4. Environmental Policy and Management Structures

4-1 Policy and Principles

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

Environment Policy

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

Junya Suzuki
Chairman of the Board and Group 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.

Satoshi Aoki
Senior Vice President, General Affairs
Nissha Co., Ltd.

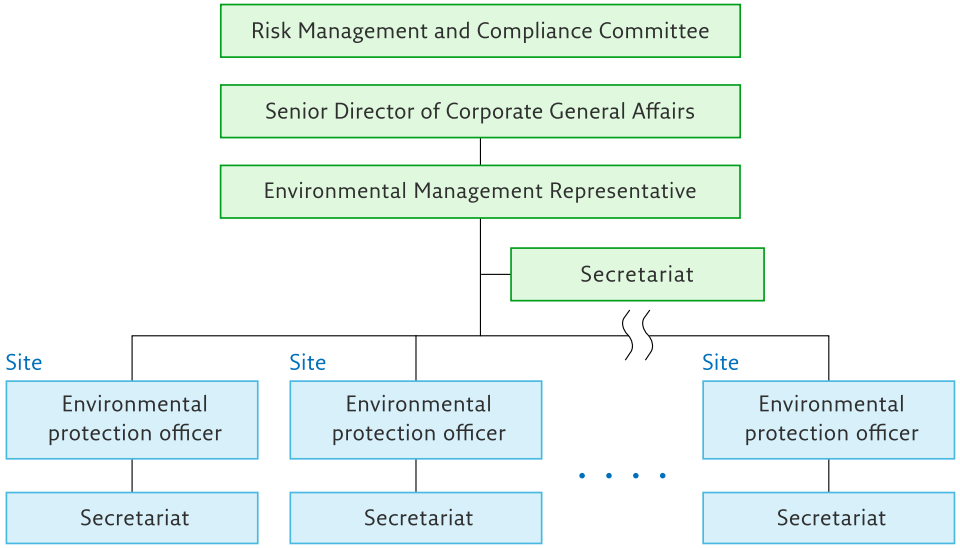
Established on April 1, 2012 / Revised on January 1, 2025

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

Major business bases 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 environmental risk reduction activities. In addition to setting KPI directly related to business activity, we also strive for environmental performance improvement that interlocks with quality targets, etc. Through these activities, we assess negative risks that impose an undesirable impact on the environment and business and engage in improvement, maintenance, and management aiming to reduce those risks.

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

Moreover, the EMS for the Nissha Group covers all our bases, not only major production bases, but also small production bases and sales bases with little impact on the environment. Domestic business locations are classified into ISO14001-certified bases and noncertified bases and set their priority management items as appropriate. The effectiveness of our EMS has ensured a high level of performance by engaging in confirmation, correction, and improvement through initiatives including once-a-year periodic internal auditing and support for legal and regulatory compliance and responding to law and regulation revisions. The biannual management review report meeting includes confirmation on the response to points stipulated by the director of Corporate 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 understand the environmental impact of our business activities, the Nissha Group manages the amount of major raw materials we use, the amount of waste we generate, the amounts of energy and water we use, and the amount of CO_2 we emit. In the fiscal year ended December 2024, we saw a year-on-year increase in many of these areas due to an increase in our production volume.

(1) Total Input of Raw Materials

The amount of major raw materials used at the Nissha Group in FY2024 was 99,289t, an increase of approximately 16% from the 85,273t used in the previous fiscal year. Of this amount, 22,959t was used in our Group in Japan, an increase of approximately 39% from the 16,466t used in the previous fiscal year. 76,330t was used in our Group overseas, an increase of approximately 11% from 68,807t used in the previous fiscal year. The overseas Nissha Group companies account for approximately 77% of the total amount of major raw materials used.

(2) Energy Consumption

The amount of energy used by the Nissha Group was 235,566MWh of electricity, an increase of approximately 9% from the 217,027MWh used in the previous fiscal year, and 10,422,000m^3 of gas, an increase of approximately 4% from the 10,029,000m^3 used in the previous year.

(3) Total CO_2 Emissions

The total CO_2 emissions of the Nissha Group from energy during the fiscal year ended December 2024 were 64,086t-CO_2, a decrease of approximately 37% from the 100,963t-CO_2 of the previous fiscal year. The main reason for this decrease was the move by the Nissha Precision and Technologies, Inc. (NPT) Himeji Factory / Kaga Factory to 100% renewable energy sources for the power they use.

(4) Water Usage and Wastewater

The amount of water used by the Nissha Group was 2,422,000 m^3, an increase of approximately 8% from the 2,236,000 m^3 used the previous fiscal year. In addition, the amount of wastewater was 2,216,000 m^3, an increase of approximately 11% from the 2,002,000 m^3 in the previous fiscal year.

(5) Total Waste Emissions

The overall Nissha Group waste material gross emissions were 23,080t, an increase of approximately 11% from the 20,841t emitted in the previous fiscal year.

		FY2023	FY2024	Year-on-year
(1)	Total input of raw materials (t)	85,273	99,289	+14,016 (+ 16.4%)
	Nissha Group in Japan	16,466	22,959	+6,493 (+39.4%)
	Nissha Group overseas	68,807	76,330	+7,523 (+10.9%)
(2)	Energy consumption (electricity / MWh)	217,027	235,566	+18,539 (+8.5%)
	Energy consumption (gas / m^3)	10,029,000	10,422,000	+393,000 (+3.9%)
(3)	Total CO_2 emissions (t-CO_2)	100,963	64,086	- 36,877 (- 36.5%)
(4)	Water usage (m^3)	2,236,000	2,422,000	+186,000 (+8.3%)
	Wastewater (m^3)	2,002,000	2,216,000	+214,000 (+10.7%)
(5)	Total waste emissions (t)	20,841	23,080	+2,239 (+10.7%)
	Nissha Group in Japan	11,057	13,303	+2,246 (+20.3%)
	Nissha Group overseas	9,784	9,777	- 7 (- 0.1%)

INPUT

Nissha Group in Japan		
Industrial Materials	PET film	719t
	Solvents	730t
	Gravure ink	596t
	Resin	208t
	Chemical substances	16t
	Aluminum	2t
	Other metals	18t
	Packaging materials	52t
Devices	Materials used in product manufacturing processes	10,721t
	Metallic materials	2t
	Resin materials	8t
	Half-finished goods	17t
	Printed circuit board assembly	6t
	Chemical substances	5,831t
	Packaging materials	423t
Medical Technologies	Product materials	71t
	Resin materials	33t
	PET film	4t
	Alminum	7t
	Packing materials	28t
Others	Paper	3,404t
	Ink	36t
	Packaging materials	1t
	Others	27t
Total for Nissha Group in Japan		**22,959t**

Nissha Group overseas		
	Resin/plastic	6,056t
	Film	203t
	Molds and molding materials	110t
	Ink	82t
	Packing materials	1,398t
	Paper	62,787t
	Cardboards	477t
	Aluminum	890t
	Metal	60t
	Chemical substances	4,078t
	Others	189t
Total for Nissha Group overseas		**76,330t**

Total for Nissha Group	**99,289t**

Nissha Group		
Energy	Electricity	235,566MWh
	Gas	10,422,000m^3
Water	Tap water	1,069,000m^3
	Underground water	37,000m^3
	Industrial water	1,316,000m^3

OUTPUT

Nissha Group in Japan		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste	4,335t
Recyclable resources (industrial waste)	Waste plastic Iron scrap, waste cans Waste solvents, waste ink, waste cloth Waste acid, alkali Sludge, others	8,936t
Waste for simple incineration/ landfill	General business waste Others (industrial waste)	32t
Total for Nissha Group in Japan		**13,303t**

Nissha Group overseas		
Recyclable resources (items sold for recycling)	Waste containing noble metals Metal waste Resin waste Paper waste Others	7,578t
Recyclable resources (industrial waste)	Waste plastic Waste ink, waste solvents Others	585t
Non-recyclable waste	Incineration/ landfill	1,613t
Total for Nissha Group overseas		**9,777t**

