

**Nissha  
Sustainability Report  
2019**

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## CEO Message



Nissha has been constantly attempting to improve core technologies while integrating the technological elements into the printing technology we have cultivated since our founding. Consequently, we have realized expansion of our business domain through diversification of products and target markets, and expansion into global markets. This history of ours is one of creating products and services that lead to solutions to social issues while continually listening to the changing needs of the target markets and our

customers' requirements.

Various activities are currently under development around the world to achieve the goals set out as Sustainability Development Goals (SDGs) adopted by the United Nations. We see these needs as business opportunities and hope to make a social impact utilizing our technology and human resource capabilities.

In April 2012, we joined the United Nations Global Compact. Recognizing that minimizing the negative effects of our business activities on the environment and society is another important corporate responsibility, we are actively working on 10 principles relating to the four areas of human rights, labor, the environment, and anti-corruption.

We look forward to your continued guidance and encouragement.



May 2019  
Junya Suzuki  
Chairman of the Board  
President and CEO

## Nissha Group's Sustainability

### Approach to CSR

The Nissha Group is currently accelerating its business activities in the medical devices market and the high-function packaging materials market, in addition to expanding its business in the IT market and the automotive market, core markets in the Sixth Medium-term Business Plan. This done with a view to placing optimization of our business portfolio from the perspective of balanced management at the heart of our management strategy. Nissha is rolling out products and businesses that contribute to solving social issues both directly and indirectly based around these four key markets.

With the changes taking place in Nissha Group businesses as our Medium-term Business Plan unfolds, Nissha has established a CSR Committee, under which there are eight subcommittees which work to understand changes in and reduce the environmental and social risks that hamper business continuance. Working backwards from the vision of where we see our company headed, we proactively respond to these environmental and social risks, aiming to become a corporation our customers and all our other stakeholders value. We believe that reducing environmental and social risks, as well as expanding our products and businesses that contribute to solving social issues, will improve sustainability for the Nissha Group.

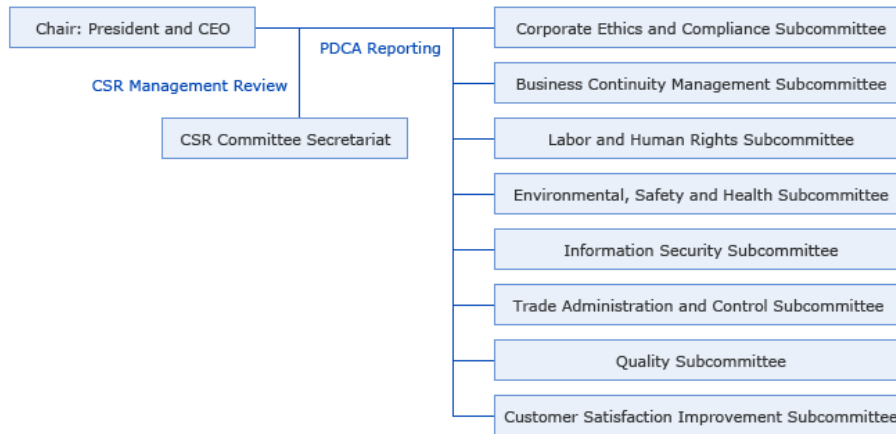
### CSR Management

#### Reducing environmental and social risks with the CSR Committee

The CSR Committee establishes materiality (material issues) in environmental and social risk management, prioritizing risk elements that would prevent business continuance, and works to reduce them. Its eight subcommittees use the PDCA Cycle to deal with strategy items, KPI, and target values for each material issue. The activity policies and results of each subcommittee are checked quarterly by the CSR Committee at progress check meetings, and reported annually to the Board of Directors.

In the fiscal year ended December 2018, the first year of the Sixth Medium-term Business Plan, we ensured compliance with the Responsible Business Alliance (RBA), a code of conduct for the electronics and automotive industries, and adhered to the code of conduct for suppliers that our customers demand, working to reduce risks related to areas such as labor human rights, safety and health, the environment and ethics, and to respond to the risk management demanded by the IT market and the automotive market. In the fiscal year ending December 2019, we are working on reducing risk for the medical devices market and the high-function packaging materials market in step with the progress of the Sixth Medium-term Business Plan.

## CSR Committee Organization Chart



### Mission of the CSR Committee

The CSR Committee prioritizes non-financial risk factors that would hamper business continuity, based on the business portfolio aimed at in the Medium-term Business Plan from the perspective of improving medium- to long-term corporate value, and exercises leadership for their solution through the subcommittees under it.

