of health and productivity management as part of our health and productivity management promotion structure. Under the leadership of the director, the Health and Productivity Management Subcommittee, which is under the Risk Management and Compliance Committee, drafts and promotes plans for the Group's health measures.

Health and Productivity Management Promotion System



19-3 Acquired "Health and Productivity Management Outstanding Organizations (White 500)" Certification

We have been certified as a White 500 company in the large enterprise category of the Health and Productivity Management Organization Program by the Ministry of Economy, Trade and Industry. This certification recognizes our Health and Productivity Management initiatives, which consider employee health management from a managerial perspective to strategically implement activities that maintain and promote health. In the future, we will continue to promote maintaining and improving mental and physical health through various initiatives to allow each and every employee to fully exercise their abilities.



19-4 Various Measures for Health and Productivity Management "Nissha Wellness"

We have named our health and productivity management-related initiative "Nissha Wellness" and we share this concept with employees at all our group companies, both in Japan and overseas, through our corporate magazines and the Nissha intranet. Nissha Wellness incorporates the belief that "an improved lifestyle quality in terms of health will lead to greater creativity and efficiency at work and a richer life." The Health and Productivity Management Subcommittee, which includes occupational health staff, plays a central role in promoting health management through various measures.

Slogan poster

"Wellness"
A balanced lifestyle
equals creativity and efficiency
NISSHA

Symbol mark



- Physical health
- Mental health
- Teamwork
- Work life balance

Wellness Day and Initiatives

We have set up a monthly Wellness Day throughout the Nissha Group. Wellness Days encourage employees to change their awareness and behavior by promoting quitting smoking, offering nutritionally balanced cafeteria menus, promoting exercise such as walking, and providing information on diet and sleep, etc.

In July 2022, a walking event, participated in by 228 people, was held to mark the first anniversary of Wellness Day. We support the health of our employees in terms of both diet and exercise, which are essential for good health. For example, our cafeteria has started to offer healthy menus from Table For Two(*) once a week.



* Table For Two (TFT) is a global social contribution activities run by the NPO "TABLE FOR TWO International" in Japan. Per a TFT meal, ¥20 is automatically donated to developing countries, which is equivalent to one meal in school lunch. The menu for TFT is a healthy set meal with reduced calories to prevent obesity and lifestyle-related diseases, and this suits our concept of Nissha Wellness.

■ Walking Challenge

In September 2022, we launched "Walking Challenge," in which employees walk around the 600m walking trail on our Global Headquarter premises during their lunch breaks and we publish monthly ranking of laps on the Nissha intranet.

Under the slogan "Have fun, be healthy," an average of 70 people participate each month to make up for their lack of exercise. Some employees have incorporated Walking Challenge into their exercise routine, which has led to significant weight loss among some members.



■ Initiatives to raise awareness of measures to combat passive smoking and quit smoking

We introduced weekly non-smoking days from July 2022, and we will permanently close all smoking areas at our Global Headquarter premises from the fiscal year ending December 2024. In the fiscal year ended December 2022, as part of our effort to get employees to stop smoking we ran a tobacco education program on "nicotine dependence and how to overcome it" and "ways to stop smoking". A total of 270 employees from the Nissha Group in Japan took part in the program. We also provided a distance-learning stop-smoking program as part of our "Wellness Challenge." We also subsidize stop-smoking aids and in the fiscal year ended December 2022, three out of four participants successfully quit smoking. We will continue these efforts in the fiscal year ending December 2023. In addition to the World No Tobacco Day in May, we have also established monthly no-smoking days on which we close all smoking areas at the same time at all our bases in Japan. Going forward, we will continue our efforts to raise awareness of the health of our employees and their families.



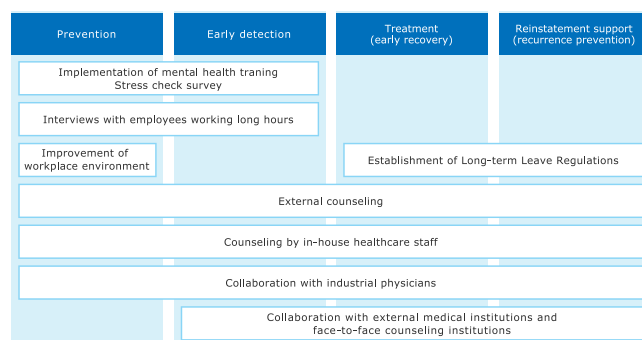
■ Boost the rate of important and detailed medical checkups

We have been working to achieve a cancer screening rate of 60% or higher, and in the fiscal year ended December 2022, we achieved a 71% uptake rate. We are working to improve the rate of employees who undergo more detailed examinations following their health check-ups by disseminating information on cancer awareness, as this links to the early detection and early treatment of cancer.

In 2022, we cultivated employees with a video showing importance of an early detection of cancer, at the health checkup venue. We also enclosed a booklet, "Guide to Cancer Screening" with the results of the health checkups.

■ Workplace stress check analysis and mental health support

We provide department managers with the results of stress check workplace analysis, and teach them the correct way to view and utilize the results to create a comfortable workplace. Members of the Health and Productivity Management Subcommittee attend workplace care interviews and encourage department heads to be aware of and follow up on their concerns from a more managerial perspective.



Mental health support includes regular activities (mental support) provided by a clinical psychologist and individual counseling. We also carry out other mental health education (self-care, line care, etc.).

■ Specific health guidance

Specific health guidance is a program in which professionals provide support by reviewing the lifestyle habits of employees who are at high risk of developing lifestyle diseases and who are likely to benefit greatly by modifying their lifestyle. We provide specific health guidance as a high-risk approach. In the fiscal year ended December 2022, 222 employees throughout the group received guidance, and the first-time interview rate was 97%. The final retention rate was maintained at 95%.

■ Support for balancing work and treatment

In the fiscal year ended December 2020, we revised the Leave of Absence Regulations to introduce rehabilitative work. We will support our employees so as to ensure their health and allow them to balance treatment and work without aggravating their illness.

Refer to 17-9 Support for Reinstatement after Long-term Leave

■ Nissha Group Health Consultation Service

We have set up an external 24-hour health consultation service, so that employees can have easy access to mental health counseling by medical professional. The service can be accessed via phone or the internet even when pressed for time due to work commitments. Privacy is also assured. A certain number of employees use the service each year.

20. Intellectual Property

20-1 Views on Intellectual Property

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

20-2 Initiatives

■ Building an intellectual property portfolio

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

■ Avoiding intellectual property risks

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

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

■ Training

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

We offer a wide range of training for all employees taught by Intellectual Property department staff, from fundamental curriculum such as explanations on how to read patent publications and the process of patent acquisition to on-the-job curriculum such as techniques for surveying patents from other companies and duty related points to consider regarding intellectual property. In the fiscal year ended December 2022, a total of 225 employees attended.

In mandatory training for employees in engineering fields, we invited an outside specialist instructor to teach about ways to find inventions and techniques for searching for development themes, and so on. This training was designed to continuously improve employees' skills and knowledge regarding intellectual property. In the fiscal year ended December 2022, a total of 240 employees attended.



21. Partnership with Our Suppliers

21-1 Basic Policy

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

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

Purchasing Principles

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

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

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

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

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

Yoshitami Aoyama
Senior Vice President, Chief Supply Chain Officer
Nissha Co., Ltd.
Established on April 2, 2009 / Revised on May 1, 2022

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

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

1. Labor and human rights

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

2. Health and safety

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

3. The environment

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

4. Ethics

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

5. Information Security

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

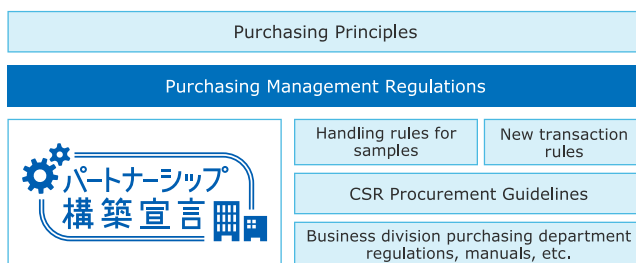
* These guidelines are implemented mainly in our Devices Business.

21-2 Maintaining Purchasing Related Rules

The Nissha Group is currently informing all Group companies of the Purchasing Management Regulations, which were comprehensively revised in 2021, and the Purchasing Guidelines, which were additionally established in 2022. This task is expected to be completed during the fiscal year ending December 2023. The Purchasing Guidelines require strict compliance with all purchasing processes, including not only production materials but also services, the details in contracts and rules for concluding contracts, and laws and regulations, including the Subcontract Act.

In addition, we plan to hold briefing sessions, including comprehension tests, to ensure that these regulations and guidelines are understood and thoroughly applied, and to confirm the status of application through internal audits.

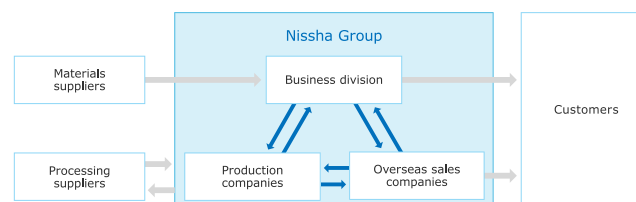
In September 2020, we established and announced our Declaration of Partnership Building as promoted by government agencies such as the Cabinet Office, and are promoting activities designed to build trust relationships with all of our suppliers and enhance mutual enterprise value.



21-3 Nissha Group Supply Chain

We at the Nissha Group collaborate with various suppliers through our business activities, and our supply chain is expanding globally. The global supply chain has been severely affected recently by COVID-19, the invasion of Ukraine by Russia, lockdowns in China, the sharp rise in raw material and fuel prices due to the sharp depreciation of the yen, etc., and shortages and price hikes due to labor shortages. However, thanks to the cooperation of our suppliers, the Nissha Group has been able to continue our sound business activities.

Main Entities of the Nissha Group Supply Chain



21-4 CSR Audit and SAQ

Acceptance of customer-based CSR audits

Nissha Group production bases are subject to customer-based CSR auditing. Among these audits, some items require passing scores as preconditions for mass production orders, some incorporate periodic monitoring, some employ on-site auditing, some use remote auditing, and some have auditing conducted via a web-based question-and-answer platform.

In the fiscal year ended December 2022, audits were conducted for Nissha Precision Technologies Malaysia Sdn. Bhd. (NPM), a production base for the Industrial Materials business, and the Nitec Precision and Technologies (NPT) Himeji Factory and Kaga Factory, which serve the Devices business. Of these, the audit at NPM found several violations, including the way foreign national contract employees' personal information is handled. However, remedial and recurrence prevention measures have been taken and corrective action has been completed. Audits at other locations found that no serious claims existed, including significant human rights violations or environmental law infractions.

CSR audits of suppliers

In addition to undergoing these customer-based audits, we have been particularly promoting CSR auditing targeting important and new suppliers from the fiscal year ended March 2015 onward as part of an effort to maintain a safe and secure supply chain. The total audits to-date are 19 companies with a total of 187 improvement comments (88 related to labor and human rights, 53 to safety and health, 29 to the environment, 12 to ethics, and 5 to management systems). All corrective action has been completed with the cooperation of our suppliers.

In addition to on-site auditing, we also implement annual surveys using our own Self Assessed Questionnaires (SAQ) to gauge the status of supplier CSR activities. Continuing on from the last fiscal year, the Devices business conducted a survey of 40 companies (materials suppliers, assembly contractors, etc.) in Europe and Asia, including China, in addition to Japan. As a result of the survey, no particular points of concern were found.

We will continue to conduct these surveys, and if any concerns are identified in the responses, Nissha employees qualified as internal auditors will visit suppliers and conduct on-site audits in accordance with the procedures. Such surveys are also conducted at major production bases outside of the Devices business, targeting new business partners as well as outside contractors and temporary employment agencies.

In the fiscal year ended December 2022, the ESG Task Force* took the lead in conducting a survey on labor and human rights. The survey targeted suppliers that meet the following two criteria.

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

As a result of the survey, no points of concern were found at any of the 95 targeted suppliers.

In the fiscal year ending December 2023 and beyond, we will continue this survey and conduct on-site audits of suppliers that we deem particularly necessary in order to reduce risk in our transactions.

The CSR auditing and Self Assessed Questionnaires (SAQ) are based in our CSR Procurement Guidelines (21-1).

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

21-5 Development of Procurement Personnel

Since 2008, the Nissha Group in Japan has been continuously providing training to develop procurement personnel (basic procurement education, training for technical and development departments, procurement training by external instructors, etc.). To date, a total of more than 1,000 people have taken this training.

In the fiscal year ended December 2022, 142 employees attended training by external instructors on the revised operating standards for the Subcontract Act designed for the procurement and sourcing division and technical and development departments involved in sourcing. In addition, we integrated training for employees new to purchasing-related tasks designed for the procurement and sourcing division and basic education training for technical and development departments, and updated the basic procurement education. We also established and created a system to regularly provide theme-based education that goes into themes such as the Subcontract Act, in greater depth. Basic procurement education is designed to provide employees newly involved in procurement with the procurement knowledge they need to do their jobs and it aims to embed basic procurement knowledge such as company procurement rules, including basic knowledge for laws and contracts related to procurement and Basic Principles for Purchasing.

As a new initiative, we are also providing training to Nissha Group companies overseas. In the fiscal year ended December 2022, we offered basic procurement education to three Group companies in China, and 11 employees attended. We plan to continue to expand training to other Group companies.

In future, we plan to expand the scope of this education to include mid-level employees and managerial staff as theme-based education, as a way to provide systematic procurement education.

22. Along with Local Communities

22-1 Policy

The Nissha Group contribute to the resolution of social issues through our business activities toward the realization of our Mission, and engage in social contribution activities in areas designated as main fields to support in our Social Contribution Policy.

Social Contribution Policy

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

Main fields of our support:

- Environment
- Arts and Culture
- Medical and wellness

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

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

22-2 Initiatives

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

As a company with its headquarters in Kyoto, Nissha Co., Ltd., engaged in the following activities in the fiscal year ended December 2022.

Environment / support for future generation

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

Employees visited two elementary schools in Kyoto City to carry out environmental workshops. In addition to thinking about global warming and plastic waste issues with students, we introduced our environmental efforts and our sustainable material products to make it an opportunity to learn how companies are tackling social issues.

Workshop at: Kyoto Municipal Utano Elementary School on September 22, 2022
Kyoto Municipal Taishogun Elementary School on September 30, 2022



Support for future generation

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

In addition to exhibiting a corporate booth at the Kyoto Monodzukuri Hall of Fame, Kyoto City Inquiry Learning Center for Career Education (Kamigyo-ku, Kyoto), organized by the Kyoto City Board of Education, we also provided educational materials for 1,100 Kobo Gakushu participants, a hands-on manufacturing learning program for elementary school students held at the Learning Center.

Promotion and support of arts and culture

- Donation of relocation and maintenance fund to Kyoto City University of Arts

In collaboration with the Nissha Foundation, we donated a total of 7 million yen to the university's relocation and maintenance fund.
- Sponsorship of arts and crafts exhibitions

We sponsor exhibitions and art displays in Japan.

Johannes Vermeer and the Dutch Masters of the Golden Age from the collection of the Gemäldegalerie Alte Meister, Staatliche Kunstsammlungen Dresden (TOKYO METROPOLITAN ART MUSEUM)

Hello! Super Collection - 99 Untold Stories- (Nakanoshima Museum of Art, Osaka)

Inaugural Special Exhibition Amedeo Modigliani (Nakanoshima Museum of Art, Osaka)

Okamoto Taro: A Retrospective (Nakanoshima Museum of Art, Osaka)

Special Exhibition Chanoyu: Tea in the Cultural Life of Kyoto (Kyoto National Museum)

KYOTO GRAPHIE international photography festival 2022 (The Museum of Kyoto and other venues in Kyoto City)
- Participation as a museum partner

Kyoto National Museum (Higashiyama-ku, Kyoto)

Humanitarian Assistance

- Support for Ukraine

In June 2022, in response to the humanitarian crisis in Ukraine, we launched a joint fundraising program with SERMIG*, a European non-profit organization that provides humanitarian assistance. We donated approximately 16 million yen to the organization, which includes donations contributed by our Group companies around the world and Nissha's contribution.

* Non-profit organization based in Italy with more than 50 years of experience in providing humanitarian assistance around the world, that is engaged in support activities in response to the humanitarian crisis in Ukraine.

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

In February 2023, we donated 3 million yen through Japan Platform*, a non-profit organization, to support the victims of the 2023 Turkey-Syria Earthquake and to help with reconstruction in the affected areas.

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

22-3 Membership in Community Organizations (Nissha)

Nissha participate in various activities in the region.

Organization / host	Position / membership status	Company registered
Kyoto Chamber of Commerce and Industry	Permanent member	Nissha
Kyoto Employers' Association	Councilor	Nissha
Kyoto Association of Corporate Executives	Special secretary	Nissha
Kyoto Industrial Association	Director	Nissha
Kyoto Institute of Technology	Joint management council member	Nissha
Kyoto University Graduate School of Business Administration	Member of External Evaluation Committee	Nissha
Ritsumeikan University Business School	Education Curriculum Council Member	Nissha
NISSHA FOUNDATION	Representative Director	Nissha

23. Quality Management

Realizing our sustainability vision requires us to provide more products and services for the medical and mobility markets, where the quality of products and services is likely to have a significant impact on human life and health. To achieve this, it is essential that we develop human resources with the mindset, knowledge, and skills to adapt to systems used globally based on the target market.

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

Strategy Items	KPIs and Action Items (FY2023)
<ul style="list-style-type: none"> • Maintain and expand quality management system in accordance with our business strategy • Improvement of quality assurance levels by incorporating quality-oriented designing • Fostering and improving the quality mindset 	Number of serious quality incidents: 0

23-1 Policy / Nissha Quality Way

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

The Chief Quality and Production Officer (CQPO) uses an array of opportunities to spread and percolate our Quality Policy and the Nissha Quality Way, including training at foreign bases, training targeting new employees and promoted employees, and inclusion in internal company publications (published in Japanese, English, and Chinese).