Total for Nissha Group	**23,080t**

Nissha Group		
Emissions	CO_2	64,086t
	VOC*1	667t
Wastewater		2,216,000m^3

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

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

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

6-1 Governance

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

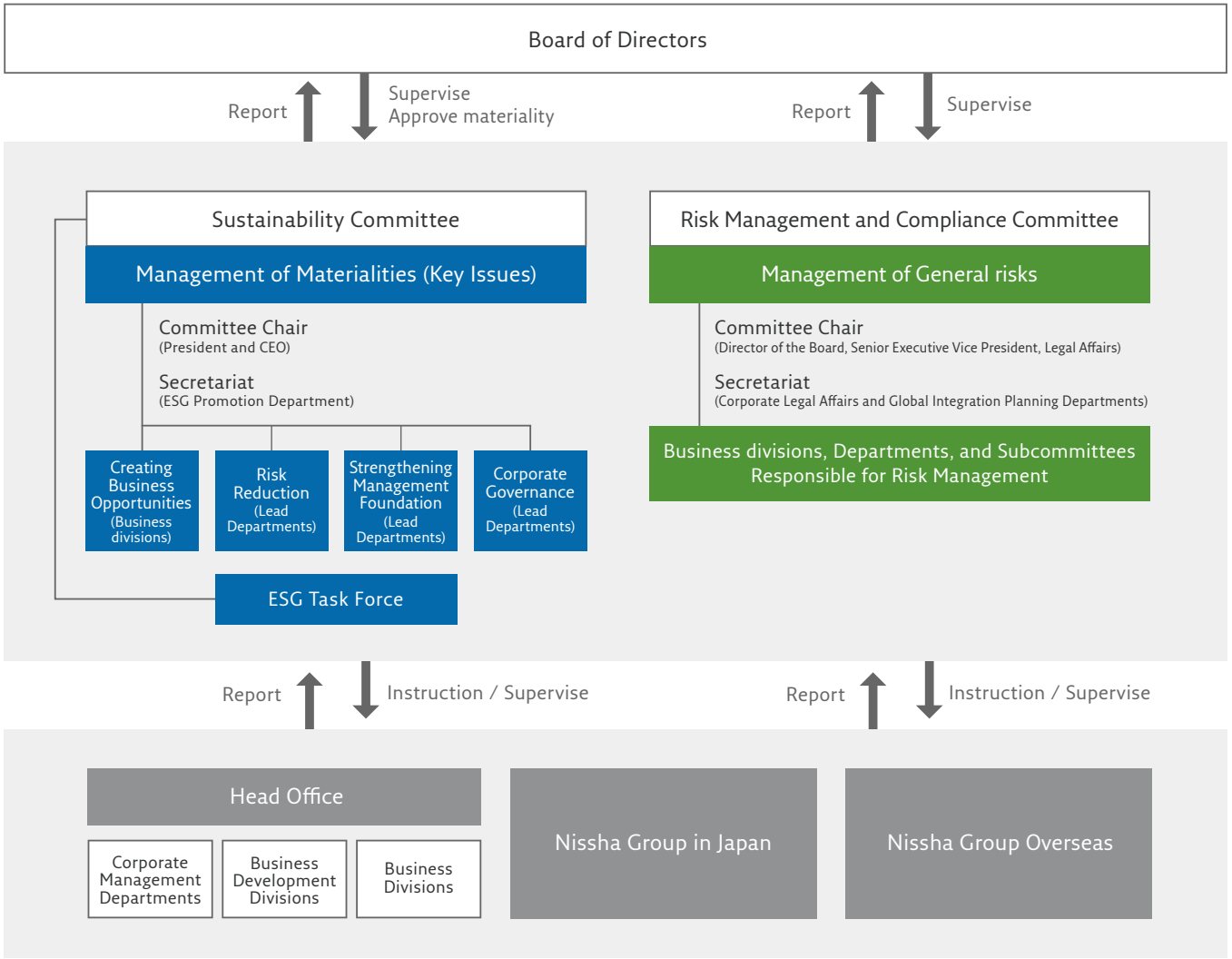
The governance and promotion structure for materialities and general risks are as shown below.

Materialities (Key Issues) Management	General Risks Management
• Materialities (key issues) are identified through deliberation and resolution by the Board of Directors meeting and managed by the Sustainability Committee which is chaired by the Chairman of the Board, President and CEO. • The Sustainability Committee manages the identified materialities. The ESG Task Force has been set up to promote the theme of "responding to climate change," which is considered particularly important from the ESG perspective. • In addition to setting KPIs and action items and reporting progress to the Sustainability Committee, the ESG Task Force discusses the company's responses to climate change with the Board (excluding independent outside directors, but including the President and CEO). • The Board of Directors supervises the activities of the Sustainability Committee. It deliberates on the contents of the Committee's report once a year, and gives instructions for improvements as necessary. • The President and CEO makes important strategic and financial decisions concerning our responses to climate change within the scope of his authority. To help him make decisions appropriately, the President and CEO learns about climate change through study sessions and training by outside experts. • Introduced stock-based compensation* as mid- to long-term performance-linked compensation for directors (excluding independent outside directors) and corporate officers. One of the indicators for the mid-term target is the degree of progress to the total CO_2 emissions reduction target.	• Risks that would hinder smooth business operations are centrally managed by the Risk Management and Compliance Committee, which is chaired by the Senior Executive Vice President (in charge of legal affairs). • The Risk Management and Compliance Committee approves the "key risks" identified by the departments responsible for risk management and overseas Group companies after conducting a risk assessment. One of the key risks, Business Continuity (natural disasters such as earthquakes, typhoons, and floods) encompasses climate change-related risks, and the Business Continuity Management Subcommittee takes charge of moving ahead with this. • The Business Continuity Management Subcommittee sets KPIs and action items, and promotes measures for reducing risks. It formulates and updates response plans for preparing for or dealing with emergency situations in the event of a natural disaster, and reports on progress to the Risk Management and Compliance Committee. • The Board of Directors supervises the activities of the Risk Management and Compliance Committee, which manages key risks that include climate change-related risks. It deliberates on the contents of the Committee's report once a year, and gives instructions for improvements as necessary.

*About stock-based compensation
- Points are awarded based on the degree of achievement of mid-term targets and the consolidated performance target for each fiscal year over the three-year period of Nissha's medium-term business plans.
- On a set date in the final fiscal year of each medium-term business plan, points are confirmed, and Nissha shares and money equivalent to Nissha shares converted at the market price are granted.

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

Management Structure



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.

We analyzed the impact of future climate change on our three main businesses over different time horizons: 1 to 2 years for the short term, 3 to 5 years for the medium term, and 6 to 10 years for the long term, including the Sustainability Vision. Based on this analysis, we considered measures to respond to these impacts.

(1) Scenario analysis assumptions

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

*1.Target Businesses: Other businesses (Information and Communication, Pharmaceuticals and Cosmetics) are not included.

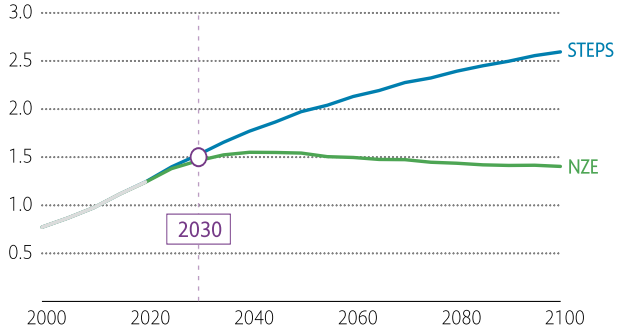
*2.NZE: a scenario in which the world decarbonizes and achieves virtually zero CO_2 emissions in 2050. It is called the "1.5 ℃ scenario" because the average temperature increase as of 2100, compared to pre-industrial times, will be between 1.3 and 1.5℃.

*3.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℃ scenario" because the average temperature increase as of 2100, compared to pre-industrial times, will be between 2.4 and 2.8℃.

*4.RCP4.5: a scenario in which CO_2 emissions peak in 2040 and stable economic development is achieved.

*5. RCP8.5: a scenario in which CO_2 emissions continuously increase and uneven economic development is achieved.

