2. CEO Message

The Mission of the Nissha Group is to enrich people's lives by creating and developing technology into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group. Nissha Group is a forward thinking global company, primarily conducting businesses in Industrial Materials, Devices, and Medical. Through our proprietary processing technologies, we transform raw materials into high value-added parts and materials, contributing to our customers' manufacturing processes.

The Group views sustainability as initiatives for sustainable growth and development for both the company and society. Based on this view, we consider social issues to be business opportunities. We strive not only to leverage our strengths to provide products and services that help solve these issues on an ongoing basis, but also to strengthen the management foundation underpinning our business activities, reduce risks that could hamper business continuance, and promote governance to ensure these are all carried out appropriately.

If we hope for sustained, medium to long term growth, it is imperative that we continue to provide value to society through business with our customers. The driving force behind the Group's value creation is all the employees working around the world who share our Mission. In order to create value beyond conventional thinking amidst a drastically changing market environment, we are promoting diversity, encouraging collaboration across countries, businesses, and generations, and creating an organization in which diverse human resources can thrive. We will also strive to further heighten employee engagement by focusing on developing human resources and fostering a corporate culture that enables each and every employee to demonstrate his or her strengths with passion.

In addition, we have been working to reduce our total CO_2 emissions by 30% of their 2020 levels by 2030, with a view to achieving carbon neutrality by 2050. We reached our target in 2024, ahead of schedule, and have therefore set a new target of a 60% reduction by 2035, further accelerating our efforts.

We look forward to your continued guidance and encouragement.

June 2026
Junya Suzuki
Chairman of the Board and Group CEO
Nissha Co., Ltd.

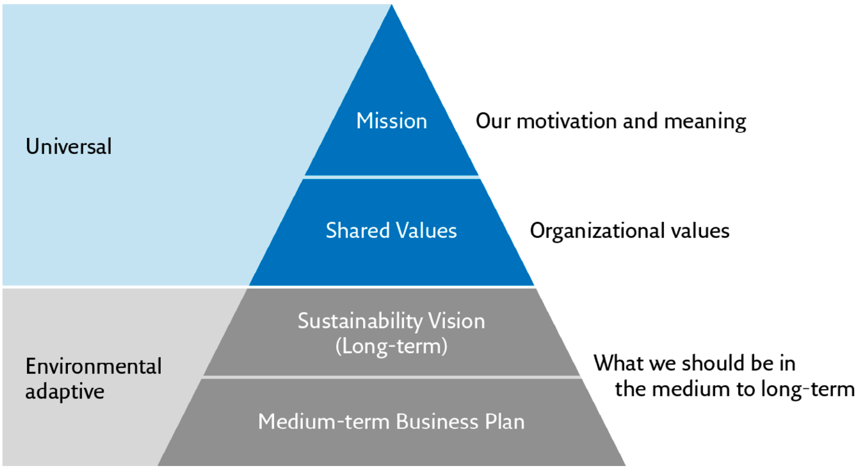
WE SUPPORT UN GLOBAL COMPACT

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

3. Nissha Group Sustainability

3-1 Nissha Philosophy

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



Mission

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

3-2 Sustainability Vision (Long-term Vision)

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

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

Based on these, we have 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.