Quality Policy

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

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

Nissha Quality Way

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

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

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

23-2 Quality Slogan

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

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

“Quality”
Quality by Everyone, Everyday,
with Passion

23-3 Quality Management System (QMS)

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

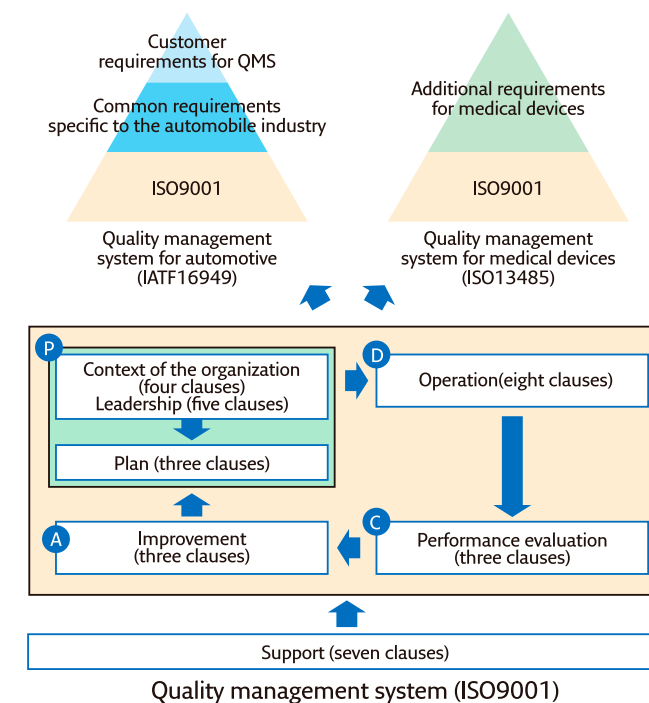
In addition to creating, implementing, and continually improving quality control systems based in the international ISO9001 (2015 version), we are steadily constructing quality assurance systems individually aligned with medical, mobility, and sustainable materials designated as the priority markets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

In businesses oriented towards the medical market, we have acquired a first-class marketing license for medical devices, an operating permit required to manufacture and sell medical devices within Japan. Affiliated companies Nissha FIS, Inc. and Nitec Precision and Technologies, Inc. as well have both acquired operating permits to manufacture medical devices. Moreover, 12 Nissha Group bases have obtained ISO13485, the international standard for quality management systems in the medical devices industry (as of June 2023).

In businesses targeting the mobility market, eight Nissha Group factories and support sites, including Nitec Precision and Technologies, Inc. Himeji Factory (including the Kyoto site), which manufactures touch sensor modules, have obtained IATF16949 certification for quality management systems in the automotive industry (as of June 2023).

These quality management systems include quality performance

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



23-4 Quality Creation at the Design Stage

The Nissha Group has constantly evolved our quality assurance competency.

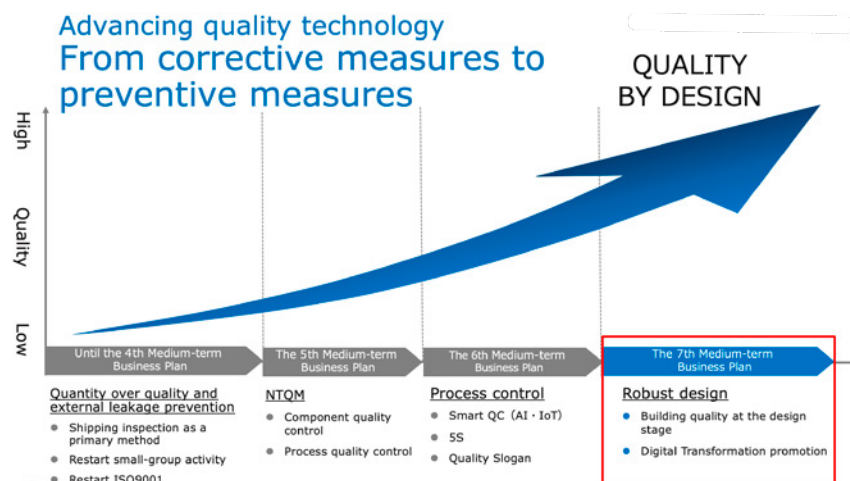
Usually, 80% of the quality and cost are determined by the design stage, and improvement after advancement into the quantity production stage is believed to have a limited effect. In the current 7th Medium-term Business Plan (FY2021.12 – FY2023.12), the target is expanded from quality improvement at production sites to quality creation at the design stage.

Furthermore, because changes in the 4Ms* after advancing to quantity production generates changes in quality stability, the following is required at the stage of advancing to quantity production (at design completion).

1. Product design and material design: Ensuring product specification satisfaction and product safety
2. Production process design: Realization of high productivity and stable quality

"QUALITY BY DESIGN" in the Nissha Quality Way clearly calls for creating quality that values product safety and feasibility at the design stage, and promotes the completion of necessary designing and verification before advancing to quantity production.

*4M: materials (capacity required for business), machinery (facilities, equipment, production environment, measuring instruments, etc.), and methods (production methods, production control methods, examination methods / standards, etc.)



23-5 Overall Optimization and Continuous Improvement

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

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

Training

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

Practical education

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

Information sharing

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

23-6 Quality and Safety of Products

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

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

In the fiscal year ended December 2022, there were no serious quality incidents or violations (no fines), as defined in the Regulations for Responding to Serious Quality Incidents. We will continue striving to maintain the number of serious quality incidents and violations at zero.

24. Efficiency and Productivity Improvement

The Nissha Group includes the efficiency and productivity improvement as a materiality. We are advancing our Digital Transformation under the philosophy that, in addition to improving company efficiency and productivity, digital technology also links to improving added value provided to the customers and resolving societal issues.

Strategy Items	KPIs and Action Items (FY2023)
Improve efficiency and productivity by digitalization of value creation processes	<ul style="list-style-type: none"> Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / year Conduct training to improve AI/Digital Transformation education and IT literacy: 20 subjects / year

We are promoting Digital Transformation in a phased approach in the following three steps, and engaging in improving an environment and cultivating a human resource base to support that transformation.

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

Furthermore, we are engaged in human resources development to adapt to the changing business environment, development of IT technologies such as IoT and AI and utilize them in activities of quality control, production, and sales. Also, we promote automation, labor-saving, and efficiency improvement of operations in routine tasks.

24-1 Initiatives Through FY2022

In addition to the digitization of production such as the "Smart project" that aims to make IoT and AI an integral part of production bases, improve quality and productivity through the use of IT, and automate production processes to save labor, the Nissha Group is also working on improving efficiency, sharing information, and visualizing data by systemizing internal business processes as the digitization of indirect operations.

In the fiscal year ended December 2022, the following results were achieved in the digitization of indirect operations.

- We built our own in-house automatic yield rate projection and quotation system in specific business units. As a result, the quality of our designs has improved and we have successfully streamlined business processes internally, thereby speeding up our response to requests for quotations from customers.
- One of our production subsidiaries that handles a wide variety of products in small quantities built an AI-based production planning optimization system. In the past, production plans were created by the person in charge based on past experience and intuition, but by systematizing experience and intuition, the subsidiary has been able to create a system in which the optimal production plan is automatically allocated from the system.

In the fiscal year ended December 2022, we continued to provide an in-house training program.

This program provides education that leads to a variety of practical applications, such as teaching Python, a programming language, starting with the basics of coding, statistical analysis, and machine learning, and includes a simple competition for prediction accuracy as part of its practical training.

In addition to the existing in-house training, we have also introduced an online education platform to provide training on advanced technologies.

Additionally, as a method of productivity improvement in desk work arenas for the various different business areas, we introduced features including RPA (Robotic Process Automation), an electronic approval system, and AI-powered chatbot functionality. We also expanded effects by automating and streamlining work through enlarging the scope of system application by interweaving multiple systems so as to transcend the discrete effects gained by using each individual system alone. In the fiscal year ended December 2022, de-

ployment both in and outside Japan advanced, and from full scale implementation in 2019 to the end of 2022, an approximate 116,000 hours of work time per year was streamlined and automatized.

24-2 Initiatives for FY2023 and Beyond

From the fiscal year ending December 2023 onward, we will continue to engage in the systematization of the entire company, including indirect work, with the aim of improving the quality and quantity of output from the customer's perspective, and we will promote the creation of a system to improve productivity.

We will make full use of data accumulated through digitization, and establish a system for visualization and analysis to improve productivity and product quality.

- In terms of the digitization of indirect work, we will shorten the lead time for calculating performance forecasts through the systematization of planning-related work, which will be achieved by simulating optimal planned values, and we will promote the creation of a system capable of maximizing sales and profits.
- In terms of data utilization, we will identify problems in our work processes by analyzing work processing times and other data using accumulated log data, and we will work to streamline and equalize operations.

In addition, with the above in mind, we will continue to expand both in Japan and overseas, for both relevant work tasks and utilizing divisions, workflow automatization and streamlining that employs productivity improvement tools focusing on RPA as a way of improving efficiency and productivity throughout all companies. Furthermore, we will continue to engage in the digitalization and streamlining of workflow for each function, including marketing, sales business, research and development, and logistics.

In terms of training, we will continue to train data engineers and data scientists, and start to offer training on business process management, aiming to foster "business translators" who will drive business transformation by connecting business issues with digital technology. As a means of providing training, we will extend the use of our online education platform to all those who wish to use it, provide quality educational opportunities tailored to each individual, and promote the development of human resources through practical education such as the DX Project.

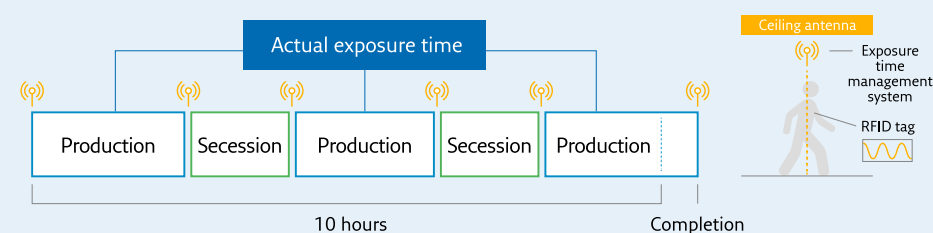
As a new initiative, we have concluded a comprehensive collaboration agreement for industry-academia cooperation and DX human resource development with Shiga University, and will work to solve issues related to data science and to create value through digital technology.

Productivity Improvement Efforts at Nitec Industries, Inc. Koka Factory

Nitec Industries, Inc. (NII) Koka Factory is the main factory in Japan responsible for the production of decorative films for the Industrial Materials business. In 2022, the factory systemized the management of exposure time to organic solvents with the aim of improving productivity. This was developed as a factory-specific initiative tied to one of Nissha's materiality, "efficiency and productivity improvement".

Issue	Organic solvents are used in the production of decorative films. To ensure the safety and health of workers, working hours are stipulated by law, and the Nissha Group is also committed to the thorough management of working hours. However, the conventional management method used is working hours = exposure time ^{*1} , which means that time away from the workplace is also deemed to be exposure time and this results in the number of hours that can be worked being shorter than the actual working hours, and causes workers to take breaks their work during the day, which hinders productivity.
Counter-measures	In order to accurately grasp actual exposure time, NII's IT department developed an exposure time management system that controls each worker's access to the workplace and counts exposure time. This enables us to accurately manage each worker's exposure time, which has resulted in increased productivity at the factory due to reducing breaks while maintaining appropriate workable hours. In addition, the system can track employees' work hours, thereby helping to create a safer and more comfortable workplace.

*1. Cumulative exposure time to a certain environment



25. Corporate Governance

25-1 Basic Approach to Corporate Governance

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

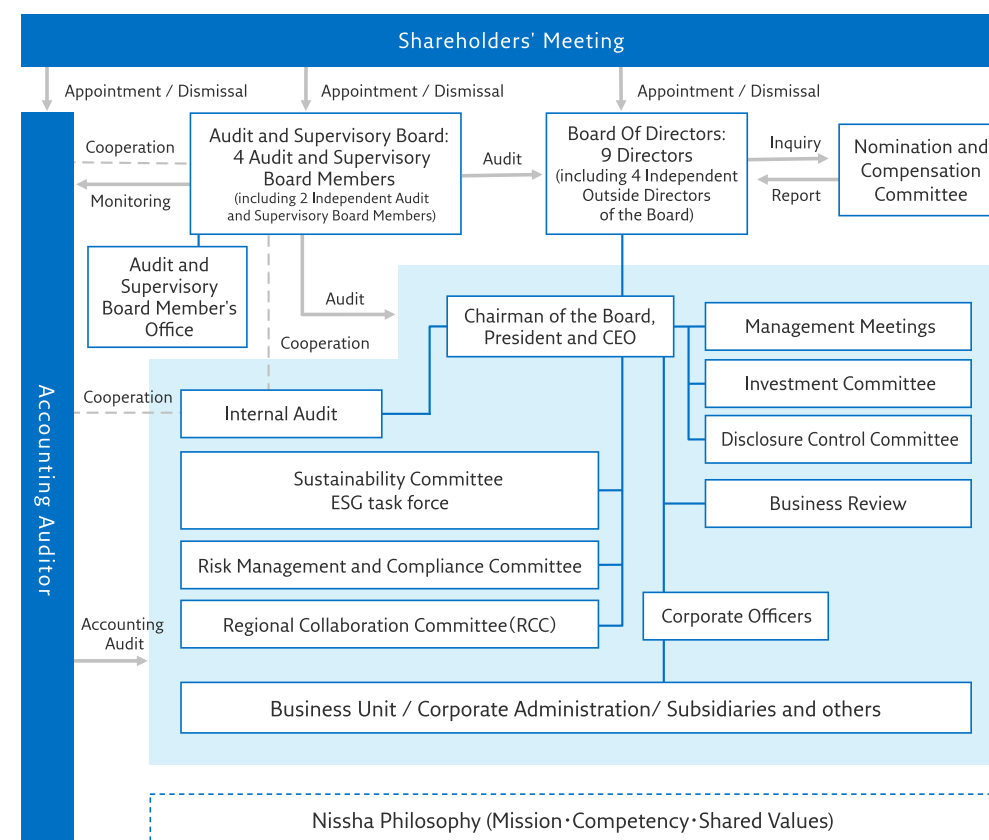
Based on this recognition, the Company places corporate governance as one of the key management issues, strives to maintain and improve it, and seek out sustainable corporate growth and an increase in corporate value over the medium- to long-term. In an effort to clarify the Nissha Group's basic approach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

* For further information, please follow the link below.

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

25-2 Overview of Corporate Governance

We have established a corporate governance structure as shown in the figure below (as of January 1, 2023).



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

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

Management Meeting

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

Investment Committee

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

Business Review

Monthly and quarterly meetings to review 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.

We also have in place the following organizations in order to en-

hance the management monitoring function, ensure that business execution complies with laws and regulations as well as our Articles of Incorporation, and to manage risks.

Sustainability Committee

Chaired by the president and CEO and vice-chaired by the Director of the Board, Executive Vice President, Director of ESG Promotion. Based on the Sustainability Vision, the Sustainability Committee is comprised of and works in collaboration with the ESG Task Force, business organizations, and departments related to the Group's various themes of creating business opportunities, risk reduction, strengthening management foundations and corporate governance. The ESG task force tackles themes it considers particularly important from the aspects of the environment, society, and corporate governance, and plays a role in accelerating activities in each of these at Nissha.

Risk Management and Compliance Committee

This committee is chaired by the Director of the Board, Senior Executive Vice President, Legal Affairs, with the Senior Vice President, Chief Supply Chain Officer as deputy chair. The Risk Management and Compliance Committee comprehensively grasps risks that could hamper the Nissha Group's business, assesses them, selects and revises key risks, monitors them, and avoids or mitigates these risks.

Disclosure Control Committee

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

Internal Audit Office

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

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

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

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

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

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

* For further information, please follow the link below.

[About > Corporate Governance](#)

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

■ Skills and Diversity Required of Directors of the Board

The Company considers the optimal and balanced distribution of experience, knowledge, and skills among the Board of Directors in those fields that are necessary based on our management strategy to be key for the Board to make important management decisions and exercise high levels of effectiveness in supervising the execution of the Company's business. In addition, those fields will change as the business environment changes.

Where we want to be by 2030 is currently presented in the form of our Sustainability Vision (long-term vision for 2030). In addition, we have established a medium-term strategy reflecting backwards the Sustainability Vision for 2030, and formulated strategies to take us there in the form of medium-term business plans of three years. For us to achieve them, we consider the experience, knowledge, and skills in the following fields of particular importance for the Company's Board of Directors.

Our views on the required fields and the skills matrix are as follows.

Our views on the required fields

Internationalism	We are a company with a global reach, and our Directors of the Board must have experience of management and business overseas, an awareness of the global business environment, and expertise in them.
Corporate management, Management strategy / Business development, Business strategies, M&A / Sales, Marketing / Production, Quality, Technology, Research and development	To effectively debate growth strategies at the Board of Directors meetings, it is necessary to have practical experience and knowledge of the fields to the left.
Experience and knowledge in priority markets	To effectively debate growth strategies at the Board of Directors meetings, it is necessary to have practical experience and knowledge of priority markets (Medical Devices, Mobility, Sustainable Materials, IT Devices) stipulated in the 7th Medium-term Business Plan.
Finance / HR strategies / Legal, Risk management	The Board of Directors must have members with practical experience and knowledge in each of the fields to the left that form the basis for all judgments, in order to make important management decisions and exercise high levels of effectiveness in supervising the execution of the Company's business.

Skills Matrix

	Term	Generation	Gender	Independence *Outside Directors	Careers at other companies *Inside Directors	Areas of particular specialty								
						Internationality	Corporate management, Management strategy	Business development, Business strategies, M&A	Sales, Marketing	Production, Quality, Technology, Research and development	Experience and knowledge in priority markets	Finance	HR strategies	Legal, Risk management
Junya Suzuki	23 years and 9 months	50s	Male	—	○	○	○	○	○		○	○		
Daisuke Inoue	5 years	50s	Male	—	○	○	○	○			○	○	○	○
Wataru Watanabe	5 years	50s	Male	—		○	○	○	○		○	○		
Yutaka Nishimoto	2 years	50s	Male	—		○	○			○				
Hisashi Iso	2 years	50s	Male	—		○		○	○		○			
Kazuhito Osugi	6 years and 9 months	60s	Male	○	—	○						○		○
Asli M. Colpan	4 years	40s	Female	○	—	○	○	○						
Kazumichi Matsuki	4 years	70s	Male	○	—	○	○	○						○
Juichi Takeuchi	1 year	60s	Male	○	—	○	○	○	○		○			

*Term and generation are at the conclusion of the general meeting of shareholders in March 2023.

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

As of March 23, 2023, four of the Company's nine Directors of the Board are Independent Outside Directors and one is a female foreign national. In addition, all four Independent Outside Directors of the Board have been designated as independent directors, based on the judgment that they meet the criteria for independence stipulated by the stock exchange and that there are no conflict of interest risks between them and general shareholders.