Temperature rise in 2100 under each scenario



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

Under the two scenarios referenced from the IEA, we believe that we can visualize many climate change-related risks and opportunities by using the 1.5 ° C scenario in which regulations are tightened and zero CO_2 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 three main businesses
(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 (adaptation, mitigation)

(3) Results of risk analysis

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

Results of risk analysis

Type		Changes in the external environment	Target business	Time horizon	Risks to Nissha	Risk magnitude*1,2 3℃	Risk magnitude*1,2 1.5℃	Adaption / Mitigation measures
Transition risk	Policies/laws and regulations	Introduction of a carbon tax	Industrial Materials Devices Medical Technologies	Medium to long-term	Increase in production and countermeasure costs due to carbon taxation on CO_2 emissions	Small	Medium	– Mitigation Switch to renewable energy sources at production sites – Mitigation Introduce energy-saving production equipment – Mitigation Review productivity and efficiency in the production processes
					Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes	-	Medium	– Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products – Adaptation Improve purchasing power through global procurement
		Changes in national carbon emission targets and policies	Industrial Materials Devices Medical Technologies	Medium to long-term	Increase in electricity procurement costs due to switch to renewable energy sources for electricity and soaring levies, etc.	Small	Small	– Mitigation Introduce energy-saving production equipment – Mitigation Reduce electricity consumption – Mitigation Consider the introduction of solar and wind power generation facilities
			Devices		Cost of reducing CO_2 emissions in logistics (procurement and shipping) increases	-	Small	– Adaptation Study trends in the logistics industry and consider shifting to transportation methods that emit less CO_2
		Introduction of plastic tax	Industrial Materials	Medium to long-term	Increase in the cost of procuring raw materials needed to produce products due to the progression of plastics-related regulations	-	Small	– Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products – Adaptation Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials
		Introduction of CFC regulations	Devices	Medium to long-term	Restrictions on use of specified CFCs and their substitutes used at production bases increase capital investment costs	Small	Medium	– Adaptation Research technology trends to enable compliance with CFC regulations
	Industries and Markets	Fluctuations in raw material prices	Industrial Materials	Medium to long-term	Increase in petrochemical material costs due to changes in crude oil demand	Medium	-	– Adaptation Study the use of biomass plastic and recycled plastic as low-carbon materials, research technological trends and develop products – Adaptation Further promote the development of the ecosense molding brand of sustainable molded products oriented toward the elimination and reduction of plastic, and increase the sales ratio of sustainable materials
					Increase in raw material costs due to increased use of reprocessed plastic	-	Small	
		Increase in EV sales	Industrial Materials	Short to long-term	Decrease in sales opportunities for EV-related products due to changes in market structure	Small	-	– Adaptation 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	Short to medium-term	Net sales decline due to lost business opportunities caused by insufficient responses to customer requests	Small	Medium	– Mitigation Conserve energy through improved productivity and reduce CO_2 emissions through switch to renewable energy
	Technologies	Transition to materials and technologies with lower environmental impact	Devices	Short to medium-term	Costs increase due to replacing product packaging materials	-	Small	– Adaptation Investigate alternative materials that can reduce costs while maintaining the quality of packaging materials
					Net sales decline due to substituting our products for low-carbon products made by other companies	Medium	Medium	– Adaptation Develop low-carbon products with lower environmental impact
					Net sales decline due to lost business opportunities resulting from delays in the development of low-carbon technologies	Medium	Medium	– Adaptation Promote the development of low-carbon technologies
	Reputation	Growing importance of ESG assessment in customers' supplier selection	Devices	Short to medium-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	– Adaptation Enhance climate change initiatives and disclose information appropriately
Physical risks*3	Acute	Intensification of extreme weather	Industrial Materials Devices	Short to long-term	– 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	– Adaptation Improve and strengthen BCP, and establish a system to support affected sites – Adaptation Build a supply chain for stable procurement, including multi-company purchasing and outsourced production of raw materials at multiple factories and lines

*1. Risk magnitude evaluation horizon: Changes in net sales Large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen / Operating profit/loss: Large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen
*2. Scenarios in which no risks are incurred are indicated with a "-"
*3. For physical risks, hazard maps and AQUEDUCT were used to survey the key production bases of each business (30 locations). The financial impact on bases where risks had been identified was evaluated by considering the frequency of occurrence.

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

[Transition risk]

(i) Increase in production and countermeasure costs due to carbon taxation on CO_2 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 at our production bases. Our main production bases in Japan, Nissha Industries, Inc. Koka Factory and Nissha Precision and Technologies, Inc. Himeji Factory and Kaga Factory, have completed the switch to 100% renewable electricity. At overseas bases, Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China), a production base for the Industrial Materials business, has been generating solar power, and Nissha Metallizing Solutions (Belgium) replaced part of its electricity with solar and wind power. Moreover, Nissha Advanced Technologies Europe GmbH (Germany) has brought in solar power generation. In addition, we are switching to LED lighting and upgrading aging facilities with energy-efficient equipment to contain electricity consumption. We will continue to promote our responses as we verify costs and effects.

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

[Physical risks]

No physical risks have been identified at this stage.

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

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

(4) Results of opportunity analysis

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

Results of opportunity analysis

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

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

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

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

[Opportunities]

(i) Expansion of demand for products that contribute to GHG emission reductions (1.5/3° C scenario)

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

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

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

The Devices business aims to expand sales of touch sensors for curved surfaces and large displays. The Nissha Group's touch sensors use a film-based material which provides high visibility and a narrow frame while being thin, light, hard to break, and bendable. Next-generation automobiles, including electric vehicles, have a wide variety of needs that require high design levels.

We shall draw on the strengths of our products and aim to expand net sales by developing new products that meet these EV needs to expand our product lineup.

We 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 our Sustainability Vision, which are material issues for the Group, and general risks (risks related to smooth business operations) and by the Sustainability Committee and the Risk Management and Compliance Committee assessing and managing each of these risks in accordance with the following process.

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

Refer to 6-2 Strategy

■ Risk Management by the Sustainability Committee

The Group has set out where it wants to be in terms of management by 2030 in the form of our Sustainability Vision (long-term vision). We are aiming to create social value by providing products and services that contribute to solving social issues, and to achieve a 30% reduction in total CO_2 emissions in 2030 (compared to 2020)[*1] with a view to carbon-neutral by 2050. And to realize the Sustainability Vision, we have identified items of particular importance as materialities.

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

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

*1. We plan to set a new CO_2 emissions reduction target in 2025, as we achieved our original target in 2024 (a 30% reduction by 2030 compared to 2020).

	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 promotes activities related to risk reduction. The ESG Task Force works based on KPIs and action items approved by the Sustainability Committee. In addition, it reports on its progress quarterly to inside directors, including the President and CEO.

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

In accordance with our Basic Policy on Risk Management, the Nissha Group centrally manages general risks (risks related to smooth business operations) based on the categories of cross-Group risks, business risks and financial risks. Of these, the Risk Management and Compliance Committee selects important risks for the Headquarters and each Group company both in Japan and overseas after conducting an annual risk assessment of cross-Group risks. To further reduce the risks arising from business activities, it selects important risks following a process of the department or subcommittee responsible for the risk, or the business organization, confirming the priority and appropriateness.

Risk Assessments and Risk Management Methods

(1) Evaluation targets

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

(2) Target risks

- Cross-group risks (including compliance risks)
  Refer to 28-4 Risk Assessment and Management

(3) Selection process for key risks

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

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

(4) Management method

- Key risks (low "effectiveness of control activities" with respect to "inherent risks"): The departments responsible for risk management or Group companies overseas set the Key Performance Indicators and action items to mitigate risks. The progress of these activities is monitored by the Risk Management and Compliance Committee.
- 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 departments responsible for risk management or Group companies overseas.
- Cross-group risks other than "inherent risks": Managed by the business divisions, departments, and Group companies overseas and reported at the Monthly Business Review (MBR).

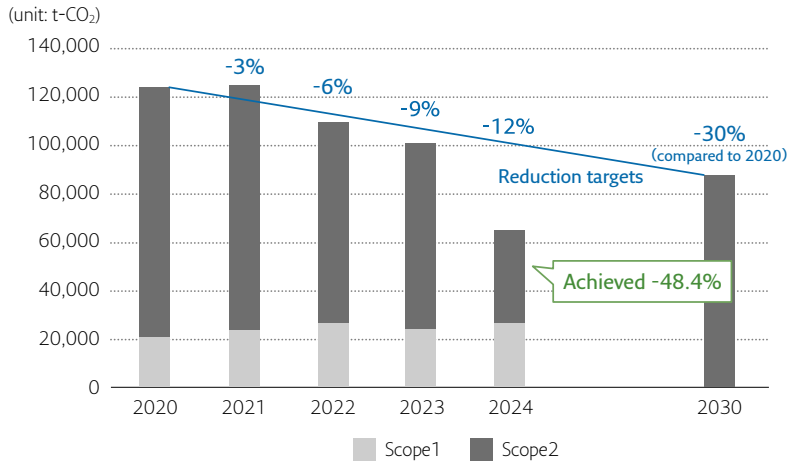
The company has selected Business Continuity (natural disasters such as earthquakes, typhoons, and floods) as one of our key risks and includes climate change risk in this category.

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

6-4 Indicators and Targets

The Nissha Group has defined total CO_2 emissions as an indicator for assessing and managing risks related to climate change. In our Sustainability Vision, we have set a target of a 30% reduction in total CO_2 emissions (compared to 2020) by 2030, with a view to carbon-neutral by 2050, and the Group as a whole is working on a range of initiatives towards this.