3-3 Promotion Framework for Sustainability

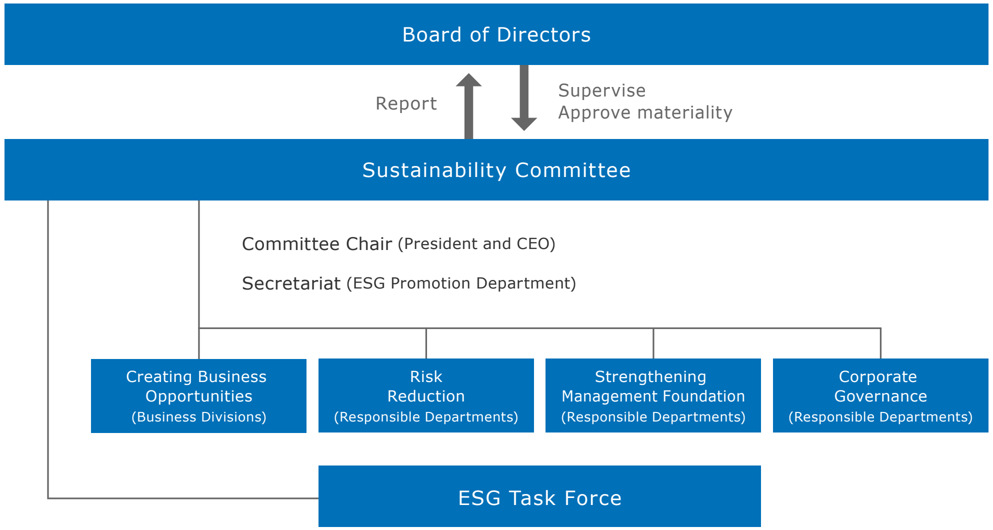
Nissha has established a Sustainability Committee chaired by the Chairman of the Board, President and CEO. This committee is composed of business divisions, departments, and the ESG task force related to the themes of Creating business opportunities, Risk reduction, Strengthening management foundation, and Corporate governance.

The ESG task force was established to promote cross-division efforts to respond to climate change, which is seen as a key issue from the perspective of ESG, and works to accelerate our initiatives in that direction.

The Sustainability Committee holds a general assembly once per year, in which it authorizes the key performance indicators (KPIs) and action items set by the main related business divisions, departments, and the ESG task force based on the materialities determined through resolutions at the Board of Directors. In addition, during monthly business reviews and quarterly progress reports, we confirm whether or not the set KPIs and action items are progressing as planned. Each business division, department, and the ESG task force oversee the management of respective strategy items, KPIs, and action items. In the fiscal year ended December 2025, we held one Sustainability Committee General Assembly and provided three progress reports.

The Board supervises the activities of the Sustainability Committee, discussing reports from the Sustainability Committee and the ESG Task Force, and making necessary recommendations.

Structure

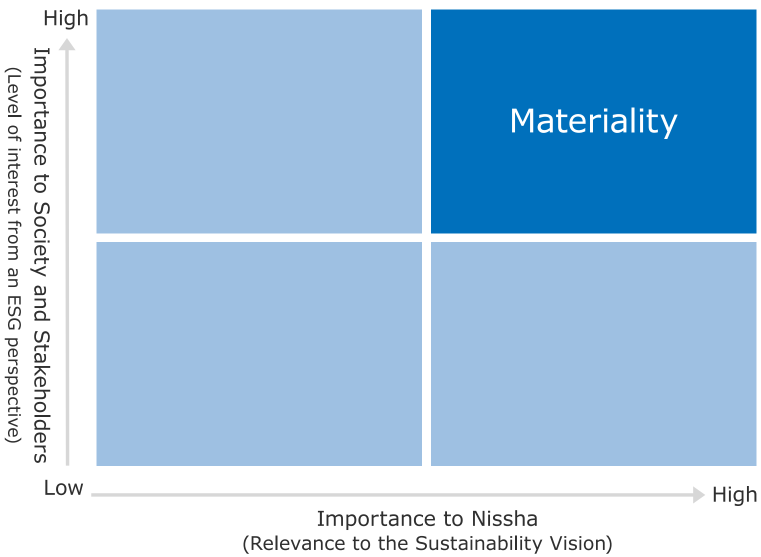


3-4 Materialities (Key Issues) and KPIs

3-4-1 Materiality Identification

To realize our Sustainability Vision, the Nissha Group identifies particularly important items as materialities. We also set and engage in specific strategy items, KPIs, and action items.