### Structure of the CSR Committee

#### Monitoring Side

Committee Chair: Chief Executive Officer

Vice Chair: Chief Financial Officer (Director of the Board, Senior Executive Vice President, Senior Director of Human Resources, General Affairs and Legal Affairs)

Committee Members: Chief Strategy Officer, Chief Quality Officer, Chief Information Officer, Chief Supply Chain Officer

#### Executive Side

Section president: Related Corporate Management Department Head and Group Head

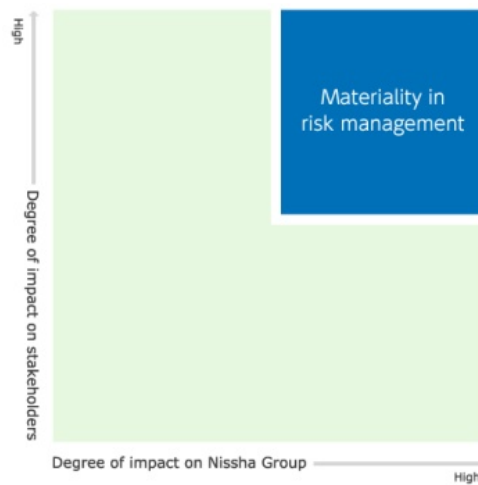
Secretary General: Corporate Social Responsibility Group Leader

Secretariat: Corporate Social Responsibility, Corporate Communications

## Materiality in Risk Management

Nissha prioritizes environmental and social risk factors that would hamper business continuance, evolution, or growth, and tackles risk mitigation for notably important issues, designating them as material issues (materiality).

Selection of material issues is made with reference to the Global Reporting Initiative (GRI) Standards, which are guidelines for the disclosure of non-financial information, and assessed on the twin axes of materiality to the Nissha Group and materiality of our stakeholders. The vision and basic strategies of the Sixth Medium-term Business Plan are reflected in materiality to the Nissha Group, while materiality to our stakeholders incorporates the opinions of stakeholders both in the company and outside. With the start of the fiscal year ending December 2019, we have revised our material issues to match the progress of the Sixth Medium-term Business Plan.



Analysis map

Step 1 Identify topics	The impacts of the Nissha Group and its supply chain are extracted based on examples provided by the GRI Standards. Boundaries, or where the impact occurs, are identified.
Step 2 Prioritize	Topics from Step 1 are measured for materiality to the Nissha Group (based on the medium-term business plan) and materiality to our stakeholders (SDGs, external assessment), plotted on an analysis map, and prioritized based on degree of impact.
Step 3 Validate	Topics are validated especially from the standpoint of our stakeholders based on assessment by outside experts and interviews with CSR subcommittees.
Step 4 Determine materiality and KPI	For each material topic identified in steps 1 to 3, an action program, KPI, and target KPI values are set by CSR subcommittees and approved by the CSR Committee.

### Boundaries of material topics

Materiality	Boundaries	
	Inside of Nissha Group	Suppliers
Product Responsibility	•	•
Complying with Laws and Regulations	•	•
Human Rights in the Workplace	•	•
Responsibility for Product and Service Continuation	•	•
The Environment	•	•
Occupational Health and Safety	•	•
Protection of Customer Information	•	•

## Materiality in the fiscal year ended December 2018

### Responses focused on the IT and automotive markets, the key markets laid out in the Sixth Medium-term Business Plan (excerpt)

Materiality	Subcommittee	Strategy Items	KPI (target values)	Achievement Status
Human Rights in the Workplace 	Labor and Human Rights	- Increased recognition rates for the Harassment Help Desk  - Managing weekly working hours	- Recognition rate for the Harassment Help Desk (80% or more) - Compliance rate with 60 working hours total per week (100%)	○ Reached recognition rate of 80%  △ Compliance rate of 98%
Complying with Laws and Regulations 	Corporate Ethics and Compliance	- GDPR support  - Compliance education  - Construction of the internal reporting system for overseas bases	- Number of bases in Europe that have completed Risk assessment and correction (5 bases) - Implementation rate of group-wide training (100%) - Number of overseas subsidiaries that have completed preparations to construct the internal reporting system (9 bases)	○ Correction completed in 5 bases  ○ Implementation rate of 100%  ○ System constructed in 9 bases
Protection of Customer Information 	Information Security	- Ensuring establishment of ISMS operation by overseas companies	- Introduction of ISMS operation to companies recently acquired through M&A (2 companies) - Support for ISMS operation for existing companies (during the fiscal year ended December 2018)	× Not introduced at 2 companies  ○ Completed implementation of operational support at target bases
Responses to Climate Change 	Environmental, Safety and Health	- Improve levels of responses to climate change	- CDP score of B	○ Obtained a CDP score of B
Diversity and Equal Opportunity 	Labor and Human Rights	- Expand communication with foreign nationals and international students (expand employment of foreign nationals in regular hiring periods)	- Ratio of foreign nationals among those offered jobs (20%)	○ Foreign nationals offered jobs: 25%
Occupational Health and Safety 	Environmental, Safety and Health	- Reduce injury accidents	- Number of injury accidents (15% fewer than the previous fiscal year)	○ 20% reduction
Responsibility for Product and Service Continuation 	BCM	- Maintain BCM system	- The PDCA cycle in the BCP/BCM basic plan is in operation	○ Implementation rate of 100%
Supplier Assessment 	The CSR Committee Secretariat is responsible	CSR Supplier audits (social and environmental aspects)	- Number of audits carried out (1 temporary employment agency)	○ Carried out for 1 company