The Nissha Group's CO_2 Emissions Reduction Target and Results (Scope1 and 2)



Our target for the fiscal year ended December 2024 was a 12% reduction compared to 2020, but our CO_2 emissions were 64,086t-CO_2, a reduction rate of 48.4%, significantly exceeding the target. The use of 100% renewable energy year-round at our major production bases in Japan contributed significantly to this. We shall consider a new target for the fiscal year ending December 2025, and expect to announce it once it has been determined.

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

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

As a result of analyzing the three main businesses that our group develops, although the transition and physical risks associated with climate change within our group 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.

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

7. CO_2 Emissions and Reduction Efforts

7-1 CO_2 Emissions Reduction Target

The global movement towards a decarbonized society by reducing greenhouse gases in response to the Paris Agreement is progressing. The Nissha Group regards addressing climate change as one of its most important management issues and our Sustainability Vision (long-term vision) aims for a 30% reduction in CO_2 emissions by 2030 (compared to 2020).

To promote specific activities towards this vision, we have established an ESG Task Force under the Sustainability Committee, which is chaired by the President and CEO, and addressed climate change. The ESG Task Force is promoting actions to reduce our Scope 1 and Scope 2* CO_2 emissions, and to identify relevant Scope 3* categories and calculate CO_2 emissions in our supply chain.

Our target for the fiscal year ended December 2024 was a 12% reduction compared to 2020, but a reduction rate was 48.4%, significantly exceeding the target. The use of 100% renewable energy year-round at our major production bases in Japan contributed significantly to this. Refer to 7-3 Summary of Emission

In the fiscal year ending December 2025, we shall set a new target while continuing to advance domestic energy-saving measures and renewable energy initiatives at overseas production sites. We will continue to promote our responses as we verify costs and effects. Refer to 7-5 Emissions Reduction Efforts

* 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.

7-2 Coverage and Calculation Method of CO_2 Emission Calculation

The coverage and calculation method for CO_2 emissions are as follows.

* Calculations of CO_2 emissions are subject to inherent uncertainty due to, for example, incomplete scientific knowledge used to determine emission factors and numerical data.

■ Scope 1, 2

Coverage	• Nissha Co., Ltd. • Nissha Industries, Inc. • Nissha Precision and Technologies, Inc. • Nissha Printing Communications, Inc. • Nissha FIS, Inc. • Nissha Business Service, Inc. • Nissha Zonnebodo Pharma 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.	• Nissha Medical Technologies SAS • Isometric Intermediate, LLC • Nissha Advanced Technologies Europe GmbH • Nissha Back Stickers International • Nissha Metallizing Solutions N.V. • Nissha Metallizing Solutions S.r.l. • Nissha Metallizing Solutions Ltd. • Nissha Metallizing Solutions Produtos Metalizados Ltda • Nissha Metallizing Solutions GmbH • Nissha (Kunshan) Precision IMD Mold Co., Ltd. • Guangzhou Nissha High Precision Plastics Co., Ltd. • Nissha Precision Technologies Malaysia Sdn. Bhd. • Nissha SB Poland Sp. z o.o.
Calculation method	Calculated based on Ministry of the Environment "Greenhouse Gas Emissions Calculation Report Manual (Ver.6.0)" (CO_2 emission factors) CO_2 emissions associated with the fuel use: Emission factor based on the Act on Promotion of Global Warming Countermeasures CO_2 emissions associated with power purchase: Emission factor based on the market-based method for domestic bases and the location-based method for overseas bases*	

* As of the fiscal year ended December 2024, Nissha Metallizing Solutions (Belgium, Italy, Germany) has adopted market standards (Europe's Association of Issuing Bodies (AIB) standards).

■ Scope 3 (Scope of third-party verification)

Category1. Purchased goods and services

Coverage	Major domestic / overseas suppliers at Nissha Group in Japan (31 companies)
Calculation method	Calculated by CO_2 emissions per product or supplier electricity and fuel consumption x emission factor x sales ratio

* Verified values were calculated based on the emissions of 31 major suppliers of the Nissha Group in Japan (purchase amount ratio: 71.1%) apportioned to the total purchase amount.

Refer to 21-4 Survey of the Supply Chain > CO_2 Emissions Survey (Scope3 Category1)

Category4. Upstream transportation and distribution

Coverage	• Major domestic / overseas suppliers at Nissha Group in Japan (19 companies) • Logistics suppliers (43 companies)
Calculation method	Total CO_2 emissions of suppliers calculated using either the ton-kilometer method, fuel consumption Domestic transportation: based on the Fuel Economy Law (Joint Guidelines for Calculating CO_2 Emissions in the Logistics Sector) Ver.3.2 Overseas transportation: Sum up CO_2 emissions from Global Logistics Emissions Council (GLEC) Framework Ver.3.0*

* A framework created by the Smart Freight Centre, an international non-profit organization working to reduce greenhouse gas emissions associated with cargo transport.

Category 6, 7. Business travel / Employee commuting

Coverage	• Nissha Co., Ltd. • Nissha Industries, Inc. • Nissha Precision and Technologies, Inc. • Nissha Printing Communications, Inc. • Nissha F8, Inc. • Nissha FIS, Inc. • Nissha Business Service, Inc. • Nissha Zonnebodo Pharma Co., Ltd. (commuting only)
Calculation method	Calculated based on; Ministry of the Environment/Ministry of Economy, Trade and Industry "Basic Guidelines for Calculating Greenhouse Gas Emissions Through the Supply Chain (Ver.2.7)" Ministry of the Environment "Calculation intensity database for calculating greenhouse gas emissions of organizations through the supply chain (Ver.3.5)"

Category 11. Use of sold products

Coverage	Gas sensors provided by Nissha FIS, Inc. (18 types)
Calculation method	Calculated by CO_2 emissions per product or supplier electricity and fuel consumption x emission factor x sales ratio

* Verified values cover all the products produced (or 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 emissions from the gas sensor range are subject of the calculation and verification by a third party.

7-3 Summary of Emission

The total CO_2 emissions of the Nissha Group during the fiscal year ended December 2024 were 64,086 t-CO_2, a decrease of 36.5% compared to the previous year's 100,963 t-CO_2. The proportions are 40.7% for Scope 1 and 59.3% for Scope 2. The main reason for this decrease was the move by the Himeji Factory and Kaga Factory run by Nissha Precision and Technologies, Inc. (NPT) to 100% renewable energy sources for the power they use.

	Reference year (FY2020)		FY2022		FY2023		FY2024			
	Emission (t-CO_2)	%	Emission (t-CO_2)	%	Emission (t-CO_2)	%	Emission (t-CO_2)	%	Year-on-year	vs. reference year
Scope 1	20,853	16.8	28,435	24.8	25,609	25.4	26,095	40.7	+1.9	+25.1
Scope 2	103,351	83.2	86,255	75.2	75,354	74.6	37,991	59.3	-49.6	-63.2
Total	124,204		114,691		100,963		64,086		-36.5	-48.4

The 64,086t-CO_2 total CO_2 emissions for the fiscal year ended December 2024 shown above includes 2,970t-CO_2 from the chemical reactions used at the Koka Factory of Nissha Industries, Inc. (NII) and at Nissha Metallizing Solutions GmbH (Germany) and Nissha Metallizing Solutions N.V. (Belgium). This represents a 22.2% increase compared to the previous fiscal year's emissions of 2,431t-CO_2. The main reason is due to an increase in our production volume.

	FY2022	FY2023	FY2024	
	Emission (t-CO_2)	Emission (t-CO_2)	Emission (t-CO_2)	Year-on-year (%)
NII Koka Factory	481	341	362	+6.2
Nissha Metallizing Solutions GmbH (Germany)	273	163	209	+28.2
Nissha Metallizing Solutions N.V. (Belgium)	3,367	1,927	2,399	+24.5
Total	4,121	2,431	2,970	+22.2

7-4 Trends in CO_2 Emissions and Energy Consumption, etc.

The Nissha Group's CO_2 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 our energy consumption levels. The figures obtained by multiplying energy consumption by the CO_2 emission factors are the CO_2 emissions of the Group.

Nissha Group emits almost no energy-related greenhouse gases other than CO_2, and its impact is minimal.

About the following tables

1. We have adopted market standards for the electricity emissions factor in Japan and use location standards for each country as overseas electricity emissions factors.*
   *As of the fiscal year ended December 2024, Nissha Metallizing Solutions (Belgium, Italy, Germany) has adopted market standards (Europe's Association of Issuing Bodies (AIB) standards).
2. The company names listed in the tables are as follows.
   Nissha and others: Nissha Co., Ltd. and Nissha Group in Japan except the following three companies
   NII: Nissha Industries, Inc.
   NPT: Nissha Precision and Technologies, Inc.
   NCI: Nissha Printing Communications, Inc.

