4. Environmental Policy and Management Structures

4-1 Policy and Principles

Nissha Group has established an Environmental Policy. And together with Environment Principles that outlines specific conduct and regulations, we disseminate them to all employees. In response to changes in internal and external environments, we review our Environment Policy and the Environment Principles every three years in alignment with the period of the Medium-term Business Plan. In addition, the Nissha Group in Japan establishes the Nissha Group Environmental Objectives, and each business site and unit sets its own objectives and promotes initiatives based on corresponding action plans to achieve them. These goals are linked to the KPIs and action items of each business unit, ensuring they are directly connected to business activities.

Environment Policy

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

Junya Suzuki
Chairman of the Board 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.

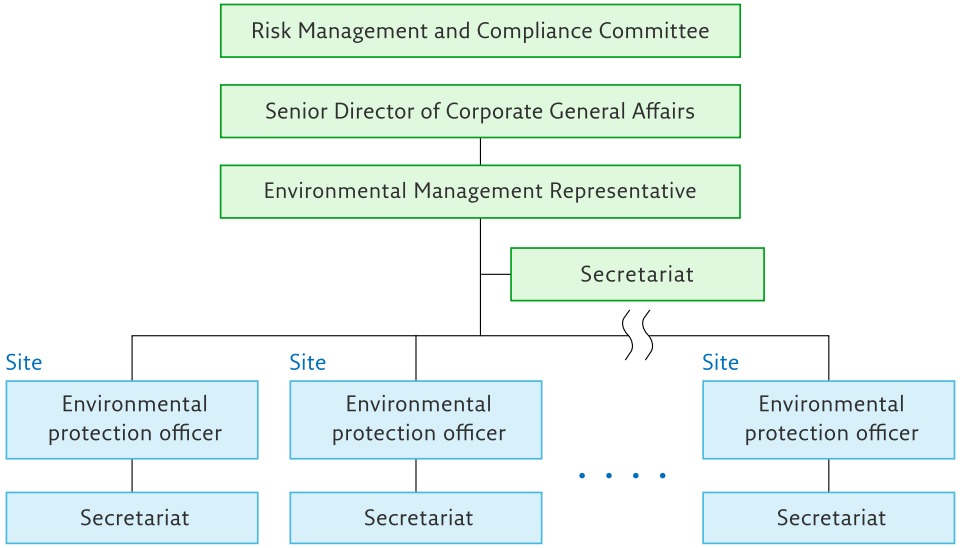
Satoshi Aoki
Senior Vice President, General Affairs
Nissha Co., Ltd.

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

4-2 Management Structures

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

At the Nissha Group in Japan, under the supervision of a senior director of Corporate General Affairs, the environmental management structure is established under the leadership of the Environmental Management Representative through the Risk Management and Compliance Committee, with the Corporate General Affairs at Global Headquarters serving as the secretariat. Furthermore, we also create, maintain, and constantly improve systems for compliance with environmental laws and regulations and the Responsible Business Alliance (RBA), which serves as a global code of conduct mainly for the electronics and automobile industries.



4-3 Environmental Management System (EMS)

The Nissha Group operates an environmental management system based on ISO 14001 that incorporates compliance requirements, including applicable laws and regulations as well as customer-specific requirements. We formulate action plans to achieve our targets, conduct regular internal audits and management reviews to assess performance, and implement a PDCA cycle to drive continuous improvement.

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 (2024 - 2026), we set medical, mobility, and sustainable materials 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 business bases, but also small production bases and sales bases with little impact on the environment. Business locations in Japan 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.

The table on the right shows the results in the fiscal year ended December 2025.

INPUT

Major raw materials (t)	Resins / Plastics	14,676
	Metals	3,607
	Chemical substances	10,095
	Paper	68,263
	Others	1,118
	Total	97,759
Energy	Electricity (MWh)	199,342
	Gas (m^3)	9,973,000
Water (m^3)	Tap water	1,021,000
	Underground water	94,000
	Industrial water	287,000

OUTPUT

Recyclable resources (t) (items sold for recycling)	Resin waste Metal waste Recyclable paper others	10,777
Recyclable resources (t) (industrial waste)	Waste plastic Waste ink, waste solvents Waste acid, waste alkali Water oil Sludge others	8,403
Non-recyclable waste (t)	Incineration / landfill	1,249
Total (t)		20,429
Emissions (t)	CO_2	60,721
	VOC*	662
Wastewater (m^3)		1,368,000

* 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).