Items migrated to "maintain" through activities during the fiscal year ended December 2018

## Materiality in the fiscal year ending December 2019

Material issues with risk reduced through the activities of the subcommittees are removed from the list, but their importance remains in terms of our risk management. These items are managed by the relevant subcommittees to ensure that they retain their low-risk status. On the other hand, material issues where risk reduction is inadequate are continued to be targeted for mitigation, and, along with newly-identified risks, have strategy items, KPIs, and target values set by the relevant subcommittees.

Materiality in risk management in the fiscal year ended December 2018 was focused particularly on the IT market, and on the automotive market where future growth is expected. In the fiscal year ending December 2019, building on the degree of achievement of KPIs for the previous fiscal year, the contents were revised in accordance with the progress of the Sixth Medium-term Business Plan, and items where risk reduction had been achieved were migrated to items classified as “maintain.” Additionally, new material issues were set in order to use them as content for two of the four key markets set out in the Sixth Medium-term Business Plan, medical devices and high-function packaging materials.

### Responses focused on materiality supporting Medical Devices and High-function Packaging Materials, the key markets laid out in the 6th Medium-term Business Plan (excerpt)


Material Issue	Subcommittee	Strategy Items	KPI (target values)
Product Responsibility 	CSR Committee Secretariat	- Understanding the status of responses in the environmental and social aspects within the Medical Technologies business and reducing risks	- Publishing information in accordance with SASB <sup>*1</sup> disclosure demands
Complying with Laws and Regulations  	Corporate Ethics and Compliance	- GDPR <sup>*2</sup> support - Construction of the internal reporting system for overseas bases - Maintenance and enhancement of trade management	- Number of bases where training is given on the revised personal information protection regulations (14 domestic bases) - Number of bases in Europe that have completed preparations to construct the internal reporting system (1 overseas base) - Maintenance and enhancement of management levels for workers through educational programs on trade management
Human Rights in the Workplace  	Labor and Human Rights	- Understanding and reducing human rights risks	- Number of human rights risks understood at key overseas bases, mainly in North America and Europe (10 risk items)
Responsibility for Product and Service Continuation  	BCM	- Understanding the status of BCP operation at key overseas bases and reducing risks	- Understanding and reviewing BCP operational status at key overseas bases, mainly in North America and Europe (2 companies)
The Environment 	Environmental, Safety and Health	- Understanding and reducing the environmental impact of key overseas bases - Responses to climate change	- Construction of an environmental data acquisition system from key overseas bases, mainly in North America and Europe - Maintain CDP <sup>*3</sup> score of B
Occupational Health and Safety 	Environmental, Safety and Health	- Understanding the status of safety and health at key overseas bases and reducing risk	- Construction of a safety and health data acquisition system from key overseas bases, mainly in North America and Europe
Protection of Customer Information 	Information Security	- Ensuring operation of ISMS <sup>*4</sup> at overseas companies	- Number of new implementations of ISMS at overseas companies that previous lacked it (3 cases)

\*1. SASB: Sustainability Accounting Standards Board

\*2. GDPR: General Data Protection Regulation

\*3. CDP: Carbon Disclosure Project

\*4. ISMS: Information Security Management System

 Items newly specified for the fiscal year ending December 2019



# Nissha Group's Stakeholders

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

## Circle of Trust



## Customers

Nissha Group's businesses—Industrial Materials, Devices, Medical Technology, and Information and Communication—serve customers, centering on companies, spanning a broad range of fields. We approach challenges seriously from the standpoint of our customers, resolve issues together, and offer optimal solutions. With a quality control system in place, we seek to produce quality products and services that win our customers' satisfaction.

### ◆Communication channels

- Marketing activities in daily operations
- Activities to enhance customer satisfaction
- Information provided for CSR survey
- Information provided about conflict minerals
- Products and services information provided by website
- Supplier responsibility (SR) audits by customers

## Shareholders

We have a total of 50,855,638 outstanding shares and 10,795 shareholders. In a breakdown of shareholders by type, 36.7% are Japanese financial institutions and securities firms, 23.8% foreign institutions and individuals, 20.1% other Japanese corporations, 17.7% Japanese individuals and

others, and 1.7% treasury stock (as of the end of December 2018).