CO_2 Emissions Volumes and Basic Unit

(unit: t-CO_2, excluding basic unit)

Company	FY2020	FY2022	FY2023	FY2024
Nissha and others	3,721	4,249	5,429	5,188
NII	11,507	6,835	6,437	5,006
NPT	69,572	53,056	48,661	7,953
NCI	770	666	862	868
Overseas production bases	38,634	49,885	39,575	45,072
Total	**124,204**	**114,691**	**100,963**	**64,086**
Basic Unit*	0.69	0.59	0.60	0.33

*CO_2 emissions / Net sales (Millions of JPY)

Energy Consumption and Basic Unit

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

Company	FY2022	FY2023	FY2024
Nissha and others	124	109	108
NII	134	181	157
NPT	1,327	950	552
NCI	21	17	18
Overseas production bases	1,055	775	836
Total	**2,662**	**2,032**	**1,671**
Basic Unit*	0.0137	0.0121	0.0085

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

Electricity Consumption

(unit: MWh, excluding renewable electricity ratio)

Company	FY2022	FY2023	FY2024
Nissha and others	11,590	11,447	11,238
NII	18,559	18,446	17,998
NPT	126,056	108,512	121,136
NCI	2,130	1,979	2,064
Overseas production bases	92,397	76,644	83,130
Total	**250,732**	**217,027**	**235,566**
Renewable Electricity	20,709	34,095	134,861
Non-renewable electricity	230,023	182,932	100,705
Renewable Electricity Ratio (%)	8.3	15.7	57.2

Gas Consumption

(unit: 1,000m^3)

Company	FY2022	FY2023	FY2024
Nissha and others	195	204	213
NII	2,571	2,303	1,790
NPT	2,015	1,807	1,591
NCI	0	0	0
Overseas production bases	5,703	5,714	6,827
Total	**10,485**	**10,029**	**10,422**

Gasoline, Diesel, and Heavy Oil Consumption

(unit: kl)

Company	FY2022	FY2023	FY2024
Nissha and others	39	43	51
NII	10	11	13
NPT	10	9	11
NCI	2	1	1
Overseas production bases	147	133	106
Total	**207**	**198**	**183**

7-5 Emissions Reduction Efforts

As a measure to reduce CO_2 in the Nissha Group in Japan, NII Koka Factory, a production base for our Industrial Materials business, 100% renewable electricity has been used continuously since FY2022, and is also working on reducing its gas consumption, having updated the old-style deodorizing equipment with a heat storage type as of December 2023. NPT Himeji Factory and Kaga Factory, production bases for our Devices business, switched to 100% renewable electricity for the factories in December 2023.

Within the Nissha Group overseas, Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China), a production base for the Industrial Materials business, has been generating solar power since 2018, and Nissha Metallizing Solutions N.V. (Belgium) replaced part of its electricity with solar and wind power in 2023. 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. Moreover, Nissha Advanced Technologies Europe GmbH (Germany) has brought in solar power generation as of 2024.

In addition, we are switching to LED lighting and upgrading aging facilities with energy-efficient equipment to contain electricity consumption. The ESG Task Force will continue serving as a driving force to promote our responses as we verify costs and effects.

7-6 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 2023 was set at 1.00, and the target for 2024 was set at 0.99 or less, based on this. The results were as follows. At NPT's Kaga Factory, initiatives to reduce the amount of electricity used through consolidating plants meant that it achieved 0.99 or less compared to its performance in the previous fiscal year. All four bases, the Nissha Headquarters, NII Koka Factory, NPT Himeji Factory, and NPT Kaga Factory, reached their targets.

Company	Basic unit (based on production volume etc.)			FY2024 evaluation
	FY2023 results	FY2024 target	FY2024 results	
Nissha (Headquarters)	1.00	0.99 or less	0.92	○
NII Koka Factory	1.00	0.99 or less	0.72	○
NPT Himeji Factory	1.00	0.99 or less	0.20	○
NPT Kaga Factory	1.00	0.99 or less	0.01	○

7-7 Initiative in Scope 3 Management

The ESG Task Force and others checked whether or not each category falls under Scope 3 and found that nine of fifteen categories in the Nissha Group do. Our Scope 3 is expected to exceed 40% of the total of Scopes 1, 2, and 3. Categories 1, 4, 6, 7, and 11 were subjected to third party verification by DNV Business Assurance Japan K.K.

(unit: t-CO_2)

Scope 3 Category		FY2023 Coverage		FY2024 Coverage	
		Domestic	Overseas	Domestic	Overseas
1	Purchased goods and services	**38,891**	72,818	**54,881**	Under investigation
2	Capital goods	13,910		Under investigation	
3	Fuel and energy-related activities (not included in Scope 1, 2)	12,476		Under investigation	
4	Upstream transportation and distribution of purchased products*1	**4,368**	2,773	**10,257***3	Under investigation
	Upstream transportation and distribution of shipments*2	**6,561**	14,038		Under investigation
5	Waste generated in operations	4,031		Under investigation	
6	Business travel	**638**	—	**873**	—
7	Employee commuting	**2,038**	—	**2,003**	—
11	Use of sold products	**10,370**		**8,457**	
12	End of life treatment of sold products	417	2,913	Under investigation	Under investigation
Total		186,242		—	

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

Refer to 8. Third Party Verification

*1. Emissions arising from the transport and delivery of raw materials purchased from major material suppliers.
*2. Emissions arising from the transport and delivery of products manufactured by the Nissha Group.
*3. Third-party verification for the total figures has been used since the fiscal year ended December 2024.

8. Third Party Verification

The Nissha Group has received a verification statement from DNV Business Assurance Japan K.K. on the accuracy of the CO_2 emissions data contained in this report in order to improve the reliability of our environmental performance data.

DNV

VERIFICATION STATEMENT

Project ID: PRJN-874497 *Page 1 of 2*

Nissha Co., Ltd.

< Verification Objectives >

DNV Business Assurance Japan K.K. (hereinafter, "DNV") has been commissioned by NISSHA Co., Ltd. (hereinafter, "the Organization") to conduct an independent verification of the calculation results for greenhouse gas emissions and energy consumption (hereinafter, "GHG emissions and others") for the FY2024 of the NISSHA Group. 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 FY 2024.

< 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 fulfilment 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 and others of the organization are not accurately reflected in the calculation results, 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, 20 June 2025
DNV BUSINESS ASSURANCE JAPAN K.K.

Sahori Murasawa
Project Manager / Technical Reviewer

Naoki Maeda
Representative Director / SCPA
Senior Vice President

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

DNV

VERIFICATION STATEMENT

Project ID: PRJN-874497 *Page 2 of 2*

< Period Covered by Calculation >

The period covered by GHG emissions and others verification is from 1 January 2024 through 31 December 2024.

< Organization Boundary of Verification >

☒ Management Control ☐ Equity Share ☐ Others

< Type of GHGs Verified >

☒ CO_2 ☒ CH_4 ☒ N_2O ☒ HFCs ☒ PFCs ☒ SF_6 ☒ NF_3

< 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)	64,086 t-CO_2e
■ Amount of Scope 1 emissions	26,095 t-CO_2e
■ Amount of Scope 2 emissions	37,991 t-CO_2e
■ Scope 3 emissions※1	
■ Category 1 (Purchased Goods and Services)※2	54,881 t-CO_2e
■ Category 4 (Upstream Transportation and Distribution)	10,257 t-CO_2e
■ Category 6 (Business travel)	873 t-CO_2e
■ Category 7 (Employee commuting)	2,003 t-CO_2e
■ Category 11 (Use of Sold Products)	8,457 t-CO_2e

※1: Category 1,4,6,7 cover locations in Japan only, and Category 11 covers all-group companies.
※2: Calculated GHG emissions associated with products purchased based on survey results from major suppliers in Japan.