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



Materiality Identification Process

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

*1. Sustainable Development Goals: Adopted by the United Nations in September 2015
*2. Global Reporting Initiative Standards: Global guidelines for sustainability reporting
*3. Responsible Business Alliance: International code of conduct for labor, health and safety, environment, ethics, etc. for the electronics and other industries

Once every three years, to coincide with formulation of the Medium-term Business Plan, we carry out a comprehensive review of our materialities. We also check yearly to see if any revisions are needed. There were no revisions to any materialities in 2026.

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

The Group is considering environmental changes that can potentially impact our business activities. We identify particularly important items for the realization of the Nissha Group Sustainability Vision as materialities.

Creating Business Opportunities

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

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Solve medical issues (Medical devices/ Pharmaceuticals)	Expansion of business for Medical market • Medical devices: Contribute to medical care through CDMO in minimally invasive surgery and acute care • Pharmaceuticals: Contribute to the stable supply of pharmaceuticals through formulation development and CDMO	• Net sales of Medical segment	3
Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)	Expansion of business for Mobility market • Providing mobility products that contribute to safety, comfort, and reduction of environmental impact	• Net sales of Mobility segment	11, 13
Promotion of circular economy (Sustainable Materials)	Expansion of business for Sustainable Materials market • Promotion of circular economy • Solving marine plastic pollution issues • Contribution to improving resource utilization efficiency • Biodiversity conservation considerations	• Net sales of Sustainable Materials segment	12, 13, 14

Risk Reduction

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

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Responding to climate change	• Reduction of CO_2 emissions	• CO_2 emissions reduction rate: 50.5% reduction (compared to 2020)	13
Respect for human rights	• Reduction of labor and human rights risks	• Number of child labor and forced labor cases at primary suppliers*: 0	8
Providing responsible products and services	• Maintain and expand quality management system in accordance with business strategy • Improve quality with an emphasis on product safety and feasibility at the design stage • Fostering and improving the quality mindset • Monitoring of compliance with laws and regulations	• Number of serious quality incidents: 0	3
Sustainable procurement	• Reduction of information security risks for suppliers	• Construct a system to evaluate and manage information security based on the varying information security levels of the target overseas suppliers	12, 13, 17
Data security in response to increased use of generative AI	• Continuously enhance security systems to respond to increasingly sophisticated cyberattacks • Maintain and improve security literacy among all employees • Improve productivity through proactive use of generative AI	• Continuously implement phishing email training and educational systems throughout the entire Nissha Group • Develop governance related to generative AI and implement employee training throughout the entire Nissha Group	9, 16

* Suppliers (related to human resources dispatching and logistics) in industries with high risks of labor and human rights; suppliers in areas (China, Southeast Asia, Central and South America, Africa) with high risks of labor and human rights.

Strengthening Management Foundation

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

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Enhancing human capital	• Utilizing diverse human resources	• Female manager ratio Global consolidated: 23% Nissha non-consolidated: 12% • Secure and train global management personnel	
	• Enhancement of learning and growth opportunities and employee rotations	• Selection rate of leader candidates in selective training programs Nissha non-consolidated: 45% • Implement medical shift training based on the shift of human resources to priority markets	
Efficiency and productivity improvement	• Solve work issues through generative AI/DX tools • Shift to value-added work through reducing working hours	• Improve efficiency of target processes through the use of generative AI and DX (progress rate: 100%) • Numbers of cases adopting generative AI (Japan, overseas)	

Corporate Governance

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

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2026)	Related SDGs
Improving the effectiveness of the Board of Directors	• Upgrade systems related to corporate governance and group governance	• Implementation of actions based on the evaluation of the effectiveness of the Board of Directors	—
Advancement of global governance		• Implementation rate for plans to counter key risks through the use of the risk management coordinator	—

Boundaries of Materialities

Materialities	Boundaries	
	Inside Nissha Group	Outside Nissha Group
Responding to climate change	●	●
Respect for human rights	●	●
Providing responsible products and services	●	●
Sustainable procurement	●	●
Data security in response to increased use of generative AI	●	
Enhancing human capital	●	
Efficiency and productivity improvement	●	
Improving the effectiveness of the Board of Directors	●	
Advancement of global governance	●	