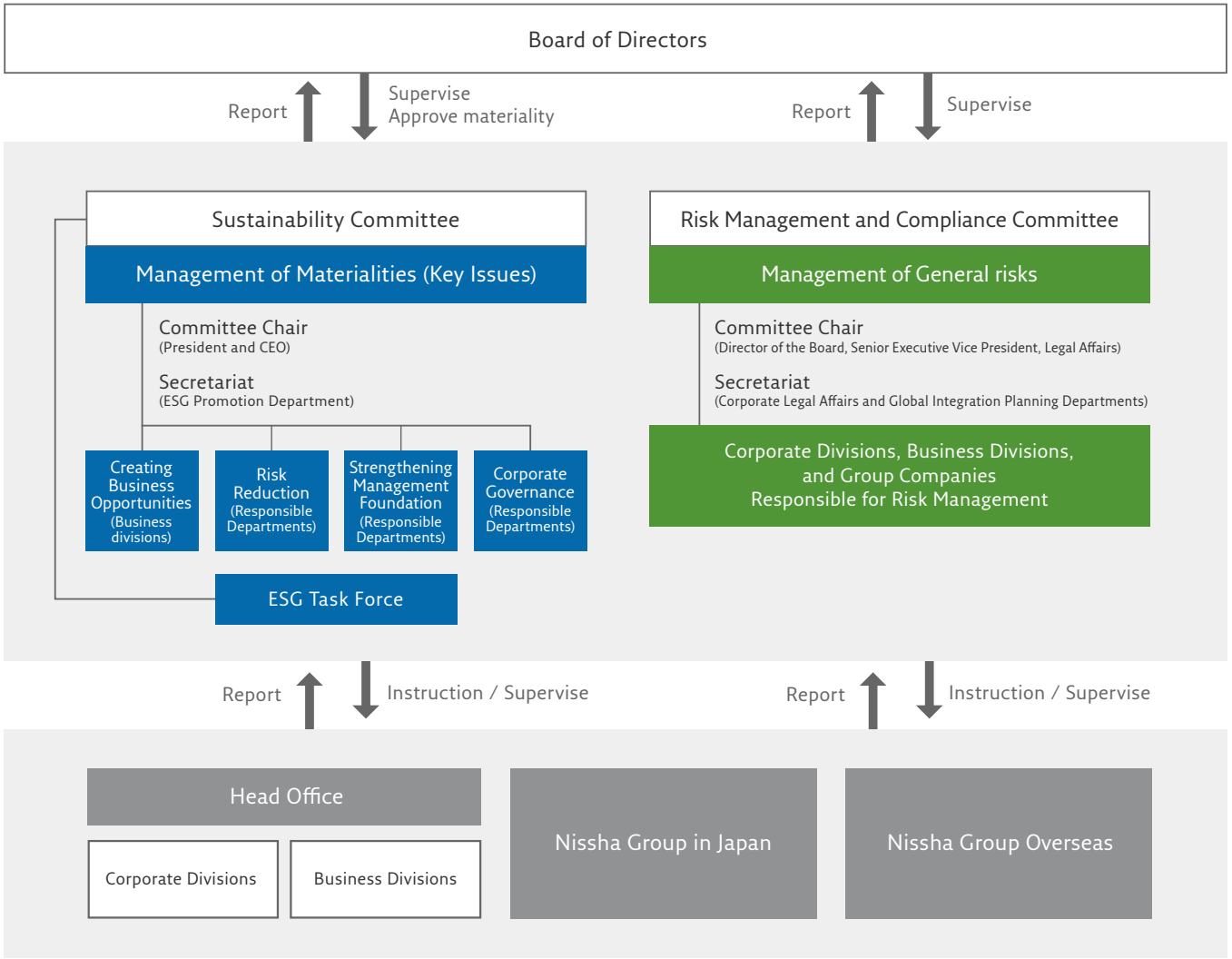
The governance and promotion structure for materialities and general risks are as shown below.

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 related to 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 key risks identified by the relevant corporate divisions and overseas Group companies responsible for each risk, following 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 / responsible departments / ESG task force) and the departments responsible for risk management in the Risk Management and Compliance Committee (corporate divisions / business divisions / group companies) work with the various departments (corporate 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 potential impacts of future climate change on the business across our three main segments, using time horizons: 1 to 2 years for the short term, 3 to 5 years for the medium term, and 6 years or more for the long term. Based on this analysis, we considered measures to respond to these impacts.

In the fiscal year ending December 2026, we changed the target year for assessing financial impact from around 2030 to around 2035. This was because, in addition to being able to assess the medium- to long-term effects more appropriately, it matches better with the time axis used in external scenarios and with our own target year for reducing CO_2.

(1) Scenario analysis assumptions

- Scenario analysis target segment: Industrial Materials, Devices, Medical
- 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+ years)
- Assumed scenario: See IEA's Net Zero Emissions by 2050 (NZE)*1, Stated Policies Scenario (STEPS)*2, IPCC's RCP4.5*3 and RCP8.5*4, etc. scenarios

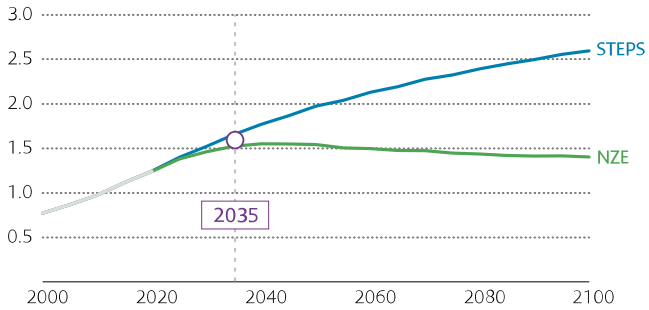
*1.NZE: a scenario in which the world decarbonizes and achieves virtually zero CO_2 emissions in 2050. It is called the 1.5 ℃ scenario because the average temperature increase as of 2100, compared to pre-industrial times, will be between 1.3 and 1.5℃.

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

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

*4. 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 segments
(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 2035 using the parameters in each scenario, and the results are described below as the Risk Magnitude and the Opportunity Magnitude.)
(iv) Consider countermeasures (adaptation, mitigation)

(3) Results of risk analysis

Our transition and physical risks related to climate change, and the risk magnitude 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.

In FY2026, we revised the financial impact of both transition and physical risks common to multiple segments.

As a result, in terms of the increase in production costs due to carbon taxation on CO_2 emissions, we revised our emissions assumptions from increases based on business growth to suppression in accordance with the Nissha Group's reduction goals. This reduced the financial impact, and so the risk assessment was lowered.

At the same time, in terms of the increase in the cost of procuring raw materials needed to produce products due to carbon taxes, improvements to the accuracy of recording supplier emissions have increased Scope 3 emissions and the financial impact, so the risk assessment was raised. In addition, in terms of the increase in electricity procurement costs due to switching to renewable energy sources for electricity and soaring levies, etc., improved precision of electricity usage and per-unit data has increased the financial impact, so the risk assessment was raised.