■ Role of the Board of Directors

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

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

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. In addition, in order to ensure full discussion, key agenda items such as the medium-term business plan and corporate acquisitions above a certain size are discussed as reporting items before being put on the agenda for resolution. On the other hand, it aims to operate at a suitably balanced pace by allocating time for explanation and deliberation based on the importance of each agenda item.

Also, in order to further improve the monitoring function of the Board of Directors, the status of corporate acquisitions above a certain size and the establishment of subsidiaries and joint ventures are regularly reported to and confirmed by the Board of Directors.

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

■ Evaluation of Effectiveness of the Board of Directors

Since April 2016, our Board of Directors has been working on continuous improvements to enhance the effectiveness of corporate governance by conducting an annual analysis and evaluation of the composition and operation of the Board of Directors in the previous year.

For the Board of Directors meetings held in the fiscal year ended December 2022, we conducted a questionnaire on the evaluation of the effectiveness of the Board of Directors and third-party interviews in December 2022, and the Board of Directors analyzed and evaluated the results at its meeting in February 2023. An outline of the results was disclosed in the Corporate Governance Report submitted to the Tokyo Stock Exchange at the end of March 2023.

Reasons for Appointment and Board of Directors Meeting Attendances in FY ended December 2022

Name	Reason for appointment	Attendance at meetings of the Board of Directors
Junya Suzuki	Mr. Junya Suzuki has duly performed his duties as Chairman of the Board, President and CEO, such as decision-making on important managerial issues and the supervision of the execution of operations. He has also committed to management from medium- to long-term perspectives and has shown strong leadership and decisiveness toward the realization of the Nissha Group's Mission since he assumed office as Chairman of the Board, President and CEO in 2007. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Daisuke Inoue	Mr. Daisuke Inoue has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. In addition, he assumes responsibility for business management as Senior Executive Vice President and General Manager of Devices Business Unit, working to establish and implement marketing-based strategies for winning new orders while showing strong leadership from the perspective of the Nissha Group as a whole as an executive responsible for General Affairs and Legal Affairs. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Wataru Watanabe	Mr. Wataru Watanabe has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. As well as promoting medium-term business plans and verifying their effectiveness as Executive Vice President, Chief Strategy Officer, Director of Corporate Strategy Planning and Director of ESG Promotion, he shows strong leadership in accelerating the reorganization of the business portfolio of the Company and expanding business performance by creating new businesses as Senior Director of New Business Development Office. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Yutaka Nishimoto	Mr. Yutaka Nishimoto has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He assumes responsibility as Executive Vice President, Chief Quality and Production Officer and is showing strong leadership in the establishment of a comprehensive quality assurance system and in the design and implementation of the optimum deployment of production capacity in accordance with our business strategy from the perspective of the Nissha Group as a whole. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Hisashi Iso	Mr. Hisashi Iso has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He assumes responsibility for business management in the global consolidation of the Industrial Materials Business Unit as Executive Vice President and General Manager of Industrial Materials Business Unit and is showing strong leadership in establishing and implementing marketing-based strategies for winning new orders. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)

Name	Reason for appointment	Attendance at meetings of the Board of Directors
Kazuhito Osugi	Mr. Kazuhito Osugi has given valuable advice and opinions across the whole range of the Company's management, making the most of the deep insight in the field of finance he has cultivated in the Bank of Japan over the years and broad experience fostered by participating in corporate management as an Independent Outside Director of the Board for the Company or other companies. Mr. Kazuhito Osugi has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (17/17 meetings)
Asli M. Colpan	Ms. Asli M. Colpan has given valuable advice and opinions across the whole range of the Company's management, making the most of her global perspective and excellent expertise practiced in her research on management strategies and corporate governance and broad experience and insight cultivated by participating in corporate management as an Independent Outside Director of the Board for the Company, an outside director for another company and an independent auditor for another company. Ms. Asli M. Colpan has duly performed her duties, such as the supervision of the execution of operations. We appointed her as an Independent Outside Director of the Board because we expect that she will continue to give her valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (17/17 meetings)
Kazumichi Matsuki	Mr. Kazumichi Matsuki has given valuable advice and opinions across the whole range of the Company's management, making the most of his experience in proactive and broad business development and deep insight concerning its governance as he assumed important posts regarding legal affairs and compliance at a company globally developing business while participating in corporate management at manufacturers. Mr. Kazumichi Matsuki has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (17/17 meetings)
Juichi Takeuchi	Mr. Juichi Takeuchi has given valuable advice and opinions across the whole range of the Company's management, making the most of his broad experience and extensive knowledge in the medical devices market, a priority market of the Company, as he has been engaged in management strategies, alliances, sales and marketing in a medical devices company, where he led its global strategies and assumed responsibility for its overseas subsidiaries over the years. Mr. Juichi Takeuchi has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (13/13 meetings) *After he assumed office as Director of the Board of the Company

Major Items Discussed in the Board of Directors meeting in FY ended December 2022

Theme	Agenda
Management strategy	<ul style="list-style-type: none"> Interim review of the 7th Medium-term Business Plan and formulation of a rolling plan for 2023
Corporate measures	<ul style="list-style-type: none"> Personnel matters concerning Directors of the Board and Audit and Supervisory Board Members/Corporate Officers Compensation of Directors of the Board Consideration of shareholder return measures Financing (including issuing bonds, borrowing, etc.) Verification of the reasonableness of cross-shareholdings Activity reports of Sustainability Committee, ESG Task Force
Investment projects and monitoring	<ul style="list-style-type: none"> Preliminary deliberations on M&As PMI of major overseas subsidiaries, management briefings by CEO
Others	<ul style="list-style-type: none"> General meeting of shareholders Evaluation of the effectiveness of the Board of Directors IR and SR reporting Presentations by corporate officers (business reports)

25-4 Nomination and Compensation Committee

■ Purpose

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

■ Role

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

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

■ Membership (as of March 23, 2023)

- (1) Four independent members:
 - Kazuhito Osugi (Independent Outside Director of the Board and Committee Chair)
 - Asli M. Colpan (Independent Outside Director of the Board)
 - Kazumichi Matsuki (Independent Outside Director of the Board)
 - Juichi Takeuchi (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)

■ Nomination and Compensation Committee meetings held and attendance in FY ended December 2022

During the fiscal year ended December 2022, there were five meetings of the Committee, and the attendance status of each member is described below.

Name	Attendance	
Kazuhito Osugi	100%	5/5meetings
Asli M. Colpan	80%	4/5meetings
Kazumichi Matsuki	100%	5/5meetings

Name	Attendance	
Juichi Takeuchi	100%	5/5meetings
Junya Suzuki	100%	5/5meetings
Wataru Watanabe	100%	5/5meetings

■ Major Items Discussed by the Nomination and Compensation Committee in FY ended December 2022

- The desirable relationship between in-house Directors and Independent Outside Directors
- Composition and candidates for Directors of the Board and Audit and Supervisory Board Members
- Compensation of Directors of the Board (confirmation of the level of compensation, etc. of the Company's Directors of the Board using the results of an external questionnaire, amount of compensation)

25-5 Audit and Supervisory Board Members and the Audit and Supervisory Board

■ Policy and Procedure for Electing Auditors

Our Audit and Supervisory Board comprises an appropriate number of four or fewer members.

Inside Audit and Supervisory Board Members are elected for the wealth of experience required in auditing. Independent Audit and Supervisory Board Members are elected from 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 Compensation Committee, and with prior approval of the Audit and Supervisory Board, based on the policy above, the Board of Directors makes decisions on proposals for the appointment of Audit and Supervisory Board Members to be 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.

Full-time Audit and Supervisory Board Members regularly hold the Group board of auditors' meetings with the Audit and Supervisory Board Members of the Nissha Group companies in Japan, at which they share information and exchange opinions, as well as work to strengthen and enhance auditing in the Group companies, such as by jointly conducting visiting audits.

Reasons for Appointment and Board of Directors/Audit and Supervisory Board Meeting Attendances in FY ended December 2022

Name	Reason for appointment	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Board
Tetsuya Taniguchi	Mr. Tetsuya Taniguchi engaged in operations of corporate communications, investor relations and corporate social responsibility, after having been in charge of operations in the general affairs, and strived for transparency and clarity in disclose for shareholders and investors. Also, he has extensive knowledge of the Nissha Group's business as a whole. In light of such broad experience and deep insight, we appointed him as an Audit and Supervisory Board Member since we believe that he is an appropriate talented person who will audit business execution of the Company.	100% (17/17 meetings)	100% (13/13 meetings)
Kenji Imai	Mr. Kenji Imai is well-versed in the Group's businesses and has broad experience and deep insight cultivated through his long career of engaging in sales and business strategies in the Industrial Materials and Devices businesses of the Company by leading the formulation and implementation of performance and investment plans. In light of such experience and insight, we appointed him as an Audit and Supervisory Board Member since we judge that he can appropriately execute his duties as an Audit and Supervisory Board Member.	100% (13/13 meetings) *After he assumed office as Audit and Supervisory Board of the Company	100% (10/10 meetings) *After he assumed office as Audit and Supervisory Board of the Company
Shigeaki Momo-o	Mr. Shigeaki Momo-o is not only well acquainted with corporate legal affairs as a lawyer but also has broad experience in global business and acquisition of overseas corporations as a pioneering international attorney in Japan as well as deep insight in the medical devices market, one of the focus markets of the Company. He has been auditing the Company from his professional perspective. He has also participated in corporate management as an Independent Audit and Supervisory Board Member of the Company and of other companies. We appointed him as an Audit and Supervisory Board Member since we believe that he will continue to reflect his experience and deep insight in the audit of the Company from an independent point of view.	100% (17/17 meetings)	100% (13/13 meetings)

Yusuke Nakano	Mr. Yusuke Nakano has deep knowledge of finance, accounting and management administration as a certified public accountant and profound wisdom in governing corporate management, and has been auditing the Company from his professional perspective. He also participates in corporate management as an independent outside director of the board of another company, an Independent Audit and Supervisory Board Member of the Company and an independent audit and supervisory board member of other companies. We appointed him as an Audit and Supervisory Board Member since we believe that he will continue to reflect his experience and deep insight in the audit of the Company from an independent point of view.	100% (17/17 meetings)	100% (13/13 meetings)
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25-6 Compensation of Directors of the Board and Audit and Supervisory Board Members

Basic Policy on Compensation of Directors of the Board and Audit and Supervisory Board Members

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

■ Policy for determining the details of individual compensation for Directors of the Board (hereinafter, the “determination policy”)

Method of determining the determination policy

The Company resolved the determination policy at the meeting of the Board of Directors held on February 19, 2021. The Company consulted the Nomination and Compensation Committee in advance regarding the details of the resolution made at the meeting of the Board of Directors and received its report.

Outline of the details of the determination policy

The Company’s compensation plan for Directors of the Board was designed to lead to the sustainable growth of the Nissha Group and the improvement of corporate value over the medium to long term and to ensure that their respective duties are duly performed.

The basic policy on compensation for Directors of the Board who are responsible for business execution is to promote the sharing of value with shareholders and contribute to the improvement of corporate performance and corporate value. The compensation consists of a base salary (monetary compensation), which is fixed compensation, bonus (monetary compensation), which is short-term performance-linked compensation, and stock compensation, etc., which is medium- to long-term performance-linked compensation. The base salary (monetary compensation) is fixed monthly compensation and determined based on the importance of duties each Director of the Board is responsible for and their positions. The bonus (monetary compensation), which is short-term performance-linked compensation, is based on periodic profit or loss, such as consolidated net sales and consolidated operating profit, as indicators to function as an incentive to achieve performance targets for each fiscal year and to encourage appropriate management. The Company determines the amount of the bonus by evaluating the level of achievement of the performance targets and pays it at a fixed time each year. Stock compensation, etc., which is medium- to long-term performance-linked compensation (non-monetary compensation, etc.), was designed to function as an incentive to promote a sense of contribution to the sustainable growth of the Nissha Group and the improvement of corporate value over the medium to long term. Specifically, a Board Benefit Trust (BBT) is used. Under this system, the Company awards points to Directors of the Board, etc. according to their titles and the attainment levels of consolidated performance targets as well as medium-term performance targets for each fiscal year during a three-year period covered by the medi-

um-term business plan. On a fixed date in every final fiscal year of the medium-term business plan, the Company grants or pays shares in the Company and cash equivalents of such shares at their market value (hereinafter together, “Company Shares”) through the trust according to the number of points awarded. As for indicators for awarding points, consolidated net sales and operating profit are used for the consolidated performance targets for each fiscal year, while the level of achievement of ROE, one of our key business management indicators set forth in a medium-term business plan, is used for the medium-term performance target.

The ratios of compensation by type are determined based on the compensation level of companies of a similar scale to the Company and those in related industries and general trends.

Compensation for Independent Outside Directors of the Board does not include performance-linked compensation as they supervise management from a standpoint independent from business execution. It consists solely of a basic salary, which is fixed compensation, and is determined by considering the career and responsibilities of the relevant Independent Outside Director of the Board.

The Company has established a Nomination and Compensation Committee as an advisory panel for the Board of Directors of the Company. The Nomination and Compensation Committee is chaired by an Independent Outside Director of the Board and the majority of its members are Independent Outside Directors of the Board. The Chairman of the Board, President and CEO prepares proposed compensation amounts for Directors of the Board in accordance with predetermined calculation methods within the range of compensation limits determined at general meetings of shareholders. Upon consultation by the Board of Directors, the Nomination and Compensation Committee deliberates the details of the proposed compensation amounts and submits a report to the Board of Directors. The Board of Directors then determines the compensation amounts based on the report.

Reasons for the Board of Directors’ determination that the details of compensation for Directors of the Board for the fiscal year ended December 2022 are in line with the determination policy

The Nomination and Compensation Committee deliberated on the individual compensation for Directors of the Board for the fiscal year ended December 2022 from various viewpoints and confirmed that the details of compensation for Directors of the Board and the determination process are in line with the determination policy. With respect for the report from the Nomination and Compensation Committee, the Board of Directors determined that the details of compensation are in line with the determination policy.

■ Matters regarding compensation for Audit and Supervisory Board Members

Compensation for Audit and Supervisory Board Members is determined through discussions among Audit and Supervisory Board Members within the range of compensation limit determined at a general meeting of shareholders. It consists solely of a fixed basic salary as Audit and Supervisory Board Members are responsible for auditing the entire Nissha Group from an independent standpoint.

■ Results of FY ended December 2022

Title	Total compensation (Million yen)	Compensation by category (Million yen)			Number of members
		Fixed compensation	Performance-related compensation		
		Base salary	Bonuses	Stock compensation, etc. (Non-monetary compensation, etc.)	
Directors of the Board (Excluding Independent Outside Directors of the Board)	318	171	89	57	5
Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	32	32	—	—	3
Independent Outside Directors and Independent Audit and Supervisory Board Members	54	54	—	—	7

*1. The above figures include compensation for one Director of the Board and one Audit and Supervisory Board Member, who retired at the close of the Ordinary General Meeting of Shareholders for the 103rd Business Term, held on March 23, 2022.

*2. The performance-linked stock compensation, etc. is stated at the amount of provision for management board benefit trust recorded for the current fiscal year. The Company Shares will be actually granted on a fixed date after the end of the period covered by the 7th Medium-term Business Plan (from January 1, 2021 through December 31, 2023).

25-7 Corporate Officers

To respond flexibly to changes in the business environment, Nissha considers it important that the experiences, knowledge, abilities, ages, and so on of Corporate Officers be both the best and distributed without bias. The term of Corporate Officers is one year.

■ Diversity of Corporate Officers (as of June 1, 2023)

At present, we have 15 Corporate Officers, of which two are foreign nationals.

Corporate Officers include persons with experience of working overseas or at other companies, as well as those with expertise such as those with master's or doctoral degrees.

26. Initiatives of Internal Audit Office

26-1 Systems

In order to maintain independence and objectivity, the Internal Audit Office is independent of operating departments and is under the direct control of the Chairman of the Board.

Our Internal Audit Regulations outline fundamental matters concerning internal audits. They set forth a system for drafting or revising our medium-term business plans, as well as our medium-term audit plans and fiscal year audit plans that adjust to changes in law and the social and economic environment, and then acquiring the approval of the Chairman of the Board, President and CEO. The audits are implemented for all Nissha Group business operations in a method that covers all major sites over the three years medium-term business plan, and conducted in accordance with the annual plan.

After the audit, advice and recommendations are given to the departments subject to the audit, and after a certain period of time, follow-up audits are conducted to check the status of improvements in the areas identified. Audit results are reported and advice given at monthly meetings with the Chairman of the Board, President and CEO.

Additionally, the Internal Audit Office hold one meeting per quarter with the Full-time Audit and Supervisory Board members in which they report on their activity status, exchange opinions, and ensure mutual collaboration with the Audit and Supervisory Board. Moreover, once per quarter, the three entities of the in-house Directors, Full-time Audit and Supervisory Board members, and Internal Audit hold a meeting (Triangle QBR). Therein, the Internal Audit reports on information and issue awareness it gained during the processes of auditing. This content is reported, together with the annual audit plan, once per half-year at the Board of Directors meeting. It contributes to the strengthening of Nissha's audit and supervisory functionality.

26-2 Audit Content

Audits by Internal Audit Office are broadly classified into "internal control audits" and "theme audits" based on the Financial Instruments and Exchange Act. Internal control audits are conducted jointly with accounting auditors by selecting the scope of evaluation from the perspectives of company-wide controls, financial reporting, business processes, and IT controls. This auditing is aimed at guaranteeing the reliability of financial reporting as a result of assessing the effectiveness and efficiency of the Nissha Group's business activities. The Internal Audit Office also audits to ensure that the business activities of the Nissha Group are in compliance with laws and regulations and that the assessments concerning important risks selected by the Risk Management and Compliance Committee are being properly and effectively conducted in accordance with risk management and compliance regulations, including business ethics matters such as the prohibition of corruption. Theme audits, on the other hand, use a risk-based approach to select themes at the beginning of each fiscal year to audit risks that cannot be covered by internal control audits.

26-3 Initiatives for FY2022

In the fiscal year ended December 2022, in addition to an internal control audit, a theme audit was carried out on the status of expense execution through the purchasing system. An audit was also carried out related to the overall business management of domestic and overseas affiliated companies selected through risk analysis. Moving forward, we plan to strengthen monitoring of the maintenance status of the global control environment.