In addition to disclosing information, we create opportunities to meet directly and exchange dialogue with our shareholders and investors through IR events and one-on-one briefings. Feedback and comments are reported regularly from IR representatives to management as well as at Board of Directors meetings, and used as a valuable resource for enhancing our corporate value.

◆Communication channels

Shareholders' meetings

Management briefings following shareholders' meetings

Financial results presentations and teleconferences for institutional investors

One-on-one briefings for institutional investors

Response to individual inquiries

Various materials (reports) published for shareholders and investors

IR information provided via the Nissha website

Information to investigation institutions for such as sustainable investment

## Employees

The Nissha Group has 5,861 employees. The number of employees in a breakdown by region, 39% work in Japan, 15% in Asia, 20% in North America, 9% in Europe, and 17% in Central and South America (as of the end of March 2019).

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

◆Communication channels

Labor-management meetings

Safety and health committees

Workplace improvement committee

Education and training

Personnel evaluation and interviews

Hotline (for reporting to outside the company)

Harassment help desk

Employee awareness survey and interviews

## Suppliers

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

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

◆Communication channels

Procurement activities in daily operations

CSR procurement briefings

ESG check sheets

CSR survey and auditing

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

## Society

The Nissha Group has 14 bases in Japan and 41 overseas (as of the end of March 2019), each of which carries out business activities with respect for the culture and climate of the region in which it operates.

We aim for widespread co-existence based on relationships of mutual trust with society. We promote communication with local communities not only to fulfill our basic responsibilities as a corporation but also to be a company that is needed by society. We strive to be aware of global social issues and play a role in resolving them.

◆Communication channels

Exchange events with community councils and community people

Factory and facility tours

Cleanup activities in factory areas  
 Next-generation support activities  
 Support and promotion of arts and culture  
 Social contribution activities in collaboration with NPOs  
 Employees' participation in volunteer activities

## External Assessment

Major examples of external assessment in fiscal year ended December 2018 are given below (Nissha Group in Japan).

Date	Certification/award	Company/base	Details
May 2018	Gas Chromatography Contribution Prize	Nissha Co., Ltd.	Nissha Co., Ltd. received a Gas Chromatography Contribution Prize from the Discussion Group for Gas Chromatography of the Japan Society for Analytical Chemistry (JSAC). The Discussion Group for Gas Chromatography is a main constituent of JSAC. Prizes were presented to commemorate the 60th anniversary of the discussion group's founding. Nissha was recognized as a corporation for its significant contribution to the global advancement and development of gas chromatography as well as to the discussion group.
October 2018	Good Design Award for 2018	Nissha Co., Ltd.	Vermed® Claravue developed by Integral Process SAS, Nissha Group company set up in France to produce and sell medical equipment, was awarded the Good Design Award 2018 by the Japan Institute of Design Promotion.

Acquisition status of ISO certification and others is given below (Nissha Group, as of the end of December 2018).

Subject Areas	Standards							
	ISO/TS16949 IATF16949	ISO9001	ISO14001	OHSAS18001 ISO45001	ISO27001	ISO50001	ISO13485	Others
Nissha Co., Ltd. Global Headquarters		○*1	○*2		○			
Nissha Co., Ltd. Tokyo Division Headquarters		○*1			○			
Nissha Co., Ltd. Kameoka Factory		○			○			
Nitec Industries, Inc. Koka Factory		○	○		○			
Nitec Precision and Technologies, Inc. Himeji Factory		○	○		○			
Nitec Precision and Technologies, Inc. Kaga Factory			○		○			
Nitec Precision and Technologies, Inc. Tsu Factory								
Nitec Precision and Technologies, Inc. Kyoto Factory	○	○	○		○			
Nissha FIS, Inc.		○	○		○			
Nissha Printing Communications, Inc. Headquarters / Kyoto		○*1			○			FSC COC
Nissha Printing Communications, Inc. Osaka Division Headquarters		○*1			○			FSC COC
Nissha Printing Communications, Inc. Headquarters / Kameoka Factory		○			○			FSC COC
Nissha F8, Inc.		○*3			○			

Nissha Business Service, Inc.		o	o		o			
Eimo Technologies, Inc.	o							
Nissha Si-Cal Technologies, Inc.		o						
Nissha PMX Technologies, S.A. de C.V.	o							
Graphic Controls Acquisition Corp.							o	93/42/EEC
Nissha Medical Technologies Ltd.		o					o	
Tyrolmed GmbH							o	93/42/EEC
Integral Process SAS		o	o				o	
CEA Medical Manufacturing Inc.							o	
Sequel Special Products, LLC							o	
Lead-Lok, Inc							o	
CEA Global Dominicana, S.R.L.							o	
Nissha Schuster Kunststofftechnik	o	o				o		
Nissha Back Stickers		o						
AR Metallizing N.V.		o						FSC COC
AR Metallizing Srl.		o		o		o		FSC COC
AR Metallizing Ltd.		o						FSC COC
AR Metallizing Productos Metalizados Ltda.		o	o	o				FSC COC
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	o	o	o					
Guangzhou Nissha High Precision Plastics Co., Ltd.		o	o					
Nissha Precision Technologies Malaysia Sdn. Bhd.	o	o	o					

\*1. Management divisions are excluded from the scope of certification.