Results of risk analysis

Type		Changes in the external environment	Target segment	Time horizon	Risks to Nissha	Risk magnitude[*1,2] 3℃	Risk magnitude[*1,2] 1.5℃	Adaptation / Mitigation measures
Transition risk	Policies/laws and regulations	Introduction of a carbon tax	Industrial Materials Devices Medical	Medium to long-term	Increase in production costs due to carbon taxation on CO_2 emissions	Small	Small	– 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	Large	– Adaptation Research on technology trends in biomass plastics and recycled plastics as low-carbon materials and product development using these materials – Adaptation Improve purchasing power through global procurement – Mitigation Encourage suppliers to implement CO_2 emissions reduction measures and provide educational opportunities and tools
		Changes in national carbon emission targets and policies	Industrial Materials Devices Medical	Medium to long-term	Increase in electricity procurement costs due to switch to renewable energy sources for electricity and soaring levies, etc.	Small	Medium	– Mitigation Introduce energy-efficient production and air-conditioning 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 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 Research on technology trends in biomass plastics and recycled plastics as low-carbon materials and product development using these materials
					Increase in raw material costs due to increased use of reprocessed plastic	-	Small	– 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
		Fluctuations 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 criteria: Annual decline in net sales Large: more than 20 billion yen, Medium: 5 to 20 billion yen, Small: less than 5 billion yen / Annual decline in profit Large: more than 3 billion yen, 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 segment (32 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 segments. The following risks associated with climate change are applicable to multiple segments and will have a relatively large impact on our business.

[Transition risk]

(i) Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes (1.5/3° C scenario)

(ii) Increase in electricity procurement costs due to switch to renewable energy sources for electricity and soaring levies, etc. (1.5° C scenario)

As a measure to address (i), in the Industrial Material business, we are researching technological trends in biomass PET and other biomass plastics and recycled plastics and developing products to reduce the use of virgin plastics. In addition, as a Group-wide measure, we are asking suppliers with high levels of CO_2 emissions to study reduction measures. We are collaborating with suppliers through providing training opportunities, tools, and so on, promoting emissions reductions throughout the entire supply chain.

As a measure to address (ii), the Group is working to reduce electricity consumption through initiatives such as upgrading facilities with energy-efficient equipment and adopting LED lighting. 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. We will continue to promote our responses as we verify costs and effects.

[Physical risks]

No physical risks have been identified at this stage.

We have taken measures to address risks that we believe have a relatively large impact with respect to climate change in our three main segments, 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 opportunity magnitude in each scenario and our response to these opportunities in the time horizon we have set, as shown in the table below.

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

Results of opportunity analysis

Type	Changes in the external environment	Target segment	Time horizon	Opportunities for 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
	Fluctuations in EV sales	Industrial Materials	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, 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 Vehicle (FCV)-related products 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 criteria: Annual increase in net sales Large: more than 20 billion yen, Medium: 5 to 20 billion yen, Small: less than 5 billion yen / Annual increase in profit Large: more than 3 billion yen, Medium: 1 to 3 billion yen, Small: less than 1 billion yen

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

[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. Our Group's decorative films and molded products add patterns and functions at the same time they are molded to eliminate the need for secondary decoration processes after molding. We also have built supply chains optimized for our customers through setting up seven molding sites globally. These efforts contribute to reducing and suppressing GHG emissions. In addition, through verification of recyclability, and understanding and assessing the carbon footprint (CFP) of each product individually, we are working to make our environmental impact visible, with the goal of creating more eco-friendly products.

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 snow sticking on headlights and front grilles. 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 segment. We extract transition risks and physical risks, evaluate the timing of risk occurrence and the financial impact for each scenario, and consider risk adaptation and mitigation measures. (Refer to 6-2 Strategy)

■ Risk Management by the Sustainability Committee

The Group has established our Sustainability Vision (Long-term Vision) and aim to create economic and social value by contributing to solving global social issues related to medical, mobility, and the environment, with the integration and orchestration of the diverse talents of our people and our technologies. And to realize the Sustainability Vision, we have identified items of particular importance as materialities.

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

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

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

The ESG Task Force 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 internal 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 Group centrally manages general risks (risks related to smooth business operations) based on the categories of business risks, financial risks, and cross-group risks. Of these, for the cross-group risks, the Risk Management and Compliance Committee selects key risks in line with the results of the risk assessment at the annual general meeting. The selected key risks are set key performance indicators (KPIs) by the corporate divisions responsible for managing those risks in Group companies in Japan and by each Group company overseas, and minimized through their activities. In addition, the status of these activities is reported quarterly, and the Committee confirms whether the set KPIs are progressing as planned and rotates the PDCA cycle.

Risk Assessments and Risk Management Methods

(1) Evaluation targets

- All Group companies in Japan
- All 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 corporate divisions responsible for risk management or Group companies 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 corporate divisions and business divisions responsible for risk management or Group companies.
- Cross-group risks other than "inherent risks": Managed by the corporate divisions, business divisions, and Group companies and reported at the Monthly Business Review.

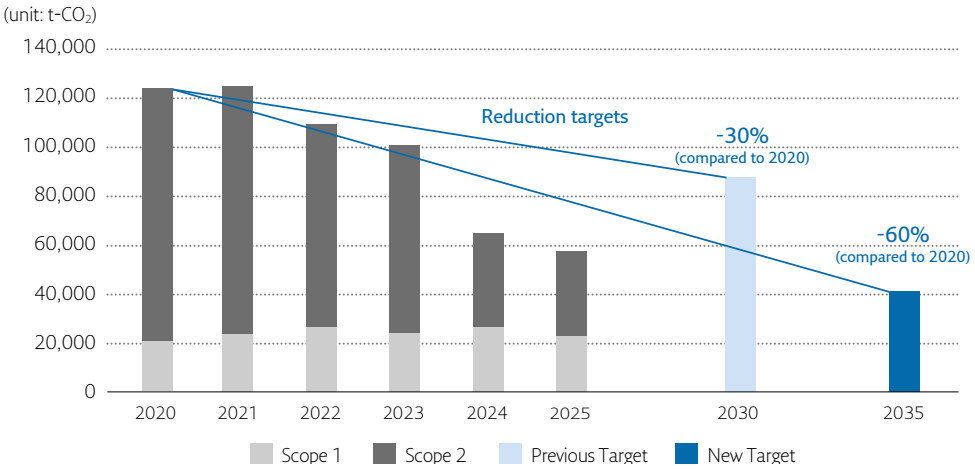
The Group has selected Business Continuity (natural disasters such as earthquakes, typhoons, and floods) as one of our key risks and includes climate change risk in this category.