27. Internal Control System

Nissha has established an Internal Control Policy by a decision of the Board of Directors to provide a system to ensure the appropriateness of work as stipulated by the Companies Act. Nissha is working to improve our corporate value by constructing and operating an Internal Control System to guarantee that the work in each of the company's organizations is being done legally, appropriately, and efficiently. To ensure reliability of financial reporting, we submit the assessment results of our internal control system in the form of internal control reports to the Prime Minister of Japan and disclose the contents to our shareholders and investors.

28. Risk Management and Compliance

Through our Risk Management and Compliance Committee, and based on our Risk Management Policy, the Nissha Group conducts centralized management over risks that hinder business operations. Once a year, based on the business models for each company and the business organizations, we prioritize and appropriately control risks that could hinder the continuity of business activities for all companies, in cooperation with the departments and subcommittees that have primary responsibility for risk.

28-1 Policy

Risk Management Policy

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

1. We build and maintain a structure for responding to the various risks present in our business environment.
2. We promote risk management at the managerial level toward conducting organization-wide activities and preserving management resources.
3. In the event of an emergency, we work to minimize damage, resume business activities as quickly as possible, and prevent recurrence.
4. We conduct in-house training to enhance awareness of and the ability to respond to risks, and ensure that each 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.

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

Established on July 1, 2015 / Revised on January 1, 2022

28-2 Guidelines

The Group has sets “Act with Integrity” (we shall act with sincerity and remain a trusted company) as one of the Shared Values that are principle of employee behavior. And we declared that each officer and employee should act in good faith and continue to be a trusted company. We established the Corporate Ethics and Compliance Guidelines, which sets out the basic ideas concerning corporate ethics and compliance that each officer and employee is expected to follow.

In addition, the Nissha Group has prepared the Corporate Ethics and Code of Conduct Manuals as a way to more clearly embody the Corporate Ethics and Compliance Guidelines and make it more understandable to our employees. Along with distributing this to all employees, it has also been posted on the Nissha intranet. This Manual was prepared in Japanese, English, Chinese, and Vietnamese, and having the entire company study it at the same time is designed to ensure awareness, along with the Corporate Ethics and Compliance Guidelines.

Corporate Ethics and Compliance Guidelines

Nissha Group acts according to the “Principles” in order to realize the enrichment of people’s lives by always creating technology and developing it into economic and social value.

Principles

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

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

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

28-3 Structure

Nissha has established a Risk Management and Compliance Committee chaired by Director of the Board, Senior Executive Vice President (in charge of legal affairs) and composed of all in-house Directors of the Board, with the Senior Vice President (Chief Supply Chain Officer, CSCO) as vice chair. The Risk Management and Compliance Committee holds a general meeting once a year and progress confirmation meetings every quarter, and reports to the Board of Directors each year on the status of activities. The Board of Directors oversees the activities of the Risk Management and Compliance Committee, discusses reports from the Committee, and gives improvement instructions as necessary.

The Risk Management and Compliance Committee centrally manages the cross-company risks, business risks, and financial risks of the Nissha Group on a global basis. Of these, for the cross-company risks, the Committee selects key risks in line with the results of the risk assessment at the annual general meeting. The selected key risks are set as key performance indicators for the core departments or subcommittees, and minimized through their activities. In addition, the status of these activities is reported in the progress meetings, and the Committee confirms whether the set KPIs are progressing as planned, and rotates the PDCA cycle (the Sustainability Committee manages the progress of materiality risk items).

The Monthly Business Review (MBR) for each business organization and the corporate finance department, and the Investment Committee manage business risks and financial risks. Progress is reported at the annual general meeting, and the Committee checks the contents.

In addition, if a serious risk incident arises (including a serious report to the hotline), the Risk Management and Compliance Committee convenes on an emergency basis.



28-4 Risk Assessments

The Risk Management and Compliance Committee carries out risk assessments on the 16 items to the right under its purview. The departments or subcommittees that manage the key risks selected through this risk assessment set Key Performance Indicators and action items, and work to mitigate these risks through their activities.

We aim to conduct risk reduction that is even more in line with business activities. Starting in the fiscal year ended December 2022, in addition to the Headquarters Corporate Division risk assessment, risk priority levels will be considered in business units and affiliated companies as well. General Managers will select key risks, taking into account the process of confirming appropriateness from a business management perspective.

■ Risk Assessments and Risk Management Methods

(1) Target risks

- Cross-group risks (including compliance risks)

(2) Selection process for key risks

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

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

(3) Management method

Key risks Low "effectiveness of control activities" with respect to "inherent risks"	The lead department or subcommittee sets the Key Performance Indicators and action items, and the Risk Management and Compliance Committee checks the progress status. (Business risks are spearheaded by the business organization, which checks via business reviews, etc.)
High "effectiveness of control activities" with respect to "inherent risks"	Subject to monitoring, and the Risk Management and Compliance Committee confirms the status of maintenance and operation by the lead department or subcommittee.
Cross-group risks other than "inherent risks"	Managed by the business organization and lead department, and reported at the Monthly Business Review (MBR)

The following items are also positioned as content for corporate ethics and compliance that officers and employees of the Nissha Group should follow.

- Fair business practices (violation of antitrust laws, violation of unfair competition laws, threats and coercion against anti-social forces and companies, bribery and collusion with business partners, insider trading, circular transactions, etc.)
- Labor and human rights (harassment (e.g. sexual harassment, power harassment), health and mental health management, health and safety, etc.)

- Enhancement of human capital (ensuring management human resources and global human resources, mismatch between business portfolio and human resources portfolio, etc.)
- Ensuring quality and safety of products/services (use of banned substances, quality falsification, recalls and serious complaints, etc.)
- Ensuring quality and safety of medical products/services (use of banned substances, violation of the Pharmaceuticals and Medical Devices Act)
- Intellectual property rights (patent infringement, information contamination, etc.)
- Supply chain management (supplier management (labor and human rights, health and safety, environment, information security, compliance), child labor and forced labor, etc.)
- Environmental protection (climate change response, waste management, chemical substances management, water pollution, etc.)
- Trade management (trade management (e.g. violation of foreign exchange and customs laws))
- Information systems (theft and leakage of confidential and personal information, information leaks via SNS, malware infection, etc.)
- Asset management (misappropriation of company property (money), theft or loss of company assets)
- Business continuance (natural disasters (earthquakes, typhoons, floods, etc.), fire and accidents)
- Business strategies (changes in competitive/market environments)
- Business development (development delays, interrup-

tion in technology)

15. Production activities (design defects, release of defective products)

16. Finance (failure of capital planning, exchange rate fluctuations)

*Items in parenthesis are examples of risks.

As a result of the risk assessment, the Nissha Group in Japan has chosen as key risks fair business practices, labor and human rights, product and service quality and safety, medical product and service quality and safety, supply chain management, information systems, and business continuity. The Nissha Group overseas has selected labor and human rights, financial affairs, fair business practices, information systems, business continuity, and supply chain management.

28-5 Promotion of Corporate Ethics and Compliance

The Risk Management and Compliance Committee promotes corporate ethics and compliance activities throughout the entire Nissha Group. All Nissha Group bases in Japan and overseas appoint managers and group leaders in charge of promoting corporate ethics and compliance.

Promotion Structure

The managers and group leaders in charge of promoting corporate ethics and compliance not only implement initiatives to improve the awareness of corporate ethics and compliance in their respective divisions but also implement corporate ethics and compliance on a day-to-day basis through organizational management, serve as handy consultants for their workplace, and, should an incident arise, work with Corporate Legal Affairs to deal with it.

Awareness-raising activities

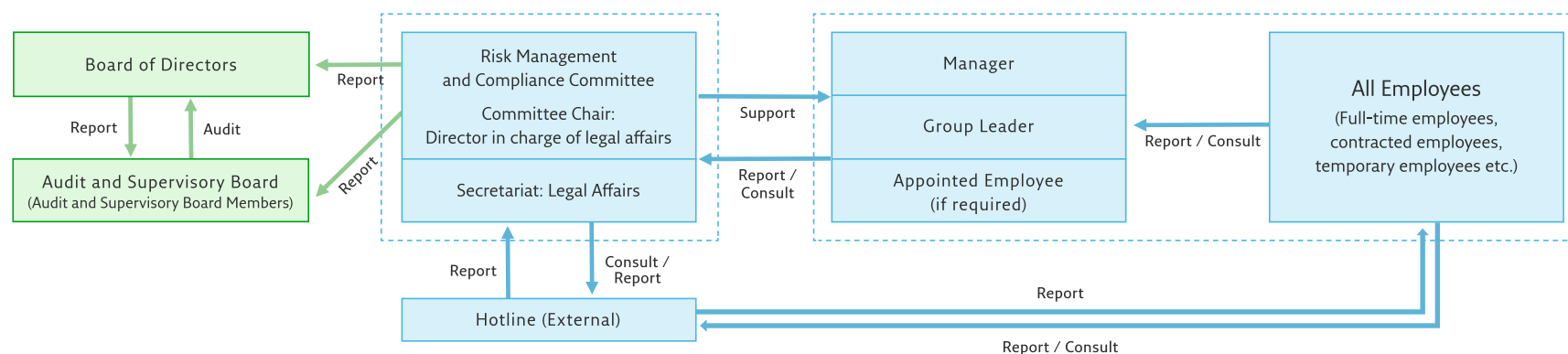
Corporate Legal Affairs also holds training sessions, etc., as a way to further boost awareness among these promotion managers and group leaders. In the fiscal year ended December 2022, we held training sessions aimed at Nissha Group in Japan promotion managers and group leaders for internal reporting systems coinciding with the enacting of the amended Whistleblower Protection Act.

And overseas, our EU, China, and North American bases are identifying and reducing risks according to regional characteristics. In the fiscal year ended December 2022, in order to eliminate bribery and collusion with business partners, we took actions including reviewing internal regulations and obtaining written pledges, etc. from suppliers at our EU bases and China bases.

Company-wide Simultaneous Training, etc.

The Group designates every October and November as Corporate Ethics and Compliance Months, and provides groupwide training at all bases in Japan and overseas. This simultaneous training is provided not just for full-time, contract, and temporary employ-

Corporate Ethics and Compliance Structure



ees, but for managers of subcontractors and even part-timers.

In the fiscal year ended December 2022, training themes at domestic bases covered corruption concerns corresponding to the key risks selected as a result of risk assessment, including appropriate information handling, harassment, and expense mismanagement. In our Western and Asian bases as well, we introduce examples the Nissha Group deems important and hold training corresponding to the laws and customs related to each differing business operation content at all domestic and overseas bases.

Questionnaires are sent out after each company-wide simultaneous training session to collect a wide range of information and opinions from all employees about concerns and actions that need to be improved in the workplace from the perspective of corporate ethics and compliance. Examples and results of improvements based on this information are reported to the Risk Management and Compliance Committee, along with reports on training implementation.

■ Officer Training, etc.

At the Nissha Group, in addition to company-wide simultaneous training, we also hold compliance training designed for officers.

In April 2023, we invited outside lecturer (lawyer) to provide training related to information handling (including insider trading regulations). Additionally, as the establishment of the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices legal compliance system (revised law effective as of August 1, 2021), we are providing continual response to required matters with efforts including "Education for Officers and Employees". In April 2023, with the cooperation of the Kyoto Prefectural Government (visiting lecturers and specialist staff), a training course on "Education for Management Level" was conducted by specialist staff of the Pharmaceutical

Affairs Section.

Concerning compliance with the Pharmaceutical and Medical Device Act, in order to achieve further promotion of the high-priority Nissha Group medical devices field, we have maintained a Medical Healthcare Consultation Desk since the fiscal year ended December 2021 in addition to providing the above training efforts, etc.

28-6 Hotline

The Nissha Group in Japan has in place an Internal Reporting Code and a hotline based on the Whistleblower Protection Act for the purposes of quickly identifying the facts about illegal, unfair, or unethical conduct by an organization or individual, minimizing the risk of a crisis, promoting ethical and legal compliance, and ultimately enhancing our corporate value.

We are working to disseminate information about the hotline through the Corporate Ethics and Code of Conduct distributed to all employees, the Labor and Human Rights Handbook, the Nissha Group intranet, in-house training, and awareness posters. All employees working for the Group in Japan and overseas can use this service, and in the fiscal year ended December 2019, we expanded the scope of users by establishing a contact point for some of our domestic suppliers. This contact point is an outside attorney, an independent and impartial third party.

The Internal Reporting Code contains the following.

- The whistleblower shall not be subjected to any disadvantageous treatment by the Company or other employees due to their report.
- Anonymous reporting is also possible.

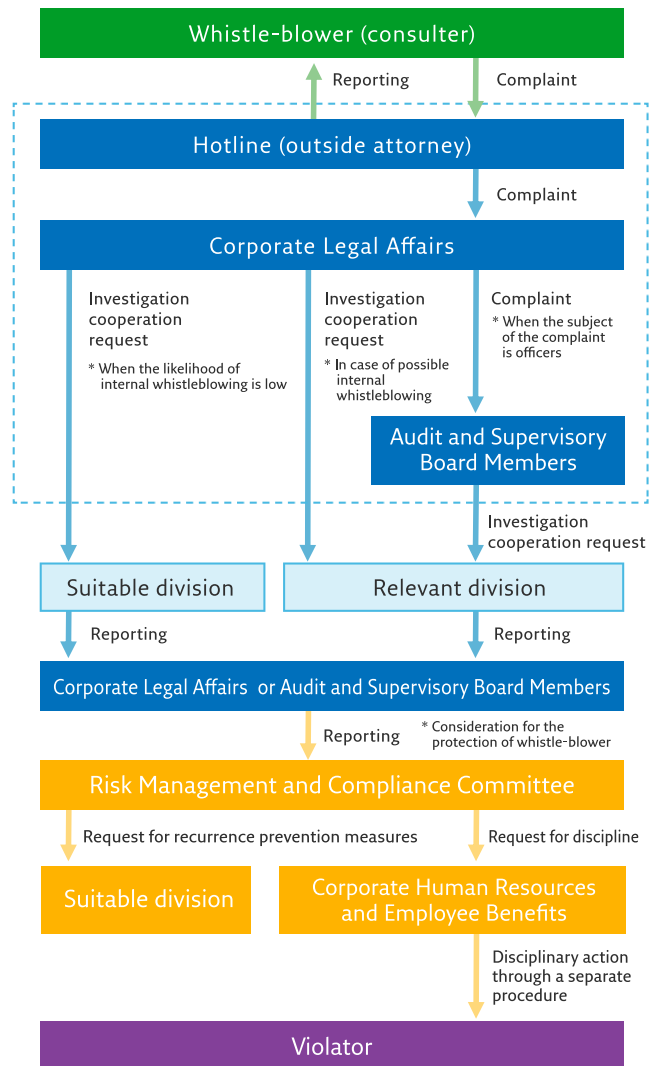
All complaints received are relayed from the hotline (an outside attorney) to the Corporate Legal Affairs. The Corporate Legal Affairs liaises with the relevant departments after consulting with the outside attorney about the best way to investigate and confirm the issue. Said investigation and confirmation are then carried out with consideration for the protection of the whistleblower. The content is reported to the Risk Management and Compliance Committee, where it is discussed as necessary, after which, measures are taken according to the results of the investigation and discussion.

The number and main content of consultations received during the fiscal year ended December 2022 are shown below.

- Hotline (for employees): 4 cases (Of these, three cases were related to harassment. In all cases, corrective actions were completed through cautionary guidance and workplace environment improvement. An overview summary was disseminated via the Nissha intranet, awareness was raised for everyone instead of just for the perpetrators, and measures were taken to prevent recurrence.)
- Supplier hotline: 0 cases

For overseas locations as well, in addition to already ongoing efforts such as installing and operating report acceptance services for some group companies in China and the Southeast Asian region, we also plan to commence the operation of report acceptance services in some North American and European bases starting in the fiscal year ending December 2023.

Hotline Organizational Chart



28-7 Dealing with Antisocial Forces

In accordance with our basic policy for dealing with antisocial forces and our regulations for dealing with antisocial forces, etc., Nissha has established that it will have no dealings whatsoever with antisocial forces. In principle, we confirm in advance through the prescribed procedures that our existing and new business partners are not members of antisocial forces. This has cut off all possibilities of involvement in money laundering by antisocial forces.

29. Information Security

29-1 Policy and Principles

The Nissha Group has created, and continues to operate, an Information Security Management System (ISMS) based in the ISO27001 that is applied to all group companies, and that reflects our Information Security Policy and our principles outlining specific conduct and regulations known as the Information Security Principles. We prevent threats to the important information received from our customers and suppliers and important information managed under tight control within the company, particularly highly confidential information assets such as new product information, advanced technological information, and personal information.

Information Security Policy

Nissha Group constructs a reliable and safe information security management system (ISMS) based on an understanding of the importance of information security in business activities and continually improve this in order to continue to be a company that provides economic and social value to our stakeholders.

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

Information Security Principles

1. We shall continually improve our information security management system by establishing, implementing, and reviewing the information security objectives so that the confidentiality, integrity, and availability of information assets can be maintained and improved.
2. We shall comply with laws, regulations, and contract stipulations related to information security.
3. We shall establish criteria for rationally evaluating risks related to information security and methods for risk assessment, and work to maintain and improve information security.
4. We shall work to prevent the occurrence of incidents or accidents related to information security, and, if an accident does occur, shall respond promptly and work to both minimize damage and prevent recurrence.
5. Nissha People shall understand the Information Security Policy and Basic Principles, and always act with an awareness of information security.

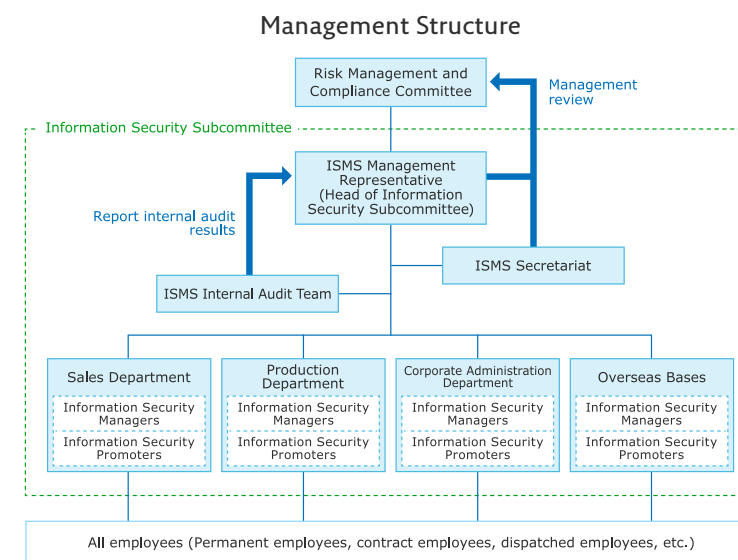
Yoshitami Aoyama
Senior Vice President, Chief Information Officer
Nissha Co., Ltd.
Established on July 1, 2013 / Revised on May 1, 2022

29-2 Management Structure

As an organization to promote information security within the Nissha Group, the Information Security Subcommittee was established under the Risk Management and Compliance Committee, and works on maintaining and improving the ISMS.