■ Total energy consumption (related to Scope 1+Scope 2, locations in and outside Japan)	1,671 (10^3GJ)
■ Electric power consumption	235,566 (MWh)
■ Gas consumption	10,422 (10^3m^3)
■ Gasoline, diesel, and heavy consumption	183 (kL)

< Verification Opinion >

☒ Unmodified Opinion
☐ Modified Opinion
☐ Adverse Opinion

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

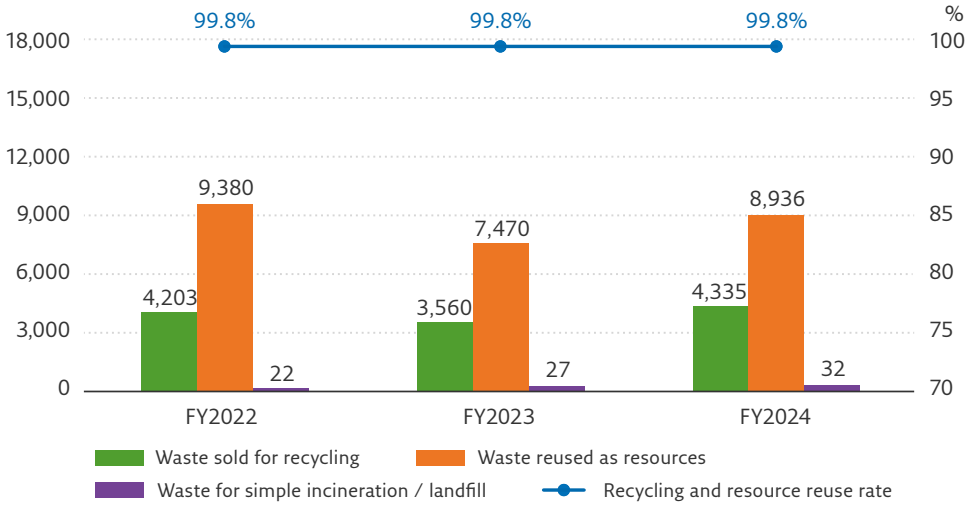
9. Waste Management

9-1 Total Amount of Waste

In the fiscal year ended December 2024, the Nissha Group generated a total of 23,080t of waste, including waste sold for recycling, waste reused as resources, and waste for simple incineration/landfill.

	FY2022	FY2023	FY2024	
	Emission (t)	Emission (t)	Emission (t)	Year-on-year
Nissha Group in Japan	13,606	11,057	13,303	+2,246t (+20.3%)
Nissha Group overseas	13,601	9,784	9,777	-7t (-0.1%)
Nissha Group (Total)	**27,206**	**20,841**	**23,080**	**+2,239t (+10.7%)**

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



Total waste emissions

The total amount of waste generated by the Nissha Group in Japan in the fiscal year ended December 2024 was 13,303t, an increase of approximately 20% compared to the 11,057t in the fiscal year ended December 2023. The main reason is due to an increase in our production volume at the Nissha Precision and Technologies, Inc. Kaga Factory.

Efforts toward zero emissions

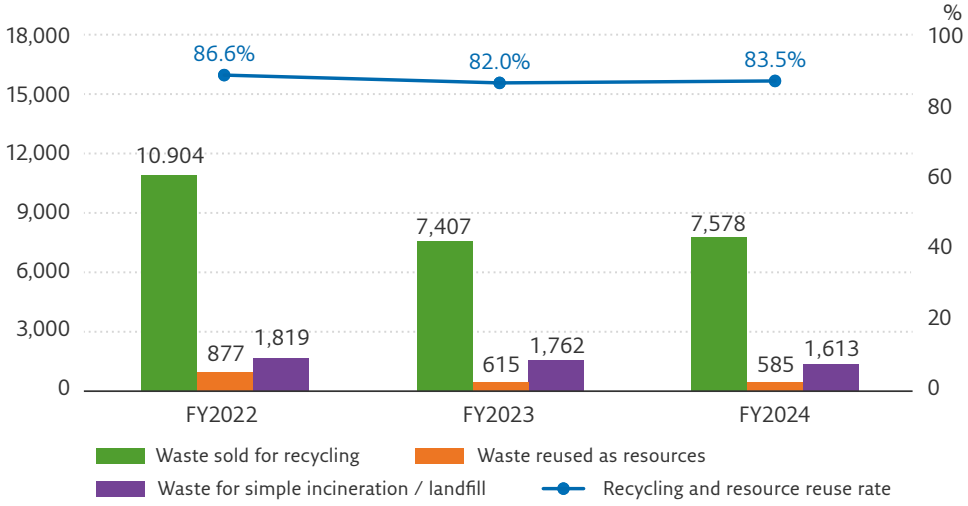
Our recycling and resource reuse rate for the Nissha Group in Japan was 99.8%, allowing us to successfully meet our target of zero emissions (a recycling and resource reuse rate of 99.5% or above). As one of initiatives, Nissha Industries, Inc. (NII), Nissha Co., Ltd. Head Office, and Nissha Business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

The hazardous and non-hazardous waste of the Nissha Group in Japan is as follows.

	FY2022	FY2023	FY2024	
	Emission (t)	Emission (t)	Emission (t)	Year-on-year
Hazardous waste (Industrial waste requiring special treatment)	1,646	1,504	1,675	+171t (+11.4%)
Non-hazardous waste (Waste sold for recycling, industrial waste, waste for simple incineration/ landfill)	11,960	9,553	11,628	+2,075t (+21.7%)
Waste emissions (total)	**13,606**	**11,057**	**13,303**	**+2,246t (+20.3%)**

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 2024 was 9,777t, remaining nearly unchanged compared to the 9,784t in the fiscal year ended December 2023. The recycling and resource reuse rate for major overseas Nissha Group production bases was 83.5%, an increase of 1.5 points from 82.0% in the fiscal year ended December 2023.



The hazardous and non-hazardous waste of the overseas Nissha Group is as follows.

	FY2022	FY2023	FY2024	
	Emission (t)	Emission (t)	Emission (t)	Year-on-year
Hazardous waste (Waste acids, waste alkalis, waste inks, waste solvents)	114	119	170	+51t (+42.9%)
Non-hazardous waste (Valuable resources, waste plastic, sludge, waste oil, incineration/landfill waste, other)	13,487	9,665	9,607	-58t (-0.6%)
Waste emissions (total)	**13,601**	**9,784**	**9,777**	**-7t (-0.1%)**

9-2 Risk Management Related to Waste and Waste Converted in Valuable Resources (Nissha Group in Japan)

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

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

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

10-2 Management of Chemical Substances Used in Products

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

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

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

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

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

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

10-2-2 Management System

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

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

for Chemical Substances in Purchased Products
  - Reports on the inclusion of prohibited substances
  - Reports on the inclusion of chemical substances in products
  - Content information
  - Inductively Coupled Plasma (ICP) analysis data
  - Safety Data Sheet (SDS)
  - Written pledges
- Countermeasures in the production process
  - Enforcement of rules when accepting materials
  - Storage locations and labeling differentiation 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 (IMDS (International Material Data System), SDS)
  - Registration in the customer's management system

To promote management of the chemical substances used in our products, the environmental and safety management department at the 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.

In the fiscal year ended December 2024, there were no cases in which chemical substances used in our products caused recalls from the market or necessitated changes in materials for reshipment.

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 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.

■ 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 products (articles). 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.

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

Contests of standards	List of target substances
Usage-prohibited substance*1	• 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	• 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	• 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 regulated substances that apply to purchased products (Nissha product raw materials, chemicals used in the production process for materials, etc.)

*1. Use, either deliberately or not deliberately, is prohibited. Inclusion of impurities is also prohibited.
*2. Deliberate use is prohibited. There are regulations on the inclusion of impurities.
*3. Substance which requires a content report from suppliers to Nissha

10-3 Chemical Substances Used in Production Processes

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

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

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

10-3-2 Reduction of Chemical Substances in Use

The Environmental Objectives for Nissha Group in Japan include reducing usage rate of chemical substances at ISO14001-certified sites. In the fiscal year ended December 2024, the Nissha Precision and Technologies, Inc. (NPT) Kaga Factory achieved its target of reducing the amount of chemicals used in its wastewater treatment facilities.

Fiscal year	FY2022	FY2023	FY2024
Assessment	△	×	○

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

10-4 Management of Environmental Pollutants

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

In the fiscal year ended December 2024, there were transfers/emissions of 1 ton or more for ethylbenzene, xylene, toluene, water-soluble copper salts (excluding complex salts), and diethylene glycol monobutyl ether.

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

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

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

The Nissha Group in Japan realizes that pollution from chemical substances is a serious environmental risk, and works to manage it. To prevent environmental accidents from happening during storage or transportation of chemical substances within a factory, 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
  Factories 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**
  At our Kyoto Global Headquarters, we have stipulated a process to prevent contamination from spreading in the event of an accident resulting in a leak from the wastewater processing equipment installed there. Regular drills are held and the response process is revised as needed. In addition to our Kyoto Global Headquarters, we also carry out emergency drills on our production bases.

In the fiscal year ended December 2024, there were no serious environmental accidents or violations of environmental regulations at the Nissha Group, and no penalties or fines were incurred.