\*2. Only management divisions and design and product development divisions have obtained certification.

\*3. Only the Kyoto site has obtained certification.

# United Nations Global Compact

On April 3, 2012, Nissha Co., Ltd. joined the United Nations Global Compact. The Global Compact is a voluntary initiative based on 10 principles in the area of human rights, labor, the environment, and anti-corruption. Its purpose is to have various companies show responsible and creative leadership, and thereby act as good members of society and participate in creating a global framework for sustainable growth.



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

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

## The Ten Principles of the UN Global Compact

### Human Rights

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

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

### Labour

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

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

Principle 5: the effective abolition of child labour; and

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

### Environment

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

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

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

### Anti-Corruption

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

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

## Nissha Philosophy

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



### **Mission**

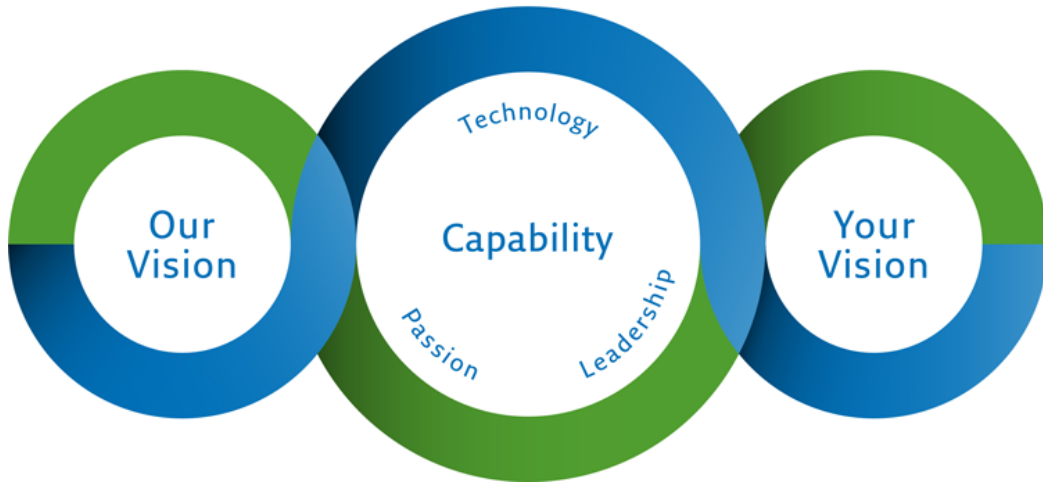
**We realize the enrichment of people’s lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.**

### **Brand Statement**

#### **"Empowering Your Vision"**

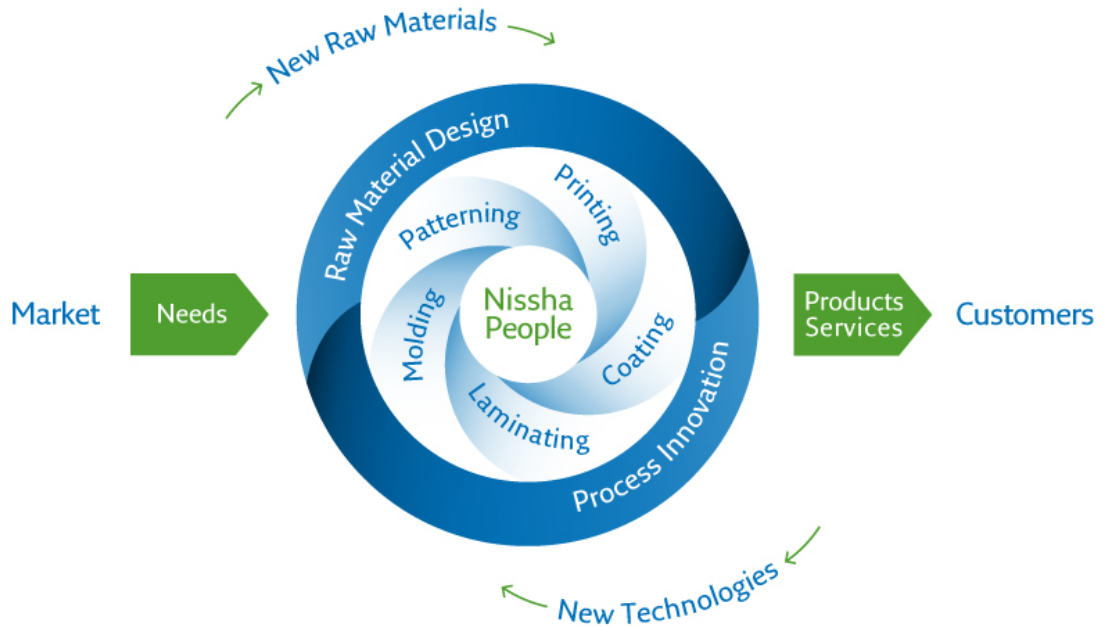
"Empowering Your Vision" expresses the relationship of Co-existence between Nissha and our stakeholders. Both we and our customers, shareholders, employees, suppliers, and society have visions, and we mutually affect each other toward realizing it. We maximize our capabilities driven by our Technology,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