Under the CIO (Chief Information Officer), the head of the Information Security Subcommittee is the ISMS management representative, and the ISMS secretariat has been established in the IT department to oversee all IT environments in the Group. The ISMS covers all bases within the entire Nissha Group, including overseas affiliates. For each affiliated company and department, an information security manager and an information security promoter are appointed, and ensures the system operates in each workplace. In addition, the ISMS secretariat plays a central role in conducting reviews for top management, internal audits of the ISMS, and regular ISO27001 audits by external examiners to provide opportunities for improvement.

* ISMS=Information security management system



Domestic	264 employees	Information Security Managers	83 employees
		Information Security Promoters	181 employees
Overseas	51 employees	Information Security Managers	17 employees
		Information Security Promoters	34 employees

29-3 Deployment of the Management System

The Nissha Group operates the ISMS at all its bases, both in Japan and overseas.

In Japan, we have obtained ISO27001 certification, the international standard for ISMS. Overseas, we have been rolling out ISMS as a unified standard globally, including for corporations that have newly joined our Group as a result of M&A and so on. This rollout was completed in the fiscal year ended December 2019. At present, in addition to an annual ISMS internal audit, we are working to maintain and improve ISMS operations through the PDCA cycle.



29-4 Efforts for Risk Reduction

The Nissha Group maintains an Information System (confidential information, personal information, information security) as one risk area managed under the Risk Management and Compliance Committee. In the fiscal year ended December 2020, we worked on appropriate management of trade secrets and operation. In the fiscal year ended December 2021, we permeated this operation, performed internal auditing of the implementation status, and promoted expansion abroad. In the fiscal year ended December 2022, we launched an initiative to appoint internal auditors from among locally hired employees to strengthen the effectiveness of internal audits overseas and to improve education and awareness. Information assets are important information that differentiates us from our competitors and increases our competitiveness, so it is essential to reduce risks such as information leaks. Through ISMS internal audits, we advance the permeation of control methods corresponding to the level of importance, and particularly implement thorough and strict control concerning trade secrets.

In addition, with the rapid progress of IT and the diversification and spread of devices, we are working on measures to reduce the risk of our corporate image and brand being affected or information leaks through social media postings. We are also working on information security measures for personal information devices as used for BYOD (Bring Your Own Device), in addition to company-supplied computers and terminals.

29-5 Training

Cyber attacks are becoming increasingly sophisticated day by day, so merely strengthening systems will not prevent all of them. To prevent damage, it is essential for each and every employee to be fully aware of information security and act with discipline so that they can learn about threats and methods, and recognize issues as soon as possible.

The Group holds training sessions for all employees, using e-Learning, based on training materials that reflect our internal information security policies determined in-company. The fiscal year ended December 2022 training attendance rate was 98.9%. To further increase conduct and awareness level in the workplace, we will also focus on education for security managers at each workplace moving forward.

30. Trade Management

30-1 Policy and Principles

The Nissha Group's ratio of overseas sales is 88.3% in the fiscal year ended December 2022. As the Group's businesses expand globally, disciplined trade management is an essential issue from the perspective of business continuity.

Targeting all group companies, we maintain "Trade Management Policy" and "Trade Management Principles" outlining specific conduct, compulsory conduct, and regulations. As an Authorized Economic Operator (AEO), we also establish necessary rules and regulations, and maintain a structure toward continuous improvement of trade management in order to respond to various internal and external changes in the environment.

Trade Management Policy

Nissha Group fulfills its responsibilities as a company to its stakeholders by developing a trade management system and complying with laws and regulations related to trade management, such as security export control.

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

Trade Management Principles

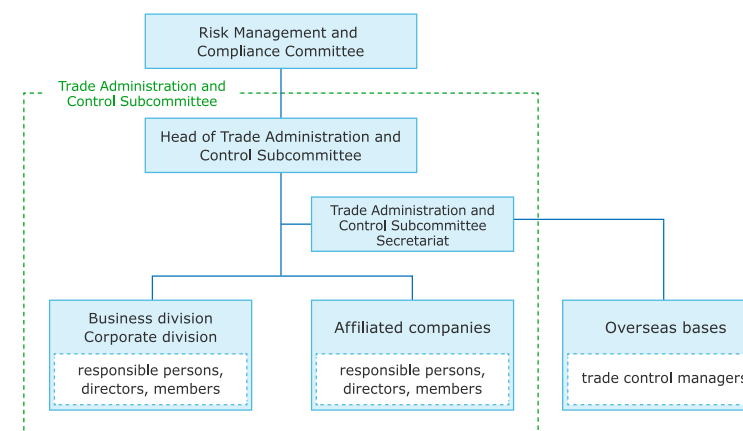
1. We comply with laws and regulations related to trade management in each country and region.
2. We shall appoint a person responsible for trade management in our bases, and in addition to developing the trade management system, this system shall be maintained and improved.
3. We shall cooperate with public agencies and logistics partners in each country to establish a sound trade management system.
4. Nissha People will undergo any training required for trade management, and each person shall carry out their work appropriately.

Yoshitami Aoyama
Senior Vice President, Chief Supply Chain Officer
Nissha Co., Ltd.
Established on October 1, 2016 / Revised on May 1, 2022

30-2 Structure

Nissha Group trade management is now consolidated in the Trade Management Subcommittee under the Risk Management and Compliance Committee. Across the entire Nissha Group, including overseas affiliates, we select trade management supervisors and engage in trade management based on the Trade Management Policy, Trade Management Principles, and Trade Management Basic Regulations.

At Nissha Group in Japan, we place Trade Management Subcommittee members (responsible persons, directors, and members) in business divisions, corporate management departments, and affiliated companies to create a management system. At the same time, since overseas Nissha Group companies have different laws, regulations, and business practices in each country or region, we assign a trade control manager to each base to manage.



At Nissha Group in Japan, a range of operational regulations and rules for trade-related operations required of AEO businesses have been established, while each department is preparing work standards and manuals to ensure export and import operations are carried out appropriately. At Nissha Group bases overseas, we are working on disseminating the Trade Management Policy, Trade Management Principles, and Trade Management Basic Regulations as well as preparing management documents.

30-3 AEO Approval

Nissha Co., Ltd. obtained approval as an AEO Exporter in June 2014, and as an AEO Importer in June 2015. Their second post-audits were conducted in October 2019, and we maintain all approvals. As of December 28, 2022, 59 companies in Japan are approved as both AEO Importer and AEO Exporter. Being one of these companies with dual approval, we have in place a system for safe and smooth international logistics.

Nissha Precision Technologies Malaysia Sdn. Bhd., based in Malaysia, obtained approval as both an AEO Exporter and an AEO Importer in October 2014. Their post-audits were conducted in May 2022, and we maintain both approvals.

AEO Approval Form



Authorized Economic Operator (AEO) Program

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

30-4 Initiatives for FY2022

In the fiscal year ended December 2022, following on from the previous fiscal year, we engaged in the following two items aiming to implement proper and lawful operations during importing and exporting.

- Aim 1: Zero incidents of illegal/unlawful declarations. In the fiscal year ended December 2022, there were 12 incidents. In workplaces where two-thirds of these incidents occurred, the division manager issued a declaration of elimination and focused on improvement activities, resulting in a decrease in the number of subsequent incidents.

- Aim 2: Zero omitted declaration of charge factors. By regularly operating that the internal post-checking system established to prevent occurrence is working correctly in cooperation with related departments, no incidents occurred in the fiscal year ended December 2022, as in the previous fiscal year.

30-5 Training

Starting in the fiscal year ended December 2020, we provide theme-based education oriented towards employees involved in actual importing and exporting. In the fiscal year ended December 2022, we carried out training for 122 employees actually involved in trade operations in Japan, regardless of their department.

Themes

- Security trade controls
- Determining relevance and screening transactions
- Incoterms and HS codes
- Internal import/export steps

31. Anti-corruption

31-1 Guidelines

For the bribery, collusion with business partners issue that is one of the key risks managed by the Risk Management and Compliance Committee, the Nissha Group has formulated the Nissha Group Anti-Corruption Guidelines, and made our bases in Japan and overseas aware of the content.

Nissha Group Anti-Corruption Guidelines

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

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

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

Established on April 1, 2017 / Revised on January 1, 2018

31-2 Efforts to Ensure Awareness and Internal Audits

Training is provided for all operations of the Group to ensure compliance with the relevant laws, regulations, and customs. In the fiscal year ended December 2022, we addressed improper use of expenses as one of the case study issues in the company-wide simultaneous training on corporate ethics and compliance, and also reviewed the expense accounting flow in the domestic group. Moreover, in the fiscal year ended December 2022, at our EU and China bases, we reviewed existing systems and took actions such as obtaining written pledges from suppliers. Because bribery is an entrenched practice in some countries and regions, we conduct internal audits on a regular basis.

The Group has not identified any cases of corruption in the fiscal year ended December 2022.

32. Business Continuity

32-1 Policy and Principles

We at the Nissha Group establish the Business Continuity Plans Policy, which the Business Continuity Management (BCM) Subcommittee of the Risk Management and Compliance Committee plays a central role in promoting in preparing for and responding to emergencies such as a natural disaster or pandemic.

Business Continuity Plans Policy

Nissha Group formulates business continuity plans to minimize damage and work towards prompt business recovery, while ensuring the safety of human life first, in the event of a major natural disaster, fire, power cut, epidemic, or other major event that interrupts business. In addition, we carry out regular revisions and drills to ensure the effectiveness of these plans, and promote business continuance management.

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

Business Continuity Plans Principles

1. In the event of a major interruption of our business, we shall ensure the safety of human life as our top priority while preventing secondary disasters.
2. We shall define buildings, equipment, information systems, human resources, and suppliers as key management resources/ stakeholders, and formulate business continuity plans. In addition, we shall consider changes in the business environment and regularly revise these plans.
3. We shall clarify which businesses are to be prioritized for continuance/ recovery, and achieve this recovery within the target timeframe.
4. We shall regularly conduct training and drills related to business continuance, and work to improve our organizational capacity to respond to risks.
5. We shall contribute to society through working with local communities to support recovery and rebuilding.
6. We shall comply with laws, policies in Japan and overseas, and other norms with regards to business continuance.

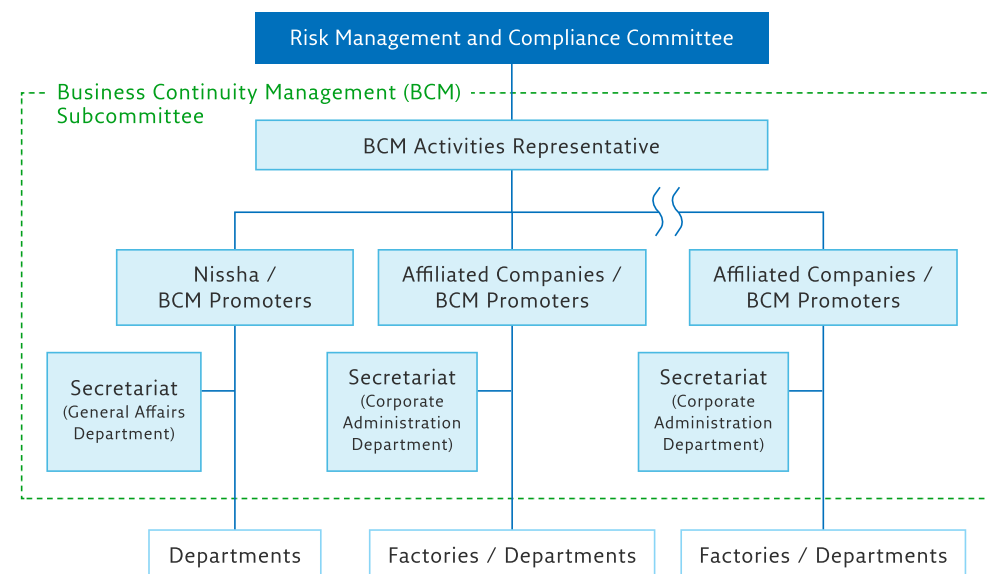
Daisuke Inoue
Director of the Board, Senior Executive Vice President, General Affairs
Nissha Co., Ltd.

Established on September 28, 2006 / Revised on May 1, 2022

32-2 Structure

The BCM Subcommittee has been set up under the Risk Management and Compliance Committee as a system for operating BCM in the Nissha Group.

The person responsible for BCM activities is the President. Our secretarial office holds BCM Subcommittee meetings on a regular basis. These are used to confirm initiatives and the status of improvement of BCM measures for the Nissha Group overall, training persons in charge, and planning and carrying out BCM drills.



32-3 Initiatives

Nissha Group in Japan has in place a set of Emergency Response Regulations that defines “emergency” and stipulates the action and structure required between initial response to a disaster and 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. In addition to habitually stockpiling supplies at major bases in Japan in preparation for emergencies, we also distribute “survival cards” listing information about what to do when an earthquake strikes, educate employees using an e-Learning, and conduct emergency training to promote thorough awareness about the general rules for action and response in an emergency. We also stockpile supplies at major bases in Japan, distribute “survival cards” listing information about what to do when an earthquake strikes, 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.

Operation of a safety confirmation system

We have introduced a system under which employees register their safety information so that we can smoothly and quickly confirm their safety status in the event of a major natural disaster such as an earthquake or typhoon, a pandemic or other emergency. As part of our safety confirmation drill during our biannual disaster drills, we send an e-mail to all employees simultaneously, and managers confirm the safety of the members of the company based on employees’ responses to the e-mail.

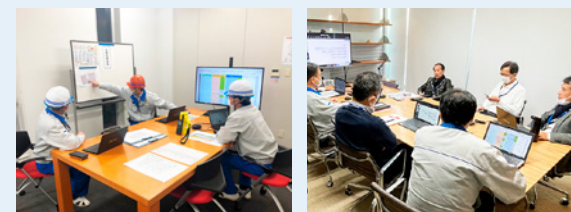


Implementation of management BCP training

We hold BCP (Business Continuity Plan) drills annually in accordance with the BCP Subcommittee Action Plan. These drills are simulations to check that BCP functions adequately in the event of an incident such as an earthquake. The BCP drill in the fiscal year ended December 2022 targeted management level and was based on a fire breaking out at the Nissha Group’s Nitec Industries, Inc. (NII) Koka factory at night.

To make it more realistic, the drill was held at night, online, without informing the participants in advance of the date and time. The drill began with the establishment of a head office task force headed by the President and CEO and a base task force at NII Koka. Employees from business divisions and strategic and administrative divisions actively commented on their respective areas of responsibility to ensure employee safety and minimize business risks. The drill was a meaningful exercise that highlighted issues such as the need to be prepared for emergencies and to secure substitutes.

We consider the construction and operation of BCP/BCM important for improving the company’s competitiveness and also leading to improved corporate value, and we plan to continue to conduct various simulation-based drills each year.



Risk Surveys

The Nissha Group carries out annual risk surveys at affiliated companies in Japan and overseas. These surveys draw on the expertise of specialists in risk consulting. For the fiscal year ended December 2022, the surveys covered Kameoka Factory.

The risk of fire or explosion was assessed in terms of fire management, building and motive power, use and processes, fire-fighting equipment, and fire hazards, while for natural hazards, disaster prevention measures for lightning, earthquakes, flooding and so on were also confirmed.

While the results were good overall, some areas requiring improvement were noted, and we are increasing the disaster prevention level by quickly dealing with these in detail.



Kameoka Factory

33. Tax Principle

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

Tax Principle

Basic Principle

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

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

1. Nissha Group's approach to tax planning

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

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

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

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

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

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

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

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

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

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

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

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

Hitoshi Koya
Senior Vice President, Chief Financial Officer
Nissha Co., Ltd.

Established on December 25, 2017

Revised on May 1, 2022

34. Responsible Mineral Procurement

34-1 Policy

Nissha's policy on conflict minerals is outlined in our Basic Approach to Responsible Mineral Procurement. We clearly state our belief that Nissha Group products do not use materials made from conflict minerals, which are used to finance armed groups involved in human rights abuses such as looting, assault, and forced labor, and we follow the OECD's conflict minerals due diligence guidance.

Basic Approach to Responsible Mineral Procurement

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

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

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

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

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

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

34-2 Initiatives

34-2-1 3TG Usage Status

The 3TG (tin, tantalum, tungsten, and gold) used in Nissha Group's products are shown in the table below.

Segment	Applicable product group	3TG in use
Industrial Materials	Only a small portion of Decoration (Mobility) and Decoration (Home appliances and others)	Tin
Devices	For Tablet devices, Smartphones, Portable game players, Industrial equipment (logistics related), Mobility, Gas sensors and others	Tin, tantalum, tungsten, and gold
Medical Technologies	Only a small portion of Medical devices (CDMO)	Tin, tungsten, and gold

* The names of the segments and product lineups are in line with "25. Net sales (2) Disaggregation of revenue" in our Annual Securities Report From January 1, 2022 to December 31, 2022. Net sales of products containing conflict minerals accounted for approximately 40% of total net sales in the fiscal year ended December 2022.

34-2-2 Survey Requests to Suppliers

The Nissha Group, mainly through its related business units, requests suppliers to conduct a survey of 3TG used mainly in materials for mass-produced products using the latest CMRT (Conflict Minerals Reporting Template), generally once a year. Then, based on the CMRTs submitted by suppliers, we prepare our CMRTs and submit them to our customers.

We review the content of CMRTs submitted by suppliers, and if a refinery, etc. is no longer in business or has changed its name, we ask suppliers to resurvey.

Concerning the survey for the fiscal year ended December 2022, in addition to handling refineries

that were removed from the Responsible Minerals Assurance Process (RMAP) compliance list due to the impact of sanctions imposed by the U.S. government and others on Russia and refineries our customers requested not to be used, we encouraged our suppliers to procure their 3TG from Conformant Smelters & Refiners. Regarding gold in particular, we ask our suppliers to shift their procurement sources to refineries listed on the LBMA Good Delivery List or RJC COP or COC certified sources, or to refineries listed on the Conformant to RMAP Gold Standard. We intend to continue these kinds of efforts in the future.