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 Group has defined total CO_2 emissions as an indicator for assessing and managing risks related to climate change. We have set a target of a 30% reduction (compared to 2020) in total CO_2 emissions (Scope 1 and 2) by 2030, with a view to achieving carbon neutrality in 2050, and the Group as a whole is working on a range of initiatives towards this. As a result, our total CO_2 emission figures for FY2024 showed a drop of 48.4%, achieving our 2030 target ahead of schedule. In light of this, we revised our target in FY2025, setting a new target of a 60% reduction (compared to 2020) in total CO_2 emissions (Scope 1 and 2) by 2035.

The Nissha Group's CO_2 Emissions Reduction Target and Results (Scope 1 and 2)



The 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 (Long-term Vision), the Group defines Medical, Mobility, and Sustainable Materials as the key markets to solve social issues through business activities. Under this vision, we are pressing ahead with reorganizing our business portfolio, with a particular focus on expanding our business in the medical market.

As a result of analyzing the three main segments 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. We believe that contributing to solutions for climate change-related social issues will create business opportunities for the Group.

Additionally, we have confirmed that the risks associated with climate change and its financial impact will be small for the Medical segment compared to other segments. 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 (Scope 1 and 2)

The Nissha Group has identified Responding to Climate Change as a materiality and has been working to reduce our total CO_2 emissions by 30% of their 2020 levels by 2030. As a result, we reached our target in 2024, ahead of schedule, and so set a new target of a 60% reduction by 2035 of their 2020 levels.

To promote specific activities towards this target, we have established a cross-functional 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.

Going forward, we will steadily expand the use of renewable energy and implement energy-saving initiatives at our production bases in Japan and overseas. By carefully evaluating their costs and effectiveness, we will pursue impactful measures that contribute to the realization of a sustainable society.

* 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 and 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. • SHIGAKEN PHARM. IND. CO., LTD. • Nissha Eimo Technologies • Nissha PMX Technologies, S.A. de C.V. • Graphic Controls Acquisition Corp. • Lead-Lok, Inc. • CEA Global Dominicana, S.R.L. • CEA Medical Manufacturing, Inc. • Sequel Special Products, LLC • Nissha Medical Technologies (Ohio), 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. • Cathtek, LLC
Calculation method	Calculated based on Ministry of the Environment "Greenhouse Gas Emissions Calculation Report Manual (Ver.6.1)" (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*	

* 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)

Category 1. Purchased goods and services

Coverage	Major domestic / overseas suppliers at Nissha Group in Japan (28 companies) *1
Calculation method	Calculated by CO_2 emissions per product or supplier electricity and fuel consumption × emission factor × sales ratio

*1. Equivalent to 65% of the procurement spend of the Nissha Group companies in Japan.
* The verified value was calculated by allocating the emissions within the assurance boundary in proportion to the total procurement spend.
Refer to 21-4 Survey of the Supply Chain > CO_2 Emissions Survey (Scope 3 Category 1)

Category 4. Upstream transportation and distribution

Coverage	• Major domestic / overseas suppliers at Nissha Group in Japan (22 companies) *1 • 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.3.1 *2

*1. Equivalent to 53% of the procurement spend of the Nissha Group companies in Japan.
*2. 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 and 7. Business travel / Employee commuting

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. (commuting only) • SHIGAKEN PHARM. IND. CO., LTD.
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. (21 types)
Calculation method	Calculated by electricity consumption × product life × annual sales × emission factor

* The verified value covers 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 (Scope 1 and 2)

The total CO_2 emissions of the Nissha Group are shown below. The emissions in the fiscal year ended December 2025 decreased compared with the previous fiscal year, mainly due to lower energy consumption through factory consolidation at Nissha Precision and Technologies, Inc. Himeji and Kaga Factories.

	Reference year (FY2020)		FY2023		FY2024		FY2025			
	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	25,609	25.4	26,095	40.7	25,412	41.9	-2.6	+21.9
Scope 2	103,351	83.2	75,354	74.6	37,991	59.3	35,309	58.1	-7.1	-65.8
Total	124,204	-	100,963	-	64,086	-	60,721	-	-5.3	-51.1

The total CO_2 emissions of Scope 1 and 2 include the CO_2 emissions 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).