# EMPOWERING YOUR VISION



## Nissha Innovation Way

We capture market needs accurately and fuse our diverse capabilities and core technologies into innovation that creates new value for our customers.



- Nissha Innovation Way is a diagram of the product portfolio that the Nissha Group should aim for and the way of creating customer value to be realized.
- Our current core technologies comprise "Printing", "Coating", "Laminating", "Molding" and "Patterning". We will continue to expand and evolve by incorporating new technologies and materials.

## Shared Values

### Customer is Our Priority

We are committed to maximizing customer value.

### Diversity and Inclusion

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

### Commitment to Results

We work with diligence and deliver results.

### Done is Better than Perfect

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

### Act with Integrity

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

## Corporate Logo

### The logo captures the Vision of Nissha

Strength, Craft and Innovative Spirit are the core concepts inherent in the logo. Each letter has been carefully balanced and the shape language throughout the logo is intentionally designed to reference the craft and passionate workstyles. The color "Nissha Blue", that is adopted a soft and approachable blue color. All Nissha Group companies share the same Nissha Values.



PANTONE  
2196

Nissha's corporate identity received the Bronze prize in the Graphic Design category at International Design Awards. Chase Design Group, who was responsible for building a new brand system including Nissha's logo, applied for this award.

\*The International Design Awards (IDA) exists to recognize, celebrate and promote legendary design visionaries and to uncover emerging talent in Architecture, Interior, Product, Graphic, and Fashion Design.



## Special Feature



## Special Feature 1

### Patient-friendly Medical Devices Created by Nissha's Processing Technology —Medical Technology Business—

"We want patients to receive treatment and get on the path to recovery as soon as possible. Is there any way our medical devices can help make that happen?" That was the thinking behind the development of our Vermed® Claravue product under our Vermed® brand of medical devices by our Medical Technologies business unit. We visited medical sites many times to address their challenges and developed the product by making continual improvements.

#### Vermed Claravue®, New ECG Electrode Reduces Burden on Medical Providers

Vermed Claravue® is a lead attaching ECG electrode featuring a new shape that was redesigned for speedier testing and monitoring in acute medical care and other such settings. In December 2018, sales were launched in Japan. Demand is increasing in France, the United States, and the United Kingdom where sales had already been launched.

There is often a complicated array of cables and leadwires placed around the patient when performing tests using catheters, surgeries, and other procedures. Vermed Claravue® unifies leadwires to reduce tangling and uses different colors for each electrode signifying where they go to simplify the attachment process. These features shorten preparation times for testing and surgery and alleviate stress for medical practitioners and patients, thereby contributing to smoother catheter tests.



Simplification of work with unification of leadwires

医療機器届出番号：26B2X10027V03001 クラス分類：一般医療機器



Different colors indicate electrode positioning

#### Medical Technologies Business Expected to Grow

The Medical Technologies business, one of our four current businesses, is being expanded in the medical devices market, which is expected to undergo steady growth on a global basis, against a backdrop that includes an aging society and the spread of preventive care. It is the newest of our four businesses, but it enjoys the highest level of growth. Our business plan has it accounting for around 13% of overall Nissha Group sales in the fiscal year ending December 2019.

We aim to enhance our distinctive product line in this business by expanding our product design, development, and other capabilities in order to respond widely to customer needs in the health care industry. In addition to contracted manufacturing of medical devices such as surgical instruments and medical electrodes for major medical devices manufacturers primarily in Europe and the United States, we have our own brand called "Vermed®." Our target is acute medical care in the field of heart disease, which is one of the leading causes of death worldwide. We also

focus on medical consumables, which are closely related to Nissha's core technologies such as printing, lamination, molding, and patterning.

There is increasing demand in the medical devices market for products and technologies to address the current trend toward minimally invasive treatments. For example, in treatments using catheters, which are effective for minimally invasive treatment, improved operability of equipment is required to achieve a high level of treatment, and innovation is necessary for the built-in mechanisms. We believe that Nissha's core technologies will be useful for solving challenges of minimally invasive treatments because they can contribute to the shift to electronic devices in medical equipment and miniaturizing and reducing the weight of products.