34-2-3 Developing and Implementing Strategies to Address Identified Risks

In some cases, we may ask suppliers to utilize the RMAP audit program if non-certified refineries are included in the refinery information they have submitted in the CMRT. Additionally, concerning 3TG, if it becomes clear that a relationship exists with a refinery upstream in the supply chain that is involved in armed forces or human rights abuses, we will consider taking strict measures in line with our customer's requests. However, there were no such cases in the fiscal year ended December 2022.

34-2-4 3TG Survey Results

The CMRT provided by the Responsible Minerals Initiative (RMI) is designed so that the scope of declaration during responding can be selected from (1) company level, (2) product level, and (3) user-defined level. However, we ask suppliers to respond at the product level in order to ensure that the smelters of minerals used in the parts and materials for Nissha Group products can be definitively identified. We believe that this type of surveying will enable us to identify targets for risk reduction, such as non-certified smelters and refineries, and will lead to effective due diligence.

In our 3TG survey for the fiscal year ended December 2022, we received responses from 100% of our suppliers for almost all product lineups. As a result of analyzing the responses from suppliers, in cases that included smelters that were not accredited by RMI, we took steps to reduce risk by changing suppliers and asking suppliers to utilize the RMAP audit program.

	FY2022				
	Tin	Tantalum	Tungsten	Gold	Total (cumulative number)
Total number of smelters and refineries	64	33	36	91	224
Of which, total number of smelters and refineries with conformant certification	55	33	34	87	209

* The table above covers almost all product lineups that use 3TG.

Recently, we are receiving surveys with Extended Mineral Reporting Template (EMRT) from our customers concerning minerals other than the 3TG such as cobalt.

In light of this situation, we are considering incorporating environmental perspectives in addition to human rights violations in our current policies, Basic Approach to Responsible Mineral Procurement.

35. Management System and Other Certification Acquisitions

The Nissha Group's management system and other certification status are as follows. (as of June 2023)

■ Quality

Subject Areas	ISO9001
	Quality
Nissha Co., Ltd.	○ ^{*1}
Nitec Precision and Technologies, Inc.	○ ^{*2}
Nitec Industries, Inc.	○
Nissha Printing Communications, Inc.	○
Nissha F8, Inc.	○ ^{*3}
Nissha Business Service, Inc.	○
Nissha FIS, Inc.	○
Nissha Metallizing Solutions N.V.	○
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions GmbH	○
Nissha Metallizing Solutions Ltd.	○
Nissha Metallizing Solutions Produtos Metalizados Ltda	○
Nissha Schuster Kunststofftechnik	○
Nissha Back Stickers	○
Nissha Back Stickers International	○
Nissha SB Poland Sp.zo.o.	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

^{*1}. Only obtained at sales, purchasing, design and development, production and logistics departments of Industrial Materials Business Unit, Devices Business Unit and RB Business and Product Development in Global Headquarters, Tokyo Division Headquarters and Kameoka Factory.

^{*2}. Not obtained at the Kaga Factory and Tsu (production base) in the manufacture for specific customers.

^{*3}. Obtained at the Kyoto studio.

■ Quality

Subject Areas	ISO13485
	Medical devices
Nissha Co., Ltd.	○ ^{*4}
Nitec Precision and Technologies, Inc.	○ ^{*5}
Graphic Controls Acquisition Corp.	○
Lead-Lok, Inc.	○
CEA Medical Manufacturing, Inc.	○
Sequel Special Products, LLC	○
Nissha Medical Technologies (Ohio), Inc.	○
Nissha Medical Technologies SAS	○
Nissha Medical Technologies Ltd.	○
CEA Global Dominicana, S.R.L.	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

^{*4}. For departments related to BS Probe Holder EX and electrode products.

^{*5}. For departments related to BS Probe Holder EX products at Kyoto (production base).

■ Quality

Subject Areas	ISO22716
	Cosmetics
Nissha Co., Ltd.	○ ^{*6}

^{*6}. Obtained for the production of microneedle patch for cosmetics in the PCBU Production department of the New Business Development Office at the Global Headquarters.

■ Quality

Subject Areas	IATF16949
	Automotive
Nissha Co., Ltd.	○ ^{*7}
Nitec Precision and Technologies, Inc.	○ ^{*8}
Nissha Eimo Technologies	○
Nissha PMX Technologies, S.A. de C.V.	○
Nissha Schuster Kunststofftechnik	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

*7. For the support departments related to the touch sensor module for automotive in Global Headquarters and Kameoka Factory.

*8. Obtained at the Himeji Factory and Kyoto (production base).

■ Environment

Subject Areas	ISO14001
	Environment
Nissha Co., Ltd. Global Headquarters	○ ^{*9}
Nitec Industries, Inc. Headquarters / Koka Factory	○
Nitec Precision and Technologies, Inc. Headquarters / Himeji Factory	○
Kaga Factory	○
Tsu (production base)	○
Kyoto (production base)	○
Nissha FIS, Inc.	○
Nissha Business Service, Inc.	○
Nissha PMX Technologies, S.A. de C.V.	○
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions GmbH	○
Nissha Metallizing Solutions Produtos Metalizados Ltda	○
Nissha Medical Technologies SAS	○
Nissha Schuster Kunststofftechnik	○
Nissha Back Stickers	○
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○
Guangzhou Nissha High Precision Plastics Co., Ltd.	○
Nissha Precision Technologies Malaysia Sdn. Bhd.	○

*9. Obtained at administration departments and design and product development departments.

■ Energy

Subject Areas	ISO50001
	Energy
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions GmbH	○
Nissha Schuster Kunststofftechnik	○
Nissha Back Stickers	○

■ Occupational health and safety

Subject Areas	ISO45001
	Occupational health and safety
Nissha Metallizing Solutions S.r.l.	○
Nissha Metallizing Solutions Produtos Metalizados Ltda	○

Information security

Subject Areas	ISO27001
	Information security
Nissha Co., Ltd. Global Headquarters	○
Tokyo Division Headquarters	○
Nagoya Sales Office	○
Kameoka Factory	○
Nitec Industries, Inc. Headquarters / Koka Factory	○
Kameoka Factory	○ ^{*10}
Nitec Precision and Technologies, Inc. Headquarters / Himeji Factory	○
Kaga Factory	○
Tsu (production base)	○
Kyoto (production base)	○
Nissha FIS, Inc.	○
Nissha Printing Communications, Inc. Headquarters	○
Osaka Sales Office	○
Tokyo Sales Office	○
Kameoka Factory	○ ^{*10}
Nissha F8, Inc. Tokyo Studio	○
Kyoto Studio	○
Nissha Business Service, Inc.	○

*10. Certification is included in the Kameoka Factory of Nissha Co., Ltd.

Others

Subject Areas	FSC COC	PEFC	EN15593	EC93/42/EEC
Nissha Co., Ltd.	○ ^{*11}			
Nissha Printing Communications, Inc. Headquarters	○			
Osaka Sales Office	○			
Tokyo Sales Office	○			
Kameoka Factory	○			
Nissha Metallizing Solutions N.V.	○			
Nissha Metallizing Solutions S.r.l.	○	○		
Nissha Metallizing Solutions GmbH	○	○	○	
Nissha Metallizing Solutions Ltd.	○			
Nissha Metallizing Solutions Produtos Metalizados Ltda	○			
Graphic Controls Acquisition Corp.				○
Nissha Medical Technologies SAS				○
Nissha Medical Technologies Ltd.				○

*11. For paper purchasing departments in Nissha Co., Ltd.

36. GRI Standards Content Index

Nissha Sustainability Report 2023 refers to GRI Sustainability Reporting Standards. The relationship between the standards and the content of our report are as shown in the table below. Unless otherwise specified, the location indicate the pages of Nissha Sustainability Report 2023.

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
General Disclosures			
1. The organization and its reporting practices			
GRI 2: General Disclosures 2021	2-1	Organizational details	Website About > Company Outline Website About > Nissha Group
	2-2	Entities included in the organization's sustainability reporting	1-4 Scope of Reporting
			1-5 Major Affiliated Companies and Businesses
			1-6 Major Changes in Reporting Scope
			Website > Investors > IR Library > Securities Report (only in Japanese)
	2-3	Reporting period, frequency and contact point	1-3 Publication Dates 1-7 Publishing Division and Contact for Inquiries
	2-4	Restatements of information	15-1 Nissha Group Employee Composition > Composition of managerial staff (Nissha Group in Japan)
			15-4 Promotion of Women's Advancement
	2-5	External assurance	8. Third Party Verification
2. Activities and workers			
	2-6	Activities, value chain and other business relationships	1. Editorial Policy
			21. Partnership with Our Suppliers
			Website About > Company Outline Website About > Nissha's Business Website Business > By Industry
	2-7	Employees	15-1 Nissha Group Employee Composition
	2-8	Workers who are not employees	-
3. Governance			
	2-9	Governance structure and composition	3-3 Promotion Framework for Sustainability
			25-2 Overview of Corporate Governance

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
	2-10	Nomination and selection of the highest governance body	25-3 Directors of the Board and the Board of Directors, 25-4 Nomination and Compensation Committee
	2-11	Chair of the highest governance body	25-3 Directors of the Board and the Board of Directors > Role of the Board of Directors
	2-12	Role of the highest governance body in overseeing the management of impacts	3-1 Nissha Philosophy, 3-2 Sustainability Vision (long-term vision for 2030), 3-3 Promotion Framework for Sustainability, 3-4 Materialities (Key Issues) and KPIs
			13-5 Relationship with Labor Union
			27. Internal Control System
	2-13	Delegation of responsibility for managing impacts	3-3 Promotion Framework for Sustainability 25-2 Overview of Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	3-3 Promotion Framework for Sustainability
	2-15	Conflicts of interest	25-3 Directors of the Board and the Board of Directors > Role of the Board of Directors
			Website > Investors > IR Library > Securities Report (only in Japanese)
	2-16	Communication of critical concerns	3-3 Promotion Framework for Sustainability
			27. Internal Control System
			28-5 Promotion of Corporate Ethics and Compliance
	2-17	Collective knowledge of the highest governance body	25-3 Directors of the Board and the Board of Directors > Skills and Diversity Required of Directors of the Board
	2-18	Evaluation of the performance of the highest governance body	25-3 Directors of the Board and the Board of Directors > Policy and Procedures for Appointment/Dismissal of Directors of the Board, Evaluation of Effectiveness of the Board of Directors, Reasons for Appointment and Board of Directors Meeting Attendances in FY ended December 2022
	2-19	Remuneration policies	25-6 Compensation of Directors of the Board and Audit and Supervisory Board Members
			Website > Investors > IR Library > Securities Report (only in Japanese)
	2-20	Process to determine remuneration	25-6 Compensation of Directors of the Board and Audit and Supervisory Board Members
			Website > Investors > IR Library > Nissha Report 2023 p66 Website > Investors > IR Library > Securities Report (only in Japanese)

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	2-21	Annual total compensation ratio	-	
4. Strategy, policies and practices				
	2-22	Statement on sustainable development strategy	2. CEO Message	2
	2-23	Policy commitments	3-1 Nissha Philosophy	3-1
			4. Environmental Policy and Management Structures	4-1
			13-1 Basic Policy	13-1
			27. Internal Control System	26, 27
			28-2 Guidelines	28-2
	2-24	Embedding policy commitments	7. CO ₂ Emissions and Reduction Efforts	7-1
			13-3 Initiatives Related to Labor and Human Rights	13-2
			27. Internal Control System	26, 27
			28-5 Promotion of Corporate Ethics and Compliance	28-4
	2-25	Processes to remediate negative impacts	28-6 Hotline	28-5
	2-26	Mechanisms for seeking advice and raising concerns	13-4 Harassment Prevention	13-3
			28-6 Hotline	28-5
	2-27	Compliance with laws and regulations	10. Management of Chemical Substances and Environmental Risks	10-1
12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)			12-1	
21-4 CSR Audit and SAQ			21-2	
31. Anti-corruption			31	
2-28	Membership associations	3-5-1 Initiatives in which Nissha participate	3-8	
		22-3 Membership in Community Organizations (Nissha)	22-2	
5. Stakeholder engagement				
	2-29	Approach to stakeholder engagement	3-6 Nissha Group Stakeholders	3-11
	2-30	Collective bargaining agreements	13-5 Relationship with Labor Union	13-3

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	3-4-1 Materiality Identification	3-3
	3-2	List of material topics	3-4 Materialities (Key Issues) and KPIs	3-3
	3-3	Management of material topics	3-4-1 Materiality Identification	3-3
			4. Environmental Policy and Management Structures	4-1
			6. Responding to Climate Change (Addressing the TCFD Recommendations)	6-1
			12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)	12-1
			13-1 Basic Policy, 13-2 Structure, 13-3 Initiatives Related to Labor and Human Rights	13-1
			14-1 Policy, 14-2 New Human Resources System, 14-3 ESG Task Force Initiatives, 14-4 Talent Management System	14-1
			16-2 Training systems, 16-3 Support for employees' voluntary desires to learn and grow, 16-4 Career planning support, 16-6 In-house training programs	16-2
			18-1 Policy and Principles, 18-2 Safety and Health Management System	18-1
			21-1 Basic Policy > CSR Procurement Guidelines	21-1
			23-1 Policy / Nissha Quality Way	23-1
			27. Internal Control System	26, 27
			28. Risk Management and Compliance	28-1
			29. Information Security	29-1
30. Trade Management	30-1			
32. Business Continuity	32-1			
33. Tax Principle	33			

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
Economic				
Economic performance				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Website > Investors > IR Library > Securities Report (only in Japanese)	
	201-2	Financial implications and other risks and opportunities due to climate change	4-3 Environmental Management System (EMS)	4-2
			6. Responding to Climate Change (Addressing the TCFD Recommendations)	6-1
			28. Risk Management and Compliance	28-1
			Website > Investors > IR Library > Securities Report (only in Japanese)	
201-3	Defined benefit plan obligations and other retirement plans	17-15 Retirement Pay System	17-6	
		Website > Investors > IR Library > Securities Report (only in Japanese)		
201-4	Financial assistance received from government	-		
Market presence				
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
	202-2	Proportion of senior management hired from the local community	15-1 Nissha Group Employee Composition	15-1
Indirect economic impacts				
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	-	
	203-2	Significant indirect economic impacts	-	
Procurement practices				
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	-	
Anti-corruption				
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	-	

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
	205-2	Communication and training about anti-corruption policies and procedures	28. Risk Management and Compliance
			31. Anti-corruption
	205-3	Confirmed incidents of corruption and actions taken	31. Anti-corruption
Anti-competitive behavior			
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
Tax			
GRI 207: Tax 2019	207-1	Approach to tax	33. Tax Principle
	207-2	Tax governance, control, and risk management	33. Tax Principle
	207-3	Stakeholder engagement and management of concerns related to tax	33. Tax Principle
	207-4	Country-by-country reporting	-
Environmental			
Materials			
GRI 301 : Materials 2016	301-1	Materials used by weight or volume	5. Impact on the Environment out of Our Business Operations
			5-1
	301-2	Recycled input materials used	-
	301-3	Reclaimed products and their packaging materials	-
Energy			
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	5. Impact on the Environment out of Our Business Operations
			7. CO ₂ Emissions and Reduction Efforts
			7-1
	302-2	Energy consumption outside of the organization	7-6 Initiative in Scope 3 Management
			7-3
	302-3	Energy intensity	7. CO ₂ Emissions and Reduction Efforts
			7-1
	302-4	Reduction of energy consumption	5. Impact on the Environment out of Our Business Operations
			7. CO ₂ Emissions and Reduction Efforts
			7-1
	302-5	Reductions in energy requirements of products and services	-

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
Water and effluents				
GRI 303 : Water and Effluents 2018	303-1	Interactions with water as a shared resource	11-3 Understanding water stress areas, 11-4 Management of Water Intake and Wastewater, 11-5 Initiatives for Appropriate Water Use, 11-6 Water Data	11-1
	303-2	Management of water discharge-related impacts	10-6 Prevention of Water Pollution	10-5
			11-1 Basic Concept, 11-3 Understanding water stress areas, 11-4 Management of Water Intake and Wastewater	11-1
	303-3	Water withdrawal	5. Impact on the Environment out of Our Business Operations 11-6 Water Data	5-1 11-2
	303-4	Water discharge	5. Impact on the Environment out of Our Business Operations 10-6 Prevention of Water Pollution 11-6 Water Data	5-1 10-5 11-2
			303-5	Water consumption
Biodiversity				
GRI 304 : Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
	304-2	Significant impacts of activities, products and services on biodiversity	-	
	304-3	Habitats protected or restored	-	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	
Emissions				
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	5. Impact on the Environment out of Our Business Operations 7. CO ₂ Emissions and Reduction Efforts	5-1 7-1
			305-2	Energy indirect (Scope 2) GHG emissions

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	305-3	Other indirect (Scope 3) GHG emissions	5. Impact on the Environment out of Our Business Operations 7. CO ₂ Emissions and Reduction Efforts	5-1 7-1
	305-4	GHG emissions intensity	5. Impact on the Environment out of Our Business Operations 7. CO ₂ Emissions and Reduction Efforts	5-1 7-1
	305-5	Reduction of GHG emissions	5. Impact on the Environment out of Our Business Operations 7. CO ₂ Emissions and Reduction Efforts	5-1 7-1
	305-6	Emissions of ozone-depleting substances (ODS)	-	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5. Impact on the Environment out of Our Business Operations 7-3 Trends in CO ₂ Emissions and Energy Consumption, etc. 10-8 Prevention of Air Pollution	5-1 7-2 10-7
Waste				
GRI 306 : Waste 2020	306-1	Waste generation and significant waste-related impacts	9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	9
	306-2	Management of significant waste-related impacts	9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	9
	306-3	Waste generated	5. Impact on the Environment out of Our Business Operations 9-1 Total amount of waste generated by Nissha Group	5-1 9
			5. Impact on the Environment out of Our Business Operations 9-1 Total amount of waste generated by Nissha Group	5-1 9
	306-5	Waste directed to disposal	5. Impact on the Environment out of Our Business Operations 9-1 Total amount of waste generated by Nissha Group	5-1 9
Environmental compliance				
GRI 307 : Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	10. Management of Chemical Substances and Environmental Risks	10-1
			12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)	12-1
			21-4 CSR Audit and SAQ	21-2