10-6 Prevention of Water Pollution

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

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

*1. Water Pollution Control Act
*2. Law Concerning Special Measures for Conservation of the Environment of the Seto Inland Sea

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

Items measured	Regulatory value*1	Agreement value*2	Voluntary standard	Unit	FY2022		FY2023		FY2024	
					Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5,200	5,000	5,000	m^3	3,854	○	3,160	○	3,369	○
pH	5.8～	5.8～	6.5～		6.8	○	7.1	○	7.1	○
	～8.6	～8.6	～8		7.4	○	7.2	○	7.2	○
BOD	120	10	9	mg/l	2.6	○	1.1	○	2.7	○
COD	120	10	9	mg/l	4.8	○	2.9	○	3.2	○
SS	150	5	4.5	mg/l	1.1	○	0.9	○	1.9	○
n-hexane derived substances	Mineral oil 5 Vegetable oil 30	1	0.9	mg/l	<0.5	○	<0.5	○	<0.5	○
Phenol	5	0.1	0.08	mg/l	<0.005	○	<0.005	○	<0.005	○
Copper	3	0.5	0.4	mg/l	0.01	○	0.01	○	<0.01	○
Zinc	2	1.5	1.2	mg/l	<0.01	○	<0.01	○	<0.01	○
Soluble iron	10	0.15	0.08	mg/l	0.03	○	0.01	○	0.02	○
Soluble manganese	10	0.15	0.045	mg/l	0.02	○	0.02	○	0.03	○
Chromium	2	0.02	0.02	mg/l	<0.02	○	<0.02	○	<0.02	○
Nitrogen	60	10	9	mg/l	4.3	○	3.7	○	3.2	○
Phosphorus	8	1	0.45	mg/l	0.02	○	0.03	○	0.03	○

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

Items measured	Regulatory value (Prefecture)	Voluntary standard	Unit	FY2022				FY2023				FY2024			
				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		7.6	○	7.7	○	7.5	○	7.7	○	7.6	○	7.8	○
BOD	160 or less	40 or less	mg/l	17.4	○	24.0	○	17.3	○	27.0	○	13.9	○	21.0	○
COD	160 or less	80 or less	mg/l	25.8	○	36.0	○	22.1	○	29.0	○	18.4	○	24.0	○
SS	200 or less	20 or less	mg/l	7.7	○	21.0	○	5.7	○	11.0	○	7.2	○	22.0	○
n-hexane derived substances	30 or less	15 or less	mg/l	0.5	○	0.5	○	0.5	○	0.5	○	0.5	○	0.8	○

10-7 List of PRTR-Designated Chemical Substances

In the past three years, the substances subject to notification under the PRTR Act are as shown in the table below.

Nissha Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2022			FY2023			FY2024		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
53	Ethylbenzene	1,211	494	○	894	364	○	1,408	575	○
80	Xylene	12,022	4,910	○	6,262	2,557	○	13,092	5,347	○
88	Hexavalent chromium compounds	0.1	0	○	0.1	0	○	0.1	0	○
296	1,2,4-Trimethylbenzend	1	0.3	—	1	0.3	—	2.9	1.2	—
300	Toluene	57,728	23,579	○	30,868	10,289	○	40,569	16,570	○
392	N-hexane	0	0	○	127	52	○	358	146	○

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

Unit: kg

PRTR No.	Name of chemical substance	FY2022			FY2023			FY2024		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
71	Ferric chloride*1	0.0	0.0	—	—	—	—	—	—	—
272	Water-soluble copper salts (excluding complex salt)	0.0	2,491.4	○	0.0	2,588.8	○	0.0	2,055.7	○
453	Molybdenum and its compounds	0.0	0.0	○	0.0	0.0	—	0.0	0.0	—
170	Diethylene glycol monobutyl ether*2	—	—	—	0.0	13,568.0	○	0.0	7,296.0	○

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

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

Unit: kg

PRTR No.	Name of chemical substance	FY2022			FY2023			FY2024		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
71	Ferric chloride*1	0.0	0.0	○	0.0	4,665.0	—	—	—	—
272	Water-soluble copper salts (excluding complex salt)	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○
170	Diethylene glycol monobutyl ether*2	—	—	—	0.0	14,405.0	○	0.0	11,984.0	○

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

10-8 Prevention of Air Pollution

10-8-1 Soot and Dust and NOx Emissions

Several production bases of the Nissha Group in Japan own and use gas boilers, which are subject to the Air Pollution Control Act, and emit soot and dust and NOx. The measured values and compliance status for the fiscal year 2024 are as shown in the table on the right.

10-8-2 VOC Emissions

The Nissha Industries, Inc. Koka Factory uses organic solvents such as toluene and xylene in its production process. Volatile Organic Compounds (VOCs) generated by the use of organic solvents are detoxified and discharged through Regenerative Thermal Oxidizer.

Kyoto Headquarters

	Unit	FY2022	FY2023	FY2024
NOx	ppm	27	26	24
Soot and dust	g/m³N	Less than 0.001	0.004	Less than 0.004
Sulfur dioxide	ppm	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a

*Not calculated

Nissha Industries, Inc. Koka Factory

	Unit	FY2022	FY2023	FY2024
NOx	ppm	29	43	35
Soot and dust	g/m³N	Less than 0.01	Less than 0.01	Less than 0.01
Sulfur dioxide	ppm	n/a	n/a	n/a
Carbon monoxide	ppm	n/a	n/a	n/a

Nissha Precision and Technologies, Inc. Himeji Factory

	Unit	FY2022	FY2023	FY2024
NOx	ppm	31	31	39
Soot and dust	g/m³	Less than 0.001	Less than 0.001	Less than 0.001
Sulfur dioxide	ppm	n/a	n/a	n/a
Carbon monoxide	ppm	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 / Biodiversity

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.

11-1 Basic Concept

11-1-1 Basic Concept

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 Nissha Precision and Technologies, Inc. (NPT) Himeji Factory / Kaga Factory, 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. We have established strict voluntary standards and conduct regular voluntary measurements to thoroughly control wastewater quality.

11-1-2 Target and Progress (Nissha Group in Japan)

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	FY2024	
	Achievement	Evaluation
Work to reduce the amount of water usage	1 out of 3 bases	△

At the NPT Himeji Factory / Kaga Factory, we worked on saving water, but the total amount used has increased due to increased production. At the NII Koka Factory, we were able to reduce the amount of water we used through water-saving initiatives. We will continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories.

11-1-3 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.

■ Production bases in Japan

In 2024, the Overall Water Risk* at production bases in Japan was Low (0-1) or Low - Medium (1-2). The NPT Himeji Factory / Kaga Factory, both of which have relatively high levels of water consumption in our 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.

■ Overseas production bases

Of our overseas production bases, the three in North America, Latin America, and China fall under the High (3-4) Overall Water Risk*. We will consider measures to counter this water risk at each of these bases based on these assessment results.

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

11-1-4 Management of Water Intake and Wastewater (Nissha Group in Japan)

All of the Nissha Group production bases in Japan use water supplied by a third-party (tap water and industrial water). In FY2024, there were no violations of regulations related to water intake and wastewater.

■ 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 Mea-

sures 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.

11-1-5 Initiatives for Appropriate Water Use (Nissha Group in Japan)

Our company effectively utilizes water resources and engages in environmentally conscious corporate activities.

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

11-1-6 Water Data

The amount of water usage and water discharge by our production bases in Japan and overseas are shown in the table below.

Items		Unit	Boundary	FY2022	FY2023	FY2024
Water usage	Tap water	m^3	Production bases in Japan and overseas	993,000	912,000	1,069,000
	Underground water	m^3	Production bases in Japan and overseas	49,000	42,000	37,000
	Industrial water	m^3	Production bases in Japan and overseas	1,549,000	1,282,000	1,316,000
Water discharge		m^3	Production bases in Japan and overseas	2,342,000	2,002,000	2,216,000

11-2 Biodiversity

11-2-1 Basic Concept

We are working on risk reduction through preventing pollution as a way to preserve biodiversity.

11-2-2 Target and Progress

The Nissha Group in Japan has set the following target for prevention to conserve biodiversity and conduct annual evaluations.

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

Target	FY2024
(1) In order to prevent environmental risks from pollution, implement risk reduction measures for environmental risks that fall under the category of significant environmental aspects in the hazard assessment list[*1], and gradually lower the hazard assessment by FY 2029 (Scope: Nissha Group in Japan ISO14001 certification sites[*2])	Satisfaction
(2) Maintain zero environmental accident[*3]	0

*1. A list to determine risk level based on identifying environmental risks and evaluating them based on two axes: likelihood of occurrence and severity when they occur
*2. Nissha (Headquarters), NII Koka Factory, NPT Himeji Factory / Kaga Factory / Tsu (production base), FIS, and NBS
*3. Accidents that affect areas outside the factory

We have created hazard assessment lists at each base and carried out drills for how to deal with liquid chemical spills as part of our efforts to reduce environmental risks. Through these initiatives, we are improving the risk assessment figures for our factories. We shall continue to strive to reduce environmental risks and to strive to keep environmental accidents at zero.