3-4-3 FY2025 Initiatives and Progress

Creating Business Opportunities

Materialities	Scenario for Achieving Materialities (Strategy Items)	KPIs and Action Items (FY2025)	Achievement Status*
Solve medical issues (Medical devices/ Pharmaceuticals)	Expansion of business for Medical devices, Pharmaceuticals, and Healthcare markets • Medical devices: Contribute to medical care through CDMO in minimally invasive surgery and acute care • Pharmaceuticals: Contribute to the stable supply of pharmaceuticals through formulation development and CDMO	• Net sales of Medical Technologies business and Pharmaceuticals	○
Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)	Expansion of business for Mobility market • Providing mobility products that contribute to safety, comfort, and reduction of environmental impact	• Net sales of Mobility segment	△
Promotion of circular economy (Sustainable Materials)	Expansion of business for Sustainable Materials market • Promotion of circular economy • Solving marine plastic pollution issues • Contribution to improving resource utilization efficiency • Biodiversity conservation considerations	• Net sales of Sustainable Materials segment	○

* This evaluates the level of achievement of net sales plans for each segment in FY2025.

Risk Reduction

Materialities	Scenario for Achieving Materialities (Strategy Items)	Progress in FY2025
Responding to climate change	• Reduction of CO_2 emissions	• Achieved a 51.1% reduction in CO_2 emissions in 2025, surpassing the 15% reduction target (compared to 2020) • Studied new CO_2 reduction targets (decision and publication in 2026) • Promoted switch to renewable electricity at domestic and overseas production bases and promote energy conservation measures • Implemented Scope 3 emissions tracking, obtained third party verification and considered reduction measures.
Respect for human rights	• Reduction of labor and human rights risks	• Number of child labor and forced labor cases at primary suppliers in areas* with high labor and human rights risks : 0 • Conducted the regular annual survey of target suppliers using the CSR survey form • Selected overseas suppliers and carried out on-site audits. Provided guidance on corrective and improvement actions for non-conformities and issues identified, and confirmed their effectiveness
Providing responsible products and services	• Maintain and expand quality management system in accordance with business strategy • Ensure quality with considerations for safety and feasibility at the design stage • Implement quality education • Monitoring of compliance with laws and regulations	• Number of serious quality incidents: 0 • Maintained quality management systems (ISO 9001, IATF 16949), ongoing improvements through internal audits • Implemented quality assessment for pharmaceuticals business • Held 13 lectures on quality training, attended by a total of 734 people
Sustainable procurement	• Reduction of information security risks for suppliers	• Carried out assessments based on information security levels for targeted suppliers (Japan), provided guidance on corrective and improvement actions for non-conformities and issues identified, and confirmed their effectiveness
Data security in response to increased use of generative AI	• Continuously enhance security systems • Maintain and improve security literacy among all employees • Improve productivity through proactive use of generative AI	• Carried out ongoing drills and training for phishing emails and reduced failure rate • Formulated a plan to introduce a system to improve data security, and verified it through trial operation

* China, Southeast Asia, Central and South America, and Africa

Strengthening Management Foundation

Materialities	Scenario for Achieving Materialities (Strategy Items)	Progress in FY2025
Enhancing human capital	• Activation of diverse human capital	• Female manager ratio Global consolidated: 25.2% Nissha non-consolidated: 10.1% • Dispatch of overseas trainees
	• Enhanced learning and growth opportunities and employee rotations	• Selection rate of leader candidates in selective training programs Nissha non-consolidated: 47.8% • Nissha Academy Business School beginner course and advanced course held
Efficiency and productivity improvement	• Improve efficiency and productivity by digitalization of value creation processes	• Achieved planned numbers for DX personnel training • Launched more than 5 DX projects per quarter • Released generative AI tools (multilingual translation, information searches, document creation/summaries) and expanded their use • Strengthened Nissha ChatGPT functions