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
Supplier environmental assessment				
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	-	
	308-2	Negative environmental impacts in the supply chain and actions taken	12. Environmental Objectives and Status of Achievement (Nissha Group in Japan) 21-1 Basic Policy, 21-2 Maintaining purchasing related rules, 21-3 Nissha Group Supply Chain, 21-4 CSR Audit and SAQ	12-1 21-1
Social				
Employment				
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	15-1 Nissha Group Employee Composition	15-1
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	
	401-3	Parental leave	17-4 Child-rearing and Family Care Support	17-2
Labor/management relations				
GRI 402 : Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	13-5 Relationship with Labor Union	13-3
Occupational health and safety				
GRI 403 : Occupational Health and Safety 2018	403-1	Occupational health and safety management system	18-1 Policy and Principles, 18-2 Safety and Health Management System	18-1
			35. Management System and Other Certification Acquisitions	35-1
	403-2	Hazard identification, risk assessment, and incident investigation	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2022	18-1
			32-3 Initiatives, Risk Surveys	32-2
	403-3	Occupational health services	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2022	18-1
	403-4	Worker participation, consultation, and communication on occupational health and safety	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2022	18-1
403-5	Worker training on occupational health and safety	18-5 Safety and Health Education and Training	18-2	
	403-6	Promotion of worker health	19. Health and Productivity Management	19-1

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	18-1 Policy and Principles, 18-2 Safety and Health Management System, 18-3 Initiatives for FY2022	18-1
	403-8	Workers covered by an occupational health and safety management system	18-1 Policy and Principles, 18-2 Safety and Health Management System	18-1
	403-9	Work-related injuries	18-4 Occurrence of Occupational Accidents	18-2
	403-10	Work-related ill health	18-4 Occurrence of Occupational Accidents	18-2
Training and education				
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	16-5 Training records	16-3
	404-2	Programs for upgrading employee skills and transition assistance programs	14-4 Talent Management System	14-3
			15-4 Promotion of Women's Advancement	15-3
			16. Human Resources Development	16-1
			17-11 Internal Job Posting System, 17-12 Awarding system (Nissha Group), 17-13 Career Resumption Program	17-5
			20-2 Initiatives > Training	20
			21-5 Development of procurement personnel	21-3
			29-5 Training	29-2
			30-5 Training	30-2
	404-3	Percentage of employees receiving regular performance and career development reviews	14-5 Fair evaluation and treatment	14-3
Diversity and equal opportunity				
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	15-1 Nissha Group Employee Composition 25-3 Directors of the Board and the Board of Directors > Skills and Diversity Required of Directors of the Board, 25-7 Corporate Officers > Diversity of Corporate Officers	15-1 25-3
	405-2	Ratio of basic salary and remuneration of women to men	14-6 Wage Management	14-3
Non-discrimination				
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	-	

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
Freedom of association and collective bargaining			
GRI 407 : Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	13-3 21-1
Child labor			
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	13-1 21-1
Forced or compulsory labor			
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	13-1 21-1
Security practices			
GRI 410 : Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	-
Rights of indigenous peoples			
GRI 411 : Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	-
Human rights assessment			
GRI 412 : Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	13-3 21-2
	412-2	Employee training on human rights policies or procedures	-
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
Local communities			
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	-

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
	413-2	Operations with significant actual and potential negative impacts on local communities	-
Supplier social assessment			
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	-
	414-2	Negative social impacts in the supply chain and actions taken	21-1 21-3 34
Public policy			
GRI 415 : Public Policy 2016	415-1	Political contributions	-
Customer health and safety			
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	23-6 23-4
Marketing and labeling			
GRI 417 : Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	-
	417-2	Incidents of non-compliance concerning product and service information and labeling	-
	417-3	Incidents of non-compliance concerning marketing communications	-
Customer privacy			
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
Socioeconomic compliance			
GRI 419 : Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	-

37. ESG Data

The ESG Data is a compilation of quantitative information shown in Nissha Sustainability Report and some additional information. The data for the five years from FY2018 to FY2022 are collected for each theme. In addition, a list of policies, principles and guidelines is posted at the end of this document.

* In the boundary, Nissha Co., Ltd. is described as "Nissha" and the entire group companies including Nissha Co., Ltd. is described as "Nissha Group". In addition, domestic companies within the "Nissha Group" are referred to as "Nissha Group in Japan". Individual company names are abbreviated as below, and the grouping of production bases in Japan or overseas are stated accordingly.

- NI: Nitec Industries, Inc.
- NPT: Nitec Precision and Technologies, Inc.

Environment

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
5. Impact on the Environment out of Our Business Operations								
Total input		t	Nissha Group	118,586	101,398	114,036	127,430	123,982
Total input (production bases in Japan)		t	Production bases in Japan	27,853	19,612	20,482	22,981	19,114
PET/acryl film	Industrial Materials	t	Production bases in Japan	1,311	1,123	978	1,165	1,057
Solvents	Industrial Materials	t	Production bases in Japan	1,099	841	686	843	748
Ink and others	Industrial Materials	t	Production bases in Japan	1,001	858	778	845	811
Materials used in manufacturing processes	Devices	t	Production bases in Japan	15,522	10,702	12,103	13,729	11,244
Others	Devices	t	Production bases in Japan	2,064	1,621	1,849	1,589	900
Product materials	Medical Technologies ^{*1}	t	Production bases in Japan	n/a	n/a	n/a	55	73
Paper	Others ^{*2}	t	Production bases in Japan	6,534	4,348	3,958	4,424	3,764

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Ink and others	Others ^{*2}	t	Production bases in Japan	139	83	75	84	72
*1. Starting in the fiscal year ended December 2021, we added input data from the domestic Japanese Medical Technologies business. *2. Posted as "Information and Communication" until Nissha Sustainability Report 2021.								
Total input (Overseas production bases)		t	Overseas production bases	90,732	81,786	93,553	104,449	104,868
Resin		t	Overseas production bases	5,394	1,636	1,290	4,506	6,075
Molds and their materials		t	Overseas production bases	90	85	90	120	113
Touch sensors		t	Overseas production bases	1	0	0	0	0
Paper		t	Overseas production bases	77,217	69,630	78,391	88,131	88,318
Cardboards		t	Overseas production bases	179	1,391	1,752	1,073	123
Aluminum		t	Overseas production bases	213	140	2,594	2,218	1,991
Chemical substances		t	Overseas production bases	6,391	5,204	6,560	6,105	6,551
Others		t	Overseas production bases	367	1,571	1,031	568	1,438
Energy	Electricity	MWh	Production bases in Japan and overseas	285,404	274,593	257,464	264,973	250,732
	Gas	Thousand m ³	Production bases in Japan and overseas	10,410	11,585	9,085	10,558	10,485
Water	Tap water	Thousand m ³	Production bases in Japan and overseas	1,252	1,291	1,287	1,249	993
	Underground water	Thousand m ³	Production bases in Japan and overseas	10	103	40	46	49
	Industrial water	Thousand m ³	Production bases in Japan and overseas	2,158	1,943	1,725	1,670	1,549

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Total output (production bases in Japan)		t	Production bases in Japan	21,994	16,437	18,538	17,465	13,606
Recyclable resources (items sold for recycling)		t	Production bases in Japan	8,735	5,877	6,406	5,743	4,203
Recyclable resources (industrial waste)		t	Production bases in Japan	13,230	10,537	12,105	11,697	9,380
Waste for simple incineration/landfill		t	Production bases in Japan	29	23	27	25	22
Total output (Overseas production bases)		t	Overseas production bases	231	9,156	11,397	13,121	13,601
Recyclable resources (items sold for recycling)		t	Overseas production bases	n/a	7,272	8,433	9,838	10,904
Recyclable resources (industrial waste)		t	Overseas production bases	n/a	666	1,369	1,335	877
Non-recyclable waste		t	Overseas production bases	n/a	1,218	1,595	1,948	1,819
*The scope of data collection of total waste generated at overseas production bases were expanded from the FY ended December 2019.								
VOC		t	Production bases in Japan and overseas	1,069	808	700	826	752
Wastewater		Thousand m ³	Production bases in Japan and overseas	3,334	3,305	3,033	2,594	2,342
7. CO ₂ Emissions and Reduction Efforts								
Scope 1, CO ₂ emissions		t-CO ₂	Production bases in Japan and overseas	23,567	26,603	20,853	24,196	28,435
Scope 2, CO ₂ emissions		t-CO ₂	Production bases in Japan and overseas	161,003	152,399	103,351	101,048	86,255
CO ₂ emissions	Total	t-CO ₂	Production bases in Japan and overseas	184,570	147,266 ^{*1}	124,204	125,244	114,691
	Production bases in Japan	t-CO ₂	Production bases in Japan	131,653	106,788 ^{*1}	85,570	83,652	64,806
	Overseas production bases	t-CO ₂	Overseas production bases	52,917	40,478 ^{*1}	38,634	41,592	49,885
CO ₂ emissions basic unit of net sales		t-CO ₂ /Million yen	Production bases in Japan and overseas	0.89	0.85 ^{*1}	0.69	0.66	0.59

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
* Through FY2018 and 2019, CO ₂ emission coefficients were fixed values. However, in FY2020 and beyond, these are derived from data calculated using market-based method for Japan and location-based method for overseas.								
*1. These are derived from data calculated using market-based method for Japan and location-based method for overseas.								
Scope 3, CO ₂ emissions	Total	t-CO ₂	-	18,162	56,796	67,903	38,854	117,496
	Purchased goods and services	t-CO ₂	-	n/a	n/a	n/a	n/a	50,616 [*]
	Capital goods	t-CO ₂	-	n/a	n/a	n/a	n/a	17,126
	Fuel and energy-related activities (not included in Scope 1, 2)	t-CO ₂	-	n/a	n/a	n/a	n/a	15,684
	Upstream transportation and distribution of purchased products	t-CO ₂	-	10,969	48,682	45,646	18,603	11,096 [*]
	Upstream transportation and distribution of shipments	t-CO ₂	-	3,242	4,553	19,720	17,766	7,398 [*]
	Waste generated in operations	t-CO ₂	-	n/a	n/a	n/a	n/a	4,462
	Business travel	t-CO ₂	-	1,528	1,214	293	281	579 [*]
	Employee commuting	t-CO ₂	-	2,423	2,347	2,244	2,204	2,261 [*]
	Use of sold products	t-CO ₂	-	n/a	n/a	n/a	n/a	7,739 [*]
	End of life treatment of sold products	t-CO ₂	-	n/a	n/a	n/a	n/a	535
* Some of these figures include those certified by a third party.								
Energy consumption	Total	Thousand GJ	Production bases in Japan and overseas	3,328	3,266	2,966	3,124	2,662
	Production bases in Japan	Thousand GJ	Production bases in Japan	2,372	2,208	1,999	2,040	1,607
	Overseas production bases	Thousand GJ	Overseas production bases	956	1,058	967	1,084	1,055
Energy consumption basic unit of net sales		Thousand GJ/Million yen	Production bases in Japan and overseas	0.0160	0.0189	0.0165	0.0165	0.0137

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Electricity consumption	Total	MWh	Production bases in Japan and overseas	290,095	274,593	257,464	264,973	250,732
	Production bases in Japan	MWh	Production bases in Japan	213,581	197,029	183,200	182,488	158,335
	Overseas production bases	MWh	Overseas production bases	76,514	77,563	74,264	82,485	92,397
Gas consumption	Total	Thousand m ³	Production bases in Japan and overseas	10,410	11,585	9,085	10,558	10,485
	Production bases in Japan	Thousand m ³	Production bases in Japan	5,769	5,359	4,166	4,865	4,782
	Overseas production bases	Thousand m ³	Overseas production bases	4,641	6,226	4,919	5,694	5,703
Gasoline, diesel, and heavy oil consumption	Total	kl	Production bases in Japan and overseas	154	246	205	220	207
	Production bases in Japan	kl	Production bases in Japan	98	97	72	70	60
	Overseas production bases	kl	Overseas production bases	56	150	133	151	147
9. Waste Management								
Recycling and resource reuse rate		%	Nissha Group in Japan	99.9	99.9	99.9	99.9	99.8
10. Management of Chemical Substances and Environmental Risks								
Measurements of Wastewater Quality, NPT Himeji Factory								
Discharged water		m ³	NPT Himeji Factory	4,934	4,655	4,156	4,150	3,854
pH		-	NPT Himeji Factory	6.9 / 7.6	6.9 / 7.6	6.8 / 7.5	6.9 / 7.5	6.8 / 7.4
BOD		mg/l	NPT Himeji Factory	2.9	2.8	4.0	3.7	2.6
COD		mg/l	NPT Himeji Factory	4.6	7.3	5.2	4.4	4.8
SS		mg/l	NPT Himeji Factory	3.7	1.6	1.9	2.6	1.1

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
N-hexane		mg/l	NPT Himeji Factory	0.6	<0.5	<0.5	<0.5	<0.5
Phenol		mg/l	NPT Himeji Factory	< 0.005	<0.005	<0.005	<0.005	<0.005
Copper		mg/l	NPT Himeji Factory	0.14	0.04	0.05	0.02	0.01
Zinc		mg/l	NPT Himeji Factory	< 0.01	<0.01	<0.01	<0.01	<0.01
Soluble iron		mg/l	NPT Himeji Factory	< 0.01	0.02	0.03	0.03	0.03
Soluble manganese		mg/l	NPT Himeji Factory	0.05	0.04	0.04	0.04	0.02
Chromium		mg/l	NPT Himeji Factory	< 0.02	<0.02	<0.02	<0.02	<0.02
Nitrogen		mg/l	NPT Himeji Factory	4.8	8.0	4.2	4.5	4.3
Phosphorus		mg/l	NPT Himeji Factory	0.05	0.19	0.02	0.03	0.02
Measurements of Wastewater Quality, NPT Kaga Factory								
pH	Final effluent (Average)	-	NPT Kaga Factory	7.4	7.5	7.5	7.4	7.6
	Final effluent (Maximum)	-	NPT Kaga Factory	7.7	7.5	7.7	7.7	7.7
BOD	Final effluent (Average)	mg/l	NPT Kaga Factory	32.6	21.9	23.4	23.3	17.4
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	56.0	34.0	40.0	35.0	24.0
COD	Final effluent (Average)	mg/l	NPT Kaga Factory	55.3	34.0	33.5	37.7	25.8
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	93.0	47.0	47.0	44.0	36.0
SS	Final effluent (Average)	mg/l	NPT Kaga Factory	28.2	9.1	6.3	6.0	7.7
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	63.0	18.0	23.0	10.0	21.0
N-hexane	Final effluent (Average)	mg/l	NPT Kaga Factory	0.5	0.6	0.6	0.5	0.5
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	0.5	0.8	0.9	0.5	0.5

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
PRTR-designated chemical substances, NII Koka Factory								
53 Ethylbenzene	Discharge into the atmosphere	kg	NII Koka Factory	1,444	1,211	710	2,273	1,211
	Transferred to industrial waste processing companies	kg	NII Koka Factory	587	463	286	928	494
80 Xylene	Discharge into the atmosphere	kg	NII Koka Factory	9,904	9,937	15,745	10,524	12,022
	Transferred to industrial waste processing companies	kg	NII Koka Factory	4,026	4,075	6,431	4,298	4,910
88 Hexavalent chromium compounds	Discharge into the atmosphere	kg	NII Koka Factory	0.1	0.1	0.1	0.1	0.1
	Transferred to industrial waste processing companies	kg	NII Koka Factory	0	0	0	850*	0
296 1,2,4-Trimethylbenz- end	Discharge into the atmosphere	kg	NII Koka Factory	299	265	25	59	1
	Transferred to industrial waste processing companies	kg	NII Koka Factory	107	95	10	24	0.3
300 Toluene	Discharge into the atmosphere	kg	NII Koka Factory	83,927	100,846	61,535	106,873	57,728
	Transferred to industrial waste processing companies	kg	NII Koka Factory	36,831	5,520	25,134	43,652	23,579
392 N-hexane	Discharge into the atmosphere	kg	NII Koka Factory	8,371	4,518	601	258	0
	Transferred to industrial waste processing companies	kg	NII Koka Factory	2,375	2,741	245	105	0
* The increase in the transfer amount of hexavalent chromium compounds transferred in FY2021 was due to the disposal of materials no longer needed as a result of the renewal of factory facilities.								
PRTR-designated chemical substances, NPT Himeji Factory								
71 Ferric chloride	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	0	0	0	0	0
272 Water-soluble copper salts (excluding complex salt)	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	2,023.1	1,352.8	1,820.2	2,677.4	2,491.4

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
453 Molybdenum and its compounds	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	0	0	0	0	0
PRTR-designated chemical substances, NPT Kaga Factory								
71 Ferric chloride	Discharge into the atmosphere	kg	NPT Kaga Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	0	0	0	0	0
272 Water-soluble copper salts (excluding complex salt)	Discharge into the atmosphere	kg	NPT Kaga Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	0	0	0	0	0
627 Diethylene glycol monobutyl ether	Discharge into the atmosphere	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	0
12. Environmental Objectives and Status of Achievement (Nissha Group in Japan)								
Environmental accidents		Number	Nissha Group in Japan	0	0	0	1 ^{*1}	1 ^{*2}
^{*1} . In FY2021, there was one chemical leak accident at the NII Koka Factory, but it did not have a significant environmental impact. ^{*2} . In FY2022, a delivery company's truck experienced a fuel leak at Nissha FIS, Inc., but it did not have a significant environmental impact.								