CO_2 Emissions from Chemical Reactions

	FY2023	FY2024	FY2025	
	Emission (t-CO_2)	Emission (t-CO_2)	Emission (t-CO_2)	Year-on-year (%)
NII Koka Factory	341	362	370	+2.2
Nissha Metallizing Solutions GmbH (Germany)	163	209	244	+16.7
Nissha Metallizing Solutions N.V. (Belgium)	1,927	2,399	2,425	+1.1
Total	2,431	2,970	3,039	+2.3

7-4 Trends in CO_2 Emissions (Scope 1 and 2), Energy Consumption, and Basic Unit

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.*
   *From 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	Reference year (FY2020)	FY2023	FY2024	FY2025
Nissha and others	3,721	5,429	5,188	7,063
NII	11,507	6,437	5,006	4,901
NPT	69,572	48,661	7,953	4,957
NCI	770	862	868	818
Overseas production bases	38,634	39,575	45,072	42,982
Total	**124,204**	**100,963**	**64,086**	**60,721**
Basic Unit*	0.69	0.60	0.33	0.31

*CO_2 emissions (t-CO_2) / Net sales (Millions of JPY)

Energy Consumption and Basic Unit

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

Company	FY2023	FY2024	FY2025
Nissha and others	109	108	131
NII	181	157	155
NPT	950	552	372
NCI	17	18	17
Overseas production bases	775	836	849
Total	**2,032**	**1,671**	**1,524**
Basic Unit*	0.0121	0.0085	0.0078

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

Electricity Consumption

(unit: MWh, excluding renewable electricity ratio)

Company	FY2023	FY2024	FY2025
Nissha and others	11,447	11,238	13,713
NII	18,446	17,998	17,631
NPT	108,512	121,136	82,270
NCI	1,979	2,064	1,964
Overseas production bases	76,644	83,130	83,764
Total	**217,027**	**235,566**	**199,342**
Renewable Electricity	34,095	134,861	102,274
Non-renewable electricity	182,932	100,705	97,068
Renewable Electricity Ratio (%)	15.7	57.2	51.3

Gas Consumption

(unit: 1,000m^3)

Company	FY2023	FY2024	FY2025
Nissha and others	204	213	236
NII	2,303	1,790	1,795
NPT	1,807	1,591	1,065
NCI	0	0	0
Overseas production bases	5,714	6,827	6,877
Total	**10,029**	**10,422**	**9,973**

Gasoline, Diesel, and Heavy Oil Consumption

(unit: kl)

Company	FY2023	FY2024	FY2025
Nissha and others	43	51	62
NII	11	13	17
NPT	9	11	10
NCI	1	1	1
Overseas production bases	133	106	113
Total	**198**	**183**	**202**

7-5 Emissions Reduction Efforts (Scope 1 and 2)

As a measure to reduce CO_2 in the Nissha Group in Japan, NII Koka Factory, a production base for our Industrial Materials business, has been using 100% renewable electricity since FY2022. The factory is also working to reduce its gas consumption by replacing its old deodorizing equipment with a heat-storage type system in 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. In addition, the factory consolidation associated with changes in business activities has contributed to the reduction of CO_2 emissions.

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 and Its Issues (Nissha Group in Japan)

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 FY2024 was set at 1.00, and the target for FY2025 was set at 0.99 or less, based on this. The results were as follows. Of the four bases subject to the target, Nissha (Headquarters) achieved the target, whereas NII Koka Factory and NPT Himeji Factory and Kaga Factory did not achieve their targets due to reduction in production volumes.

Company	Basic unit (based on production volume etc.)			FY2025 Evaluation
	FY2024 Results	FY2025 Targets	FY2025 Results	
Nissha (Headquarters)	1.00	0.99 or less	0.98	○
NII Koka Factory	1.00	0.99 or less	1.11	×
NPT Himeji Factory	1.00	0.99 or less	7.81	×
NPT Kaga Factory	1.00	0.99 or less	1.44	×

7-7 Initiative in Scope 3 Management

The Nissha Group currently calculates our Scope 3 for nine of the fifteen categories. Categories 1, 4, 6, 7, and 11 are subject to third party verification by DNV Business Assurance Japan K.K.

(unit: t-CO_2)

Scope 3 Category		FY2024		FY2025	
		Domestic	Overseas	Domestic	Overseas
1	Purchased goods and services	**54,881**	91,850	**27,020**	Under investigation
2	Capital goods	21,041		Under investigation	
3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	6,831		Under investigation	
4	Upstream transportation and distribution	**10,257**	12,035	**9,454**	Under investigation
5	Waste generated in operations	5,211		Under investigation	
6	Business travel	**873**	—	**971**	—
7	Employee commuting	**2,003**	—	**2,175**	—
11	Use of sold products	**8,457**		**16,837**	
12	End of life treatment of sold products	434	2,608	Under investigation	Under investigation
Total		216,481		—	

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

Refer to 8. Third Party Verification

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 enhance the reliability of our environmental performance data.

DNV

VERIFICATION STATEMENT

Project ID: PRJN-1076108 *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 FY2025 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 2025.

< 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.6.1)", and Ministry of the Environment, Ministry of Economy, Trade and Industry, Japan "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver.2.7)." 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, 10 June 2026
DNV BUSINESS ASSURANCE JAPAN K.K.

Yasufumi Ueno
Approved Verifier

Koichiro Tanabe
Head of Section, Sustainability, Energy Systems, Japan

DNV

VERIFICATION STATEMENT

Project ID: PRJN-1076108 *Page 2 of 2*

< Period Covered by Calculation >

The period covered by GHG emissions and others verification is from 1 January 2025 through 31 December 2025.

< 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)	60,721 t-CO_2e
■ Amount of Scope 1 emissions	25,412 t-CO_2e
■ Amount of Scope 2 emissions	35,309 t-CO_2e
■ Scope 3 emissions※1	
■ Category 1 (Purchased Goods and Services)※2	27,020 t-CO_2e
■ Category 4 (Upstream Transportation and Distribution)	9,454 t-CO_2e
■ Category 6 (Business travel)	971 t-CO_2e
■ Category 7 (Employee commuting)	2,175 t-CO_2e
■ Category 11 (Use of Sold Products)	16,837 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)	1,524 (10^3GJ)
■ Electric power consumption	199,342 (MWh)
■ Gas consumption	9,973 (10^3m^3)
■ Gasoline, diesel, and heavy consumption	202 (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