Corporate Governance

Materialities	Scenario for Achieving Materialities (Strategy Items)	Progress in FY2025
Improving the effectiveness of the Board of Directors	• Upgrade systems related to corporate governance and group governance	• Determined key agendas (such as interim verification of the Sustainability Vision) for 2025 based on an evaluation of their effectiveness by the Board of Directors, and held discussions throughout the year • Launch of off-site meetings (Director *Bangaichi*)
Advancement of global governance		• Assigned risk management coordinators in the Americas, completing assignment in the three key regions of the Americas, Europe, and China

3-5 Initiatives in Which Nissha Participates and External Evaluations

3-5-1 Initiatives in Which Nissha Participates

United Nations Global Compact

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

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

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

The Ten Principles of the UN Global Compact

Human Rights

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

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

Labour

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

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

Principle 5: the effective abolition of child labour; and

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

Environment

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

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

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

Anti-Corruption

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

United Nations Global Compact

TCFD (Task Force on Climate-Related Financial Disclosures)

In January 2022, we expressed agreement with the recommendations from the TCFD (Task Force on Climate-related Financial Disclosures).
The TCFD, established by the Financial Stability Board (FSB), recommends that companies take measures to understand and address climate change-related risks and opportunities as a management issue.
In this Report, we have implemented information disclosure that employs the framework items recommended by the TCFD. And in addition to aiming for the continued enhancement of governance and strategy concerning climate change moving forward, we will also promote the expansion of information disclosure

Japan Clean Ocean Material Alliance (CLOMA)

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

3-5-2 External Evaluation

■ CDP

In December 2025, we received an A score in the climate change survey from CDP, a global non-profit organization. The A score is the highest rating of the eight levels, and we have been selected for the first time as a CDP A List company.

■ FTSE JPX Blossom Japan Index

We have been selected as a constituent stock of the FTSE JPX Blossom Japan Index. The FTSE JPX Blossom Japan Index, created by the global index and data provider FTSE Russell, reflects the performance of Japanese companies with specific environmental, social, and governance (ESG) practices. The index is regarded as one of the leading benchmarks for sustainable investment, and is used as an ESG index by the Government Pension Investment Fund (GPIF), among others.

■ S&P/JPX Carbon Efficient Index

We are included as a constituent stock of the S&P/JPX Carbon Efficient Index. The S&P/JPX Carbon Efficient Index is built by the S&P Dow Jones Index, one of the world's largest independent index companies, based on carbon emissions data from S&P Global Trucost. This index increases the investment weight of companies in the same industry with high carbon efficiency, and those that disclose information on their greenhouse gas emissions.

■ CDP Supplier Engagement Assessment

In February 2026, we were selected as a Supplier Engagement Leader, the highest rating in CDP's Supplier Engagement Assessment, for the second consecutive year. This rating evaluates how effectively companies engage with suppliers on climate issues, and recognizes those with outstanding performance.

■ FTSE JPX Blossom Japan Sector Relative Index

We have been selected as a constituent stock of the FTSE JPX Blossom Japan Sector Relative Index. This index developed by FTSE Russell is designed to reflect the performance of companies in Japan demonstrating specific environmental, social and governance (ESG) practices in each sector. The Government Pension Investment Fund (GPIF) uses this index as one of its ESG indices.

■ SOMPO Sustainability Index

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

Certified Health and Productivity Management Outstanding Organizations

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

Kurumin Certification

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

DX (Digital Transformation) Certification

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

3-6 Nissha Group Stakeholders

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

Nissha's Circle of Trust

Customer

The Nissha Group operates its businesses in Industrial Materials, Devices, and Medical. We provide a range of products and services that satisfy market needs and engage in business activities that help solve social issues. We also promote fair operating practices, efforts in labor and human rights, and the building of environment-conscious production systems so that our customers can feel safe about entrusting us with work.

Communication

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

■ Shareholder

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

Communication

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

■ Employee

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

Communication

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

■ Supplier

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

Communication

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

■ Society

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

Communication

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