11-2-3 Understanding Biodiversity Risk

To grasp the effects of our Group's business activities on biodiversity, we have carried out a risk assessment of our Group's main bases using the Biodiversity Risk Filter (BRF)* developed by the World Wide Fund for Nature (WWF). The results show that at bases related to "Paper & Forest Product Production" the risk tended to be relatively higher compared to other bases. In the future, we shall analyze the assessment results further, identifying risks and opportunities, and study measures.

*This is a risk tool related to biodiversity published by the World Wide Fund for Nature.

Biodiversity initiative (Birds & Insect House)

At Nissha, we have established the Birds & Insect House at our Kyoto Global Headquarters site as part of our efforts to increase awareness of environmental protection and biodiversity. The House has been built to be an environmentally-friendly home for insects, using recycled materials such as waste timber and plant scraps. The Birds & Insect House serves as a place for insects to spend the winter, and in spring ladybugs and other insects gather here, eating harmful insects and helping protect plants within the site. In addition, protecting insects leads to protecting the birds and other wildlife that feed on them, helping ensure stable ecosystem cycles. We first carried out this initiative at the France base of Nissha Medical Technologies, and are working on ways to increase awareness of biodiversity. The Nissha Group is studying expanding the number of places this is used.

The Birds & Insect House at Kyoto Global Headquarters is designed to look appealing, almost like a face. As it can be seen from outside the site, it is also visible to people who do not work for Nissha.

We at the Nissha Group would like this Birds & Insect House to serve as a chance for our stakeholders to think about biodiversity, and will work on protecting the natural environment from a range of different angles.

Kyoto Global Headquarters

Nissha Medical Technologies SAS (France)

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

The Nissha Group in Japan has formulated the Nissha Group Environmental Objectives for a period of six years from the fiscal year ended December 2024 for those bases that have obtained ISO14001 certification. Based on these objectives, each base and department sets its own environmental targets, and aggregates and assesses the results each fiscal year in order to manage progress.

Note that our environmental targets and achievements from the fiscal year ended December 2018 to the fiscal year ended December 2023 are disclosed in previous Sustainability Reports.

* For further information, please follow the link below.
Website > Sustainability > Nissha Sustainability Report

Environmental Objectives

Period: FY2024 - FY2029

Scope: Nissha Group in Japan

1. Compliance with laws and regulations / customer demands
2. Mitigation of climate change
3. Reduction of environmental impact of our supply chain overall
4. Prevention of pollution for the conservation of biodiversity

Evaluation Criteria

○ Satisfactory: Objective achieved

△ Unsatisfactory: Objective not achieved but good progress made

× Poor: Objective not achieved and poor progress made

*Company names and abbreviations
NII: Nissha Industries, Inc.
NPT: Nissha Precision and Technologies, Inc.
FIS: Nissha FIS, Inc.
NCI: Nissha Printing Communications, Inc.
NBS: Nissha Business Service, Inc.

12-1 Initiatives and Achievements in FY2024

1. Compliance with laws and regulations / customer demands

Target	FY2024	
	Achievement	Evaluation
(1) Violations of regulatory values in environmental laws, regulations and local ordinances: 0	0	○
(2) Serious warnings related to the environment noted during audits of customer demands (Core Violation): 0	0	○
(3) Violations of compliance with customer demands for chemical substances in products: 0	0	○

(1) There were no violations found through compliance inspections of laws, regulations and local ordinances in FY 2024.

(2) There were no serious warnings related to the environment noted (Core Violation) during audits of customer demands.

(3) There were no reports of violations of compliance with customer demands for chemical substances in products.

2. Mitigation of climate change

Target	FY2024		Boundary
	Achievement	Evaluation	
(1) Reduce CO_2 emissions by 27% by FY2029 (Baseline: FY2020 actual value)	-48.4%	○	Nissha Group
(2) Reduce CO_2 emissions rate (basic unit)*1 by at least 1% compared to the previous fiscal year (Sites subject to the Act on the Rational Use of Energy)	All sites	○	Nissha (Headquarters) NII Koka Factory NPT Himeji / Kaga Factory

*1. CO_2 emissions rate (basic unit) = CO_2 emissions / Production volume (depend on the bases)

(1) For our targets for FY2024, moving to 100% renewable electricity use at our NII Koka Factory, NPT Himeji Factory / Kaga Factory, combined with a range of other energy-saving measures allowed us to reach our target.

(2) The energy basic unit targets and actual figures are shown in the table below. In order to reduce the CO_2 emission rate (basic unit) by at least 1% over the previous fiscal year, we set targets for each factory and worked on reducing energy input in conjunction with quality improvements. All four bases, the Nissha Headquarters, NII Koka Factory, NPT Himeji Factory / Kaga Factory, reached their targets.

	Basic unit (CO_2 emissions / Production volume)		Evaluation
	Target	Achievement	
Nissha (Headquarters)	0.1231	0.1128	○
NII Koka Factory	0.6334	0.4559	○
NPT Himeji Factory	0.0173	0.0035	○
NPT Kaga Factory	2.689	0.0287	○

3. Reduction of environmental impact of our supply chain overall

Target	FY2024	
	Achievement	Evaluation
(1) Engage in zero-emission (at least 99.5% recycling rate) maintenance and management	99.8%	○
(2) Reduce waste generation rate (basic unit)*1 by 1% or more compared to the previous fiscal year.	3 out of 4 bases	△
(3) Work to reduce the amount of chemical substances usage	Reduction of chemicals used in wastewater treatment	○
(4) Work to reduce the amount of water usage	1 out of 3 bases	△
(5) Incorporate perspectives such as saving energy, saving resources, durability, resource circulation, recycling, and environmental impact reduction in the product design, development, and process design stages	Implement in Nissha (Headquarters) and FIS	○

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

(1) We have a recycling rate of 99.8%, and continued to achieve zero emissions.

(2) The waste generation rate (basic unit) targets and actual figures are shown in the table below. 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, working on turning waste into valuable resources, and so on. In FY2024, all four bases, the NII Koka Factory, NPT Himeji Factory / Kaga Factory, and NCI reached their targets.

	Basic unit (Waste generation / Production volume)		Evaluation
	Target	Achievement	
NII Koka Factory	166.43	156.08	○
NPT Himeji Factory	4.617	4.367	○
NPT Kaga Factory	692.76	632.46	○
NCI	10.54	9.96	○

(3) The NPT Kaga Factory achieved its target for reducing the use of wastewater treatment chemicals through consolidating factories. We shall continue to reduce our use of chemicals.

(4) The actual figures for water usage are shown in the table below. At the NPT Himeji Factory / Kaga Factory, we worked on saving water, but the total amount used has increased due to increased production. At the NII Koka Factory, we were able to reduce the amount of water we used through water-saving initiatives. We will continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories.

	Water usage (m^3)		Evaluation
	FY2023	FY2024	
NII Koka Factory	59,200	57,300	○
NPT Himeji Factory	1,214,500	1,267,700	×
NPT Kaga Factory	694,100	872,400	×

(5) Through the mass production of sustainable molded products and the development of exterior parts for automobiles in the development department at the Nissha Headquarters, studying production automation for coolant gas sensors in FIS, and so on, we worked on ways to reduce our environmental impact at the design and development stage, and at the process design stage.

4. Prevention of pollution for the conservation of biodiversity

Target	FY2024	
	Achievement	Evaluation
(1) In order to prevent environmental risks from pollution, implement risk reduction measures for environmental risks that fall under the category of significant environmental aspects in the hazard assessment list[*1], and gradually lower the hazard assessment by FY 2029 (Scope: Nissha Group in Japan ISO14001 certification sites[*2])	—	○
(2) Maintain zero environmental accident[*3]	0	○

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

*2. Nissha (Headquarters), NII Koka Factory, NPT Himeji Factory / Kaga Factory / Tsu (production base), FIS, and NBS

*3. Accidents that affect areas outside the factory

(1) We have created hazard assessment lists at each base and carried out drills for how to deal with liquid chemical spills as part of our efforts to reduce environmental risks. Through these initiatives, we are improving the risk assessment figures for our factories. We shall continue to strive to reduce environmental risks.

(2) There were zero cases of environmental accidents in FY2024. We shall continue to strive to keep environmental accidents at zero.