### **Product Development Leveraging Feedback from Medical Practices**

In order to provide truly useful products, it is important to ascertain the needs of medical practices and reflect them in product design and development. In December 2018, we participated in a medical devices learning program for catheter treatment organized jointly by a non-profit organization and medical institution in the State of New York in the United States. This non-profit organization provides detailed training programs to companies on the use of medical devices for vascular diseases based on its mission to accelerate development of next-generation technology in vascular treatment among physicians, engineers, entrepreneurs, and industrial circles, which are key opinion leaders. Through our participation in this program, we were able to ascertain more practical needs related to diagnosis and intervention procedures for cardiac electrophysiologic studies (EPS) and recognize the challenges for developing current and next-generation equipment.

This initiative of supporting innovation of treatments for heart disease by obtaining feedback directly from medical practices is symbolic of our corporate stance of aiming for manufacturing that is useful to society. By supporting advancement of medical technology through the development of products that address the needs of medical practices, the Medical Technologies business aims to improve patient quality of life and continue contributing to the enrichment of people's lifestyles.

## Special Feature 2

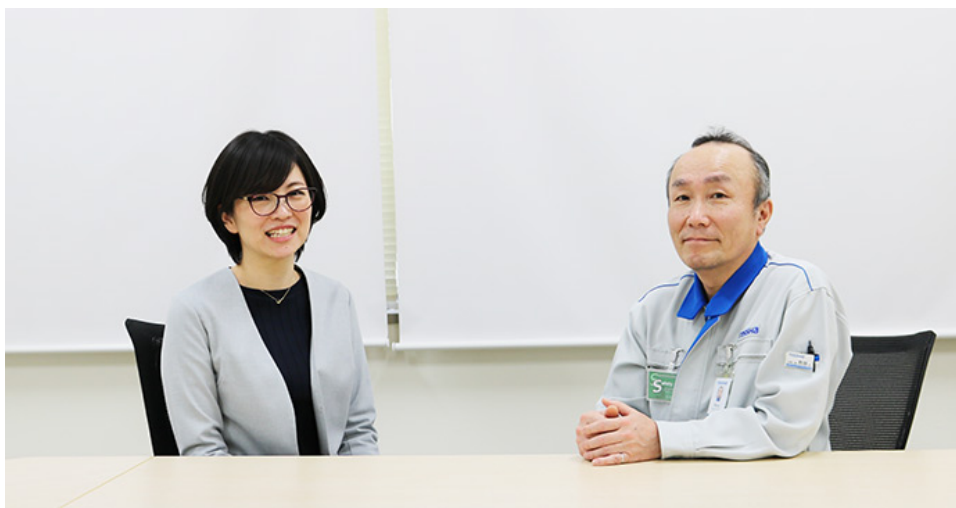
### Risk Management Activities Supporting a Changing Business Aiming to Be a Production Factory Trusted by Customers —NPT Kaga Factory—

The Devices business develops film-based touch sensors, which are the key product, force sensors that detect the force of pressure, gas sensors that detect gas, and other such products. These products are used widely in smartphones, tablets, game consoles, industrial equipment, automobiles, and other such products in the global market. It is the biggest of Nissha's four businesses, accounting for around 60% of overall sales in the fiscal year ended December 2018.

Subsidiary Nitec Precision and Technologies, Inc. (NPT) is solely responsible for product development, trial production, and mass production for the business. With four factories in Himeji, Kaga, Tsu, and Kyoto, it is trusted by global customers and is striving to build and maintain a production system that can reliably handle the work.

In order to maintain the trust of customers, it is important that our factories not only provide a stable supply of products, engage in efficient manufacturing, and implement thorough quality control but also face challenges such as the environment, human rights, and health and safety head on and engage in ethical operations. NPT has adopted the standards of the Responsible Business Alliance (RBA) Code of Conduct for labor, health and safety, the environment, ethics, etc. in its daily business activities and works continually to improve the level of factory management through efforts including taking corrective action with respect to supplier responsibility (SR) audits conducted by customers.

This special feature highlights the initiatives of the Devices business through a dialog between Masahiro Nishida, Factory Manager of the NPT Kaga factory, and Naoko Emoto of the Corporate Environmental and Safety Management Group of the Nissha Corporate General Affairs, who provides support for the environment and health and safety initiatives at the factory.



#### Raising the Level of the Factory Through RBA Compliance

Emoto: As one of the main factories supporting the Devices business, the NPT Kaga factory addresses compliance with RBA standards and SR audits by customers on a daily basis.

Nishida: The RBA Code of Conduct provides global standards for electronic components like touch sensors as well as automobiles, toys, aircraft, IoT, and other industries. These standards

fall into the four categories of labor, health and safety, the environment, and ethics, and require the development of a management system to promote them.