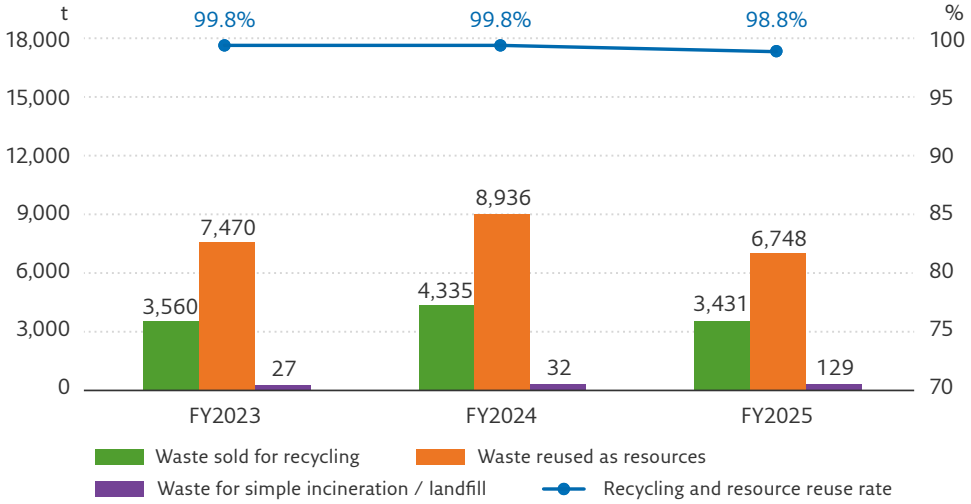
9. Waste Management

9-1 Total Amount of Waste

In the fiscal year ended December 2025, the Nissha Group generated a total of 20,429t of waste, including waste sold for recycling, waste reused as resources, and waste for simple incineration/landfill.

	FY2023	FY2024	FY2025	
	Emission (t)	Emission (t)	Emission (t)	Year-on-year
Nissha Group in Japan	11,057	13,303	10,307	-2,996t (-22.5%)
Nissha Group overseas	9,784	9,777	10,122	+345t (+3.53%)
Nissha Group (Total)	**20,841**	**23,080**	**20,429**	**-2,651t (-11.5%)**

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



Total waste emissions

The total waste generated by the Nissha Group in Japan in FY2025 was as follows. This is a decrease compared to the previous fiscal year, mainly due to lower production volumes at Nissha Industries, Inc. Koka Factory and Nissha Precision and Technologies, Inc. Himeji and Kaga Factories.

Efforts toward zero emissions

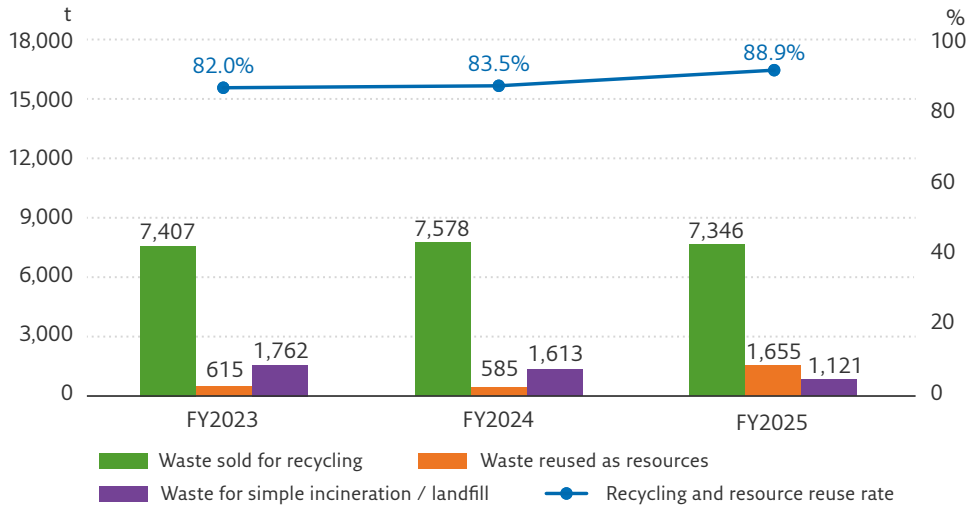
The recycling and resource reuse rate for the Nissha Group in Japan was 98.8%, meaning that we failed to meet our target of zero emissions (a recycling and resource reuse rate of 99.5% or above). The amount of incineration and landfill waste generated at SHIGAKEN PHARM. IND. CO., LTD., which became a member of the Nissha Group in FY2025, contributed to our failure to reach our target.

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

	FY2023	FY2024	FY2025	
	Emission (t)	Emission (t)	Emission (t)	Year-on-year
Hazardous waste (Industrial waste requiring special treatment)	1,504	1,675	578	-1,097t (-65.5%)
Non-hazardous waste (Waste sold for recycling, industrial waste, waste for simple incineration/ landfill)	9,553	11,628	9,729	-1,899t (-16.3%)
Waste emissions (Total)	**11,057**	**13,303**	**10,307**	**-2,996t (-22.5%)**

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

The total waste generated by the Nissha Group overseas in FY2025 was as follows. This is an increase compared to the previous fiscal year, and the added amount of total waste generated at Nissha Metallizing Solutions GmbH (Germany) contributed to this increase. At the same time, the recycling and resource reuse rate for the major production bases of the Nissha Group overseas is improving.



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

	FY2023	FY2024	FY2025	
	Emission (t)	Emission (t)	Emission (t)	Year-on-year
Hazardous waste (Waste acids, waste alkalis, waste inks, waste solvents)	119	170	320	+150t (+88.2%)
Non-hazardous waste (Valuable resources, waste plastic, sludge, waste oil, incineration/landfill waste, other)	9,665	9,607	9,802	+195t (+2.03%)
Waste emissions (Total)	**9,784**	**9,777**	**10,122**	**+345t (+3.53%)**

9-2 Risk Management Related to Waste and Waste Converted into 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 reduce these risks, we manage waste in accordance with the Nissha Group Waste Management Regulations. These regulations are aimed at preventing accidents or environmental pollution caused by waste. They lay out the standards for selecting waste processors and for regular monitoring of treatment sites using checklists. In addition, we have in place standards for managing waste and waste converted into valuable resources that contain confidential information, and promote man-

agement 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 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.