Human Rights

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
13. Human Rights								
Harassment Help Desk number of consultations		Number	Nissha Group	8	9	8 ^{*1}	12 ^{*1}	- ^{*2}
<p>*1. As the Harassment Help Desk (outside the company) and the Hotline have been shared since January 2020, only the number of cases handled by the internal consultation service is shown in the number of cases handled by the Harassment Help Desk in the FY2020 and FY2021.</p> <p>*2. As the Harassment Help Desk (internal consultation service) and the Hotline have been shared since July 2022, the information has been consolidated into the number of cases reported to the Hotline.</p>								
Membership of Labor Union	Total	Number	Nissha Group in Japan	1,386	1,308	1,133	1,106	1,051
	The Nissha Labor Union	Number	Nissha Group in Japan	765	739	649	-	-
	The Nitec Industries Labor Union	Number	Nissha Group in Japan	436	433	354	-	-
	The Nissha Printing Communications Labor Union	Number	Nissha Group in Japan	185	136	130	-	-
* In January 2021, the Nissha Crew Alliance was organized as the single labor union of the Nissha Group in Japan, led by employees of Nissha Co., Ltd., Nitec Industries, Inc. and Nissha Printing Communications, Inc.								
Number of reports on strike or lockout		Number	Nissha Group in Japan	0	0	0	0	0

Human Resources

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
14. Human Resources System								
Gap between male and female in terms of wages								
All workers	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	76.3
Full-time workers	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	77.7
Non-regular workers	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	56.2
* Only FY2022 is shown due to a change in the aggregation method from the fiscal year ended December 2022.								
* The figures show a comparison of female with a male wages set at 100.								
* Wages include bonuses, overtime allowance, commuting allowance, and family allowance, etc.								
* The treatment of full-time workers is the same for male and female. The difference is due to differences in the grade structure due to the different average lengths of service between male and female.								
* Non-regular workers include employees who are treated differently, such as contract employees who are rehired after mandatory retirement and employees working under individual labor contracts. The main reason for the gap between male and female is the large proportion of male in managerial staff roles despite their non-regular employment.								
15. Respect for Diversity								
Number of locally hired CEO		Number	Nissha Group	8	8	8	8	8
Number of employees by area (Japan)	Total	Number	-	2,362	2,300	1,988	1,990	1,915
	Male	Number	-	1,930	1,853	1,587	1,574	1,500
	Female	Number	-	432	447	401	416	415
Number of employees by area (Asia)	Total	Number	-	812	720	674	661	633
	Male	Number	-	402	336	310	312	319
	Female	Number	-	410	384	364	349	314
Number of employees by area (Europe)	Total	Number	-	551	523	680	698	693
	Male	Number	-	351	346	478	505	488
	Female	Number	-	200	177	202	193	205

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees by area (North America)	Total	Number	-	1,160	1,577	1,509	1,539	1,151
	Male	Number	-	712	918	841	873	690
	Female	Number	-	448	659	668	666	461
Number of employees by area (Central and South America)	Total	Number	-	959	598	539	521	933
	Male	Number	-	437	239	216	206	365
	Female	Number	-	522	359	323	315	568
Composition by employment status (Permanent)	Total	Number	Nissha Group	5,844	5,718	5,390	5,409	5,325
	Male	Number	Nissha Group	3,832	3,692	3,432	3,470	3,362
	Female	Number	Nissha Group	2,012	2,026	1,958	1,939	1,963
Composition by employment status (Temporary)	Total	Number	Nissha Group	2,325	1,741	2,012	1,443	1,438
	Male	Number	Nissha Group	1,666	1,209	1,429	866	865
	Female	Number	Nissha Group	659	532	583	577	573
Composition of Directors of the Board	Total	Number	Nissha	9	9	9	9	9
	Male	Number	Nissha	7	8	8	8	8
	Female	Number	Nissha	1	1	1	1	1
Composition of corporate officers, excluding concurrently serving as Directors of the Board	Total	Number	Nissha	12	12	11	12	12
	Male	Number	Nissha	12	12	11	12	12
	Female	Number	Nissha	0	0	0	0	0
Composition of Nissha fellows	Total	Number	Nissha	1	1	2	2	1
	Male	Number	Nissha	1	1	2	2	1
	Female	Number	Nissha	0	0	0	0	0
Composition of managerial staff	Total	Number	Nissha	172	172	153	166	163
	Male	Number	Nissha	161	162	145	157	153
	Female	Number	Nissha	11	10	8	9	10
Composition of employees	Total	Number	Nissha	819	819	720	731	710
	Male	Number	Nissha	616	609	531	534	513
	Female	Number	Nissha	203	210	189	197	197

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Average age	Average	Age	Nissha	40.7	39.8	41.5	42.2	42.9
	Male	Age	Nissha	42.1	42.9	43.0	43.8	44.7
	Female	Age	Nissha	36.5	36.7	37.3	37.8	38.2
Average years of employment	Average	Year	Nissha	13.5	13.2	14.4	14.3	15.7
	Male	Year	Nissha	14.5	15.3	15.4	15.6	17.2
	Female	Year	Nissha	10.7	11.0	11.5	10.8	11.8
Composition by age (18-19)	Total	Number	Nissha	4	2	0	2	2
	Male	Number	Nissha	1	0	0	0	0
	Female	Number	Nissha	3	2	0	2	2
Composition by age (20-29)	Total	Number	Nissha	125	116	94	82	72
	Male	Number	Nissha	71	63	54	42	33
	Female	Number	Nissha	54	53	40	40	39
Composition by age (30-39)	Total	Number	Nissha	267	246	217	217	193
	Male	Number	Nissha	189	164	133	135	117
	Female	Number	Nissha	78	82	84	82	76
Composition by age (40-49)	Total	Number	Nissha	275	281	262	269	261
	Male	Number	Nissha	221	225	214	218	205
	Female	Number	Nissha	54	56	48	51	56
Composition by age (50-59)	Total	Number	Nissha	144	172	145	155	175
	Male	Number	Nissha	130	156	129	134	152
	Female	Number	Nissha	14	16	16	21	23
Composition by age (over 60)	Total	Number	Nissha	4	2	2	6	7
	Male	Number	Nissha	4	1	1	5	6
	Female	Number	Nissha	0	1	1	1	1
Number of employees	Total	Number	Nissha Group	5,844	5,718	5,390	5,409	5,325
	Male	Number	Nissha Group	3,832	3,692	3,432	3,470	3,362
	Female	Number	Nissha Group	2,012	2,026	1,958	1,939	1,963

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Composition of managerial staff	Male	Number	Nissha Group in Japan	n/a	n/a	273	281	269
	Female	Number	Nissha Group in Japan	n/a	n/a	13	14	15
	Total	Number	Nissha Group in Japan	n/a	n/a	286	295	284
	Of which mid-carrier employees	Number	Nissha Group in Japan	n/a	n/a	86	94	91
	Of which foreign employees	Number	Nissha Group in Japan	n/a	n/a	2	2	1
* Figures as of the end of FY2020 and the end of FY2021 have been revised due to a review of the aggregation method in accordance with the disclosure in our Annual Securities Report.								
Percentage of persons with disabilities employed		%	Nissha	2.18	2.38	2.11	2.12	2.07
16. Human Resources Development								
Annual training hours	Total	Hours	Nissha Group in Japan	26,850	22,265	26,337	42,426	30,613
	Male	Hours	Nissha Group in Japan	19,573	17,768	19,092	28,928	23,252
	Female	Hours	Nissha Group in Japan	7,277	4,497	7,245	13,498	7,361
Training hours per employee	Average	Hours	Nissha Group in Japan	11.4	9.7	13.1	18.2	14.4
	Male	Hours	Nissha Group in Japan	10.2	9.6	11.8	16.4	14.2
	Female	Hours	Nissha Group in Japan	16.8	10.0	17.9	24.0	15.3
* From FY2019 onward, contract employees are included in the total.								
17. Employee Engagement								
Average days of annual paid leave used		Days	Nissha Group in Japan	11.0	12.2	11.4	11.5	12.9
Average percentage of annual paid leave used		%	Nissha Group in Japan	60.4	65.9	61.4	60.3	66.1
Number of employees who used child-rearing leave	Total	Number	Nissha Group in Japan	59	61	69	67	73
	Male	Number	Nissha Group in Japan	14	18	19	21	25
	Female	Number	Nissha Group in Japan	45	43	50	46	48
Number of employees who worked shorter hours for child-rearing	Total	Number	Nissha Group in Japan	89	97	95	89	95
	Male	Number	Nissha Group in Japan	8	7	2	2	3
	Female	Number	Nissha Group in Japan	81	90	93	87	92
Number of employees who took days off for child nursing	Total	Number	Nissha Group in Japan	145	157	120	108	115
	Male	Number	Nissha Group in Japan	67	79	56	49	50
	Female	Number	Nissha Group in Japan	78	78	64	59	65

Items		Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Reinstatement rate after child-rearing leave	Average	%	Nissha Group in Japan	100	96.8	100	97.1	97.6
	Male	%	Nissha Group in Japan	100	100	100	100	100
	Female	%	Nissha Group in Japan	100	95.0	100	95.6	95.8
Retention rate after child-rearing leave (1 year)	Average	%	Nissha Group in Japan	96.3	93.5	90.0	88.5	94.7
	Male	%	Nissha Group in Japan	83.3	100	92.0	83.3	87.5
	Female	%	Nissha Group in Japan	100	90.0	88.6	91.3	100
Number of employees who used family care leave	Total	Number	Nissha Group in Japan	1	4	1	0	0
	Male	Number	Nissha Group in Japan	1	3	1	0	0
	Female	Number	Nissha Group in Japan	0	1	0	0	0
Number of employees who used shorter hours for family care	Total	Number	Nissha Group in Japan	1	1	0	0	0
	Male	Number	Nissha Group in Japan	0	0	0	0	0
	Female	Number	Nissha Group in Japan	1	1	0	0	0
Number of employees who used days off for family care	Total	Number	Nissha Group in Japan	16	17	15	6	12
	Male	Number	Nissha Group in Japan	8	12	8	5	6
	Female	Number	Nissha Group in Japan	8	5	7	1	6
Number of employees who used outpatient sick leave system	Total	Number	Nissha Group in Japan	2	3	4	6	9
	Male	Number	Nissha Group in Japan	1	1	2	3	5
	Female	Number	Nissha Group in Japan	1	2	2	3	4
Number of internal job posting		Number	Nissha Group in Japan	15	9	0	15	31
Successful applicants (transferees)	Total	Number	Nissha Group in Japan	3	5	n/a	7	2
	Male	Number	Nissha Group in Japan	2	4	n/a	6	2
	Female	Number	Nissha Group in Japan	1	1	n/a	1	0
Number of award winners	CEO's Award (Company-wide)	Number	Nissha Group	n/a	n/a	n/a	0	0
	CEO's Award (Group Companies)	Number	Nissha Group	n/a	n/a	n/a	10	0
	BU Head's Award	Number	Nissha Group	n/a	n/a	n/a	35 ¹⁾	21
	Synergy Award	Number	Nissha Group	n/a	n/a	n/a	32	79
	New Hope Award	Number	Nissha Group	n/a	n/a	n/a	13	8
	Nissha People Award	Number	Nissha Group	220	111	111	n/a	n/a

Items	Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
* In FY2021, the award system was revised and the Nissha People Award was abolished, while other awards were newly established. *1. Includes the number of winners of the Director's Special Award, which corresponds to the BU Head's Award.							
Subscription rate in employee stock ownership plan	%	Nissha Group in Japan	24.8	26.6	26.0	27.5	27.5
18. Safety and Health							
Frequency of work-related accidents	-	Nissha Group in Japan	0.84	0.49	0.98	1.48	0.35
Severity of work-related accidents	-	Nissha Group in Japan	0.01	0.00	0.01	0.05	0.00
Fatal accidents (employee fatalities due to accidents at work)	Number	Nissha Group in Japan	0	0	0	0	0
Number of work-related accidents	Number	Nissha Group	56	59	48	53	60
Number of work-related accidents (Japan)	Number	-	25	13	15	15	7
4 or more days of leave	Number	-	6	2	3	7	0
Number of work-related accidents (North America)	Number	-	11	21	10	14	19
Number of work-related accidents (Central and South America)	Number	-	5	11	2	2	2
Number of work-related accidents (Europe)	Number	-	9	12	19	17	30
Number of work-related accidents (Asia)		-	3	2	2	5	2
19. Health and Productivity Management							
Regular health checkup rate	%	Nissha Group in Japan	100	100	98.8	99.7	100
Detailed checkup rate after regular health checkup	%	Nissha Group in Japan	42.6	37.8	34.7	51.7	60.3
Specific health checkup rate	%	Nissha Group in Japan (40 years or older)	100	100	99.8	99.7	100
Lung cancer screening rate	%	Nissha Group in Japan	92.0	98.7	99.4	100	100
Stomach cancer screening rate	%	Nissha Group in Japan	83.3	99.3	92.4	94.0	93.0
Colorectal cancer screening rate	%	Nissha Group in Japan	87.9	95.6	96.8	96.8	96.2
Uterus cancer screening rate	%	Nissha Group in Japan (held on a biennial basis)	47.9	49.4	60.3	66.7	66.7
Breast cancer screening rate	%	Nissha Group in Japan (held on a biennial basis)	61.5	57.3	81.1	74.2	74.7
Stress check implementation rate	%	Nissha Group in Japan	100	100	100	100	99.9
Specific health guidance implementation rate	%	Nissha Group in Japan	92.6	97.0	96.2	99.0	99.9

Items	Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Smoking rate*	%	Nissha Group in Japan	30.7	29.3	27.8	28.5	25.6
Obesity rate*	%	Nissha Group in Japan	24.2	24.1	23.7	29.7	24.8
* Excluding Kaga Factory and Tokyo Division Headquarters until the fiscal year ended December 2020.							

Fair Operating Practices / Local Communities

Items	Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
21. Partnership with Our Suppliers							
Number of CSR audits conducted for important or new suppliers	Number	Nissha Group in Japan	0	1	0	0	0
Number of CSR audits conducted for important or new suppliers (cumulative)	Number	Nissha Group in Japan	18	19	19	19	19
Number of findings pointed out at CSR audit for suppliers (cumulative)	Total	Number	Nissha Group in Japan	183	187	187	187
	Related to labor and human rights	Number	Nissha Group in Japan	84	88	88	88
	Related to safety and health	Number	Nissha Group in Japan	53	53	53	53
	Related to the environment	Number	Nissha Group in Japan	29	29	29	29
	Related to ethics	Number	Nissha Group in Japan	12	12	12	12
	Management system	Number	Nissha Group in Japan	5	5	5	5
22. Along with Local Communities							
Social contribution expenses	Million yen	Nissha Group in Japan	n/a	n/a	99	111	153

Quality Management /Efficiency and Productivity Improvement

Items	Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
23. Quality Management							
Number of serious accident that conflict with laws or regulations as a result of flaws in our products and services	Number	Nissha Group in Japan	0	0	0	0	0
Fines due to a serious accident that conflict with laws or regulations as a result of flaws in our products and services	Japanese Yen	Nissha Group in Japan	0	0	0	0	0

Governance

Items	Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
25. Corporate Governance							
Directors of the Board	Number	Nissha	9	9	9	9	9
Independent Outside Director of the Board	Number	Nissha	4	4	4	4	4
Female Directors of the Board	Number	Nissha	1	1	1	1	1
Foreign national Directors of the Board	Number	Nissha	0	1	1	1	1
Audit and Supervisory Board Members	Number	Nissha	4	4	4	4	4
Independent Audit and Supervisory Board Member	Number	Nissha	2	2	2	2	2
Female Audit and Supervisory Board Members	Number	Nissha	0	0	0	0	0
Corporate Officers	Number	Nissha	12	12	12	12	12
Female Corporate Officers	Number	Nissha	0	0	0	0	0
Foreign national Corporate Officers	Number	Nissha	2	2	2	2	2
* The number of Directors of the Board, Audit and Supervisory Board Members, and Corporate Officers are as of the date of the Ordinary General Meeting of Shareholders for the relevant fiscal year.							

	Items	Unit	Boundary	FY2018	FY2019	FY2020	FY2021	FY2022
Total compensation	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	252	255	226	328	318
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	28	28	26	28	32
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	48	50	46	53	54
Compensation by category (Base salary)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	168	174	151	169	171
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	28	28	26	28	32
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	48	50	46	53	54
Compensation by category (Bonuses)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	60	55	52	113	89
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	-	-	-	-	-
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	-	-	-	-	-
Compensation by category (Stock compensation, etc.)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	23	25	22	45	57
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	-	-	-	-	-
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	-	-	-	-	-
Number of members subject to aggregation of compensation and etc.	Directors of the Board (Excluding Independent Outside Directors of the Board)	Number	Nissha	6	5	5	7	5
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Number	Nissha	2	2	3	2	3
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Number	Nissha	7	8	6	6	7

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
28. Risk Management and Compliance							
Hotline number of reports	Nissha Group in Japan	22	9	12	7	4	7
* The Hotline is a whistle-blowing and other consultation service for inappropriate, illegal or unethical behavior by organizations or individuals, and is not limited to harassment consultation.							
35. Management System and Other Certification Acquisitions							
ISO9001 acquisition site	Number of sites	Nissha Group	24	24	29	25	19
ISO13485 acquisition site	Number of sites	Nissha Group	8	10	10	10	12
ISO22716 acquisition site	Number of sites	Nissha Group	0	0	1	1	1
ISO/TS16949・IATF16949 acquisition site	Number of sites	Nissha Group	6	8	9	10	8
ISO14001 acquisition site	Number of sites	Nissha Group	12	13	17	17	18
ISO50001 acquisition site	Number of sites	Nissha Group	2	2	5	4	4
OHSAS18001・ISO45001 acquisition site	Number of sites	Nissha Group	2	3	3	1	2
ISO27001 acquisition site	Number of sites	Nissha Group	13	11	17	18	18
FSC COC acquisition site	Number of sites	Nissha Group	7	4	5	10	10
PEFC acquisition site	Number of sites	Nissha Group	n/a	n/a	n/a	2	2
EN15593 acquisition site	Number of sites	Nissha Group	0	1	1	1	1
EC93/42/EEC acquisition site	Number of sites	Nissha Group	2	2	2	2	3

List of policies, principles and guidelines

Title	Sustainability Report 2022・Web site	Pages on PDF
Environment Policy and Principles	4. Environmental Policy and Management Structures	4-1
Basic Policy on Labor and Human Rights	13. Human Rights	13-1
Human Resources Policy	14. Human Resources System	14-1
Occupational Safety and Health Policy and Principles	18. Safety and Health	18-1
Health and Productivity Management Policy	19. Health and Productivity Management	19-1
Purchasing Principles	21. Partnership with Our Suppliers	21-1
Social Contribution Policy	22. Along with Local Communities	22-1
Quality Policy / Nissha Quality Way	23. Quality Management	23-1
Corporate Governance Policy	Website About > Corporate Governance	-
Risk Management Policy	28. Risk Management and Compliance	28-1
Corporate Ethics and Compliance Guidelines and Principles	28. Risk Management and Compliance	28-2
Information Security Policy and Principles	29. Information Security	29-1
Trade Management Policy and Principles	30. Trade Management	30-1
Nissha Group Anti-Corruption Guidelines	31. Anti-corruption	31-1
Business Continuity Plans Policy and Principles	32. Business Continuity	32-1
Tax Principles	33. Tax Principles	33
Basic Approach to Responsible Mineral Procurement	34. Responsible Mineral Procurement	34-1