At the Kyoto Global Headquarters, we address waste risks associated with business changes, such as changes 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 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 (excluding medical devices) 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
  Whenever the Nissha Control Criteria for Chemical Substance Management Standard for Purchased Product is revised, suppliers who provide us with materials for mass production are

requested to submit the following documents.
  - 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 2025, 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) is 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

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)

Contents 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 FY2025, NPT Kaga Factory achieved its target of reducing the amount of chemicals used in its wastewater treatment facilities. In the meantime, the Nissha Industries, Inc. (NII) Koka Factory increased the amount of chemicals it used due to changes in what it produced, meaning it failed to achieve its target.

Fiscal year	FY2023	FY2024	FY2025
Assessment	×	○	×

○ Objective achieved
× Objective not achieved

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 FY2025, there were transfers/emissions of 1 ton or more for ethylbenzene, xylene, toluene, water-soluble copper salts (excluding complex salts), diethylene glycol monobutyl ether, and ethylenediaminetetraacetic acid and its potassium and sodium salts.

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 impact in the 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 NPT Kaga Factory, we have stipulated a process to prevent contamination from spreading in the event of an accident resulting in a leak during waste liquid collection. Regular drills are also held, and the response process is revised as needed. Leak response drills are held both at our production bases and our Kyoto Global Headquarters.


In FY2025, 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 Air Pollution

10-6-1 NOx and Soot and Dust

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 NOx and soot and dust. The measurement results are shown in the table below.

■ Kyoto Headquarters

	Unit	FY2023	FY2024	FY2025
NOx	ppm	26	24	32
Soot and dust	g/m³N	0.004	Less than 0.004	Less than 0.004

■ Nissha Industries, Inc. Koka Factory

	Unit	FY2023	FY2024	FY2025
NOx	ppm	43	35	30
Soot and dust	g/m³N	Less than 0.01	Less than 0.01	Less than 0.01

■ Nissha Precision and Technologies, Inc. Himeji Factory

	Unit	FY2023	FY2024	FY2025
NOx	ppm	31	39	43
Soot and dust	g/m³	Less than 0.001	Less than 0.001	Less than 0.001

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

10-6-2 VOC Emissions

NII 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. The VOC emissions for FY2025 were 662t.

11. Water Resources / Biodiversity

In its Environment Policy, the Nissha Group aims 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 Group's business activities.

11-1 Water Resources

11-1-1 Basic Concept

We are working to reduce water consumption through appropriate use, water recycling (reuse), and more efficient water use. Approximately 90% of both water intake and wastewater discharge within the Group comes from activities at our production bases in Japan. The majority of this intake and discharge occurs at the Nissha Precision and Technologies, Inc. (NPT) Himeji Factory and 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.

The bases covered are the NPT Himeji Factory and Kaga Factory and the Nissha Industries Inc. (NII) Koka Factory.

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

Target	FY2024		FY2025	
	Achievement	Evaluation	Achievement	Evaluation
Work to reduce the amount of water usage (compared to the previous fiscal year)	1 out of 3 bases	△	2 out of 3 bases	△

○ : Target achieved, △ : Target not achieved but good progress made, × : Target not achieved and poor progress made

In the fiscal year ended December 2025, at the NII Koka Factory, water consumption increased due to increased water usage for quality improvement, resulting in the target not being achieved. 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

The Overall Water Risk* at production bases in Japan was Low (0-1) or Low - Medium (1-2). The NPT Himeji Factory and 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.

*Each item - Physical Risk (Quantity), Physical Risk (Quality), and Reputation Risk - is 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 Group production bases in Japan use water supplied by a third-party (tap water and industrial water). In FY2025, 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 Measures for Conservation of the Environment of the Seto Inland Sea, which is stricter than the Water Pollution Prevention Act. To comply with the law, the factory operates a wastewater treatment facility using activated carbon adsorption. In addition, we operate and manage water quality by establishing voluntary standard values for water quality control that are stricter than those set by laws and regulations.

■ NPT Kaga Factory

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

11-1-5 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	FY2023	FY2024	FY2025
Water usage	Tap water	m^3	Production bases in Japan and overseas	912,000	1,069,000	1,021,000
	Underground water	m^3	Production bases in Japan and overseas	42,000	37,000	94,000
	Industrial water	m^3	Production bases in Japan and overseas	1,282,000	1,316,000	287,000
Water discharge		m^3	Production bases in Japan and overseas	2,002,000	2,216,000	1,368,000

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	FY2025
(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 (Boundary: Nissha Group in Japan ISO14001 certification bases[*2])	Achieved	Achieved
(2) Maintain zero environmental accidents[*3]	0	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 Factory, Nissha FIS, Inc., and Nissha Business Service, Inc.
*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

The Nissha Group conducts analysis based on the LEAP Approach[*1] propounded by the Taskforce on Nature-related Financial Disclosures (TNFD) as a way to identify risks and opportunities in biodiversity.

In FY2025, we focused our analysis mainly on evaluating our contact with nature and our dependence on and impact on nature. Specifically, we targeted our Group's core businesses, using ENCORE[*2] to sort out our dependence on and impact on natural capital. We also carried out an analysis using the Biodiversity Risk Filter[*3] provided by the World Wide Fund for Nature (WWF) for major bases allowing us to understand the risks to biodiversity at each of our businesses and bases.

Going forward, we will use the analysis results to integrate biodiversity risks based on the regional characteristics of each base and the dependence and impact on natural capital of each business, moving ahead with determining specific risks and opportunities assumed for the Group.

*1. An integrated approach to assessing nature-related issues. The name comes from Locate, Evaluate, Assess, and Prepare.
*2. A tool for understanding the size of a corporation's impact and dependence on nature. It was jointly developed by the Natural Capital Finance Alliance, the UNEP-World Conservation Monitoring Centre (WCMC), and others.
*3. 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.

Retaining its friendly design, almost like a face, the Birds & Insect House internal environment was renovated in spring 2026 into one that would attract even more birds and insects. Small holes were drilled into the logs set inside the Birds & Insect House, creating an environment that insects would want to live in. The habits of insects that make nests in holes in bamboo fences were also looked at, so a bamboo lattice was placed inside. Bamboo's hollow stems shelter insects from rain and wind, and help maintain stable humidity, which is why insects like the plant. We believe that each little change like this will help create places that wildlife find comfortable.

The Birds & Insect House might look like just a small hut at first, but the way it is connected to the broader natural world gives it the potential to have a much greater impact. It is our hope that Nissha's Birds & Insect House can spur all our stakeholders to feel closer to and think about biodiversity. We will work on creating environments mindful of coexisting with nature while reflecting each day on our trials and errors.

Before

After

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.

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 FY2025

1. Compliance with laws and regulations / customer demands

Target	FY2025		Boundary
	Achievement	Evaluation	
(1) Violations of regulatory values in environmental laws, regulations and local ordinances: 0	0	○	Nissha Group in Japan
(2) Serious warnings related to the environment noted during audits of customer demands (Core Violation): 0	0	○	Nissha Group in Japan
(3) Violations of compliance with customer demands for chemical substances in products: 0	0	○	Nissha Group in Japan

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

(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	FY2025		Boundary
	Achievement	Evaluation	
(1) Reduce CO_2 emissions by 27% by FY2029 (Baseline: FY2020 actual value)	-51%	○	Nissha Group
(2) Reduce CO_2 emissions rate (basic unit)* by at least 1% compared to the previous fiscal year	Nissha (Headquarters)	×	(Bases subject to the Act on the Rational Use of Energy) Nissha (Headquarters) NII Koka Factory NPT Himeji / Kaga Factory

* CO_2 emissions rate (basic unit) = CO_2 emissions / Production volume (varies by base)

(1) Continuing 100% renewable electricity use at our NII Koka Factory and NPT Himeji Factory and Kaga Factory, combined with a range of other energy-saving measures throughout the Nissha Group in general, 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. Of the four bases subject to the target, Nissha (Headquarters) achieved the target, whereas NII Koka Factory and NPT Himeji Factory and Kaga Factory did not achieve their targets.

	Basic unit (CO_2 emissions / Production volume)		Evaluation
	Target	Achievement	
Nissha (Headquarters)	0.1117	0.1110	○
NII Koka Factory	0.4556	0.5064	×
NPT Himeji Factory	0.0184	0.0271	×
NPT Kaga Factory	0.0287	0.0415	×

3. Reduction of environmental impact of our supply chain overall

Target	FY2025		Boundary
	Achievement	Evaluation	
(1) Engage in zero-emission (at least 99.5% recycling rate) maintenance and management	98.8%	×	Nissha Group in Japan
(2) Reduce waste generation rate (basic unit)* by 1% or more compared to the previous fiscal year	2 out of 4 bases	△	NII Koka Factory NPT Himeji / Kaga Factory NCI
(3) Work to reduce the amount of chemical substances usage (compared to the previous fiscal year)	1 out of 2 bases	△	NII Koka Factory NPT Kaga Factory
(4) Work to reduce the amount of water usage (compared to the previous fiscal year)	2 out of 3 bases	△	NII Koka Factory NPT Himeji / Kaga Factory
(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	○	Design and product division / Production engineering of the Nissha Group in Japan

* Waste generation rate (basic unit) = Waste generation / Production volume (varies by base)

(1) We had a recycling rate of 98.8%, meaning that we failed to meet our target of 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 FY2025, of the four bases subject to the target, NII Koka Factory and NPT Himeji Factory achieved the target, whereas NPT Kaga Factory and NCI did not achieve their targets.

	Basic unit (Waste generation / Production volume)		Evaluation
	Target	Achievement	
NII Koka Factory	11.40	11.00	○
NPT Himeji Factory	23.63	3.72	○
NPT Kaga Factory	626.14	677.28	×
NCI	9.86	12.51	×

(3) The NII Koka Factory increased the amount of chemicals it used due to changes in what it produced, meaning it failed to achieve its target. The NPT Kaga Factory was able to reduce the use of wastewater treatment chemicals through factory consolidation. We will continue to reduce our use of chemicals.

(4) The actual figures for water usage are shown in the table below. Reorganization of items produced at the NPT Himeji Factory and a reduction in production volume at the NPT Kaga Factory led to less water being used. We are continuing water-saving initiatives at the NII Koka Factory, but water usage for quality improvements meant the target was not achieved. 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
	FY2024	FY2025	
NII Koka Factory	57,300	66,300	×
NPT Himeji Factory	1,267,700	246,800	○
NPT Kaga Factory	872,400	825,100	○

(5) Through the mass production of sustainable molded products and the development of exterior parts for automobiles in the development division 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	FY2025		Boundary
	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	—	○	(Bases covered by ISO14001 certification) Nissha (Headquarters) NII Koka Factory NPT Himeji / Kaga / Tsu Factory FIS NBS
(2) Maintain zero environmental accidents*2	0	○	NII Koka Factory NPT Himeji / Kaga Factory NCI

*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. 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 FY2025. We will continue to strive to keep environmental accidents at zero.