**Masahiro Nishida**

Factory Manager, Nitec Precision and Technologies, Inc. Kaga Factory

In 1984, he joined Nissha and was involved in development of electronic component products at the Central Research Laboratory (at the time). He was transferred to the Industrial Materials Business Unit in 2000 where he was in charge of quality control, design, and technology development. In 2012, he was transferred to the Production Technology Department of the Devices Business Unit, and he started in his current position in 2015.



Emoto: Some of the RBA requirements are stricter than legal standards, aren't they?

Nishida: Yes. The global RBA Code of Conduct has many standards that go beyond what is required by Japanese law. It's difficult to immediately address all of them, but in order to earn the trust of our customers, compliance with global standards such as this is essential. It's also a requirement for beginning or continuing to do business with customers.

Emoto: Compared to a few years ago, a lot more customers are requiring compliance with RBA or similar codes of conduct. Many of our customers sell finished products, so they are often held responsible not only for internal accidents and misconduct but also for accidents and misconduct that happens at their suppliers. The expectations and watch on companies by non-governmental organizations, non-profit organizations, and regular citizens is growing stricter day by day. It's not uncommon for a single incidence of misconduct to force the suspension of a company's operations or bring about boycotts of its products.



**Naoko Emoto**

Corporate Environmental and Safety Management Group of Corporate General Affairs, Nissha Co., Ltd.

After joining the company, she was transferred from Finance Division to Safety and Health Division, and started in her current position in 2014. She is in charge of a wide range of operations, including workplace safety patrols, internal training (as a lecturer), and responding to customer SR audits. She works on activities to give added value to Nissha's products and services.

Nishida: You're exactly right. The RBA is an initiative to require safety of the work environment, respect for and dignified treatment of workers, responsibility for the environment, and operational ethics in the electronic component, automotive, and other industries and their supply chains. The Nissha Group complying with the RBA Code of Conduct means that we are a safe and reliable supplier for our customers, and it also increases our chances of being selected by prospective customers.

Emoto: That's why it's important to implement a management system for continual improvement of environmental and health and safety management, human rights initiatives, and other efforts. I often observe customer audits of factories as the person in charge of Nissha's Corporate Environmental and Safety Management Group, and there's a solid sense that the level of efforts and management taking place at all NPT factories is steadily improving.

### Consideration of the Human Rights of All Factory Workers

Emoto: The whole RBA Code of Conduct places priority on considering human rights, doesn't it? I've heard that it comes from international human rights standards, including the ILO Declaration and the Universal Declaration of Human Rights.

Nishida: Yes. The RBA prohibits forced labor for all factory workers. Not only does it prohibit slavery and human trafficking, but it also requires that all work be voluntary. On top of that, it requires that workers be free to move about the facility where they work and to terminate their employment contract and also prohibits employers from holding onto worker IDs, passports, and other such documents. Moreover, if a worker paid an agent commission when looking for the job, it requires that such fees be returned to the worker by the employer.

Emoto: The background behind that is apparently discrimination against and inhumane treatment of migrant and foreign workers. The Kaga factory has accepted technical interns from Vietnam, hasn't it?

Nishida: Yes. Of course, we ensure that our treatment of technical interns is in compliance with the RBA. We've put up bulletin boards and informational posters, including evacuation routes, throughout the premises to ensure greater safety and peace of mind in daily operations. Messages on the bulletin boards are, of course, provided in both Japanese and Vietnamese.



A talk with Vietnamese employees

### **Building a Foundation Capable of Handling Changes in the Business**

Emoto: I see. By managing the factory based on the RBA Code of Conduct, you've established a foundation that allows global customers to entrust you with work with peace of mind.

Nishida: Exactly. That foundation provides fundamental support to Nissha, which is a manufacturing company. For example, even if there is a change in a product produced at the factory, our customers can entrust us with the work with peace of mind. The foundation of the factory cultivated through RBA compliance is one of Nissha's strengths.

Emoto: Speaking of business changes, I heard that you were involved in development at the Industrial Materials Business Unit prior to being transferred to the Devices Business Unit.

Nishida: Yes. At the Industrial Materials Business Unit, I was in charge of development, design, and quality control. I take advantage of that experience in my current job of managing the factory. About 25 years ago, I was involved in development of components for LCD panels in a company-wide development organization. The photolithography process\* I worked on at that time are now being applied to the touch sensors we produce.

Emoto: You've been along for the ride as Nissha has evolved.

Nishida: Nissha listens to the needs of changing markets and customers and has grown by creating and delivering products and services to meet those needs. I hope to build an even stronger foundation to continue supporting the evolving business.

\*Photolithography process: A technology that forms high precision patterns by exposing the surface of a substance coated with photo-sensitive material (resist) to intensive light.

# Organizational Governance

We recognize corporate governance as a key management priority, and work to maintain and improve our structure toward achieving sustainable growth and enhancing our corporate value over the medium to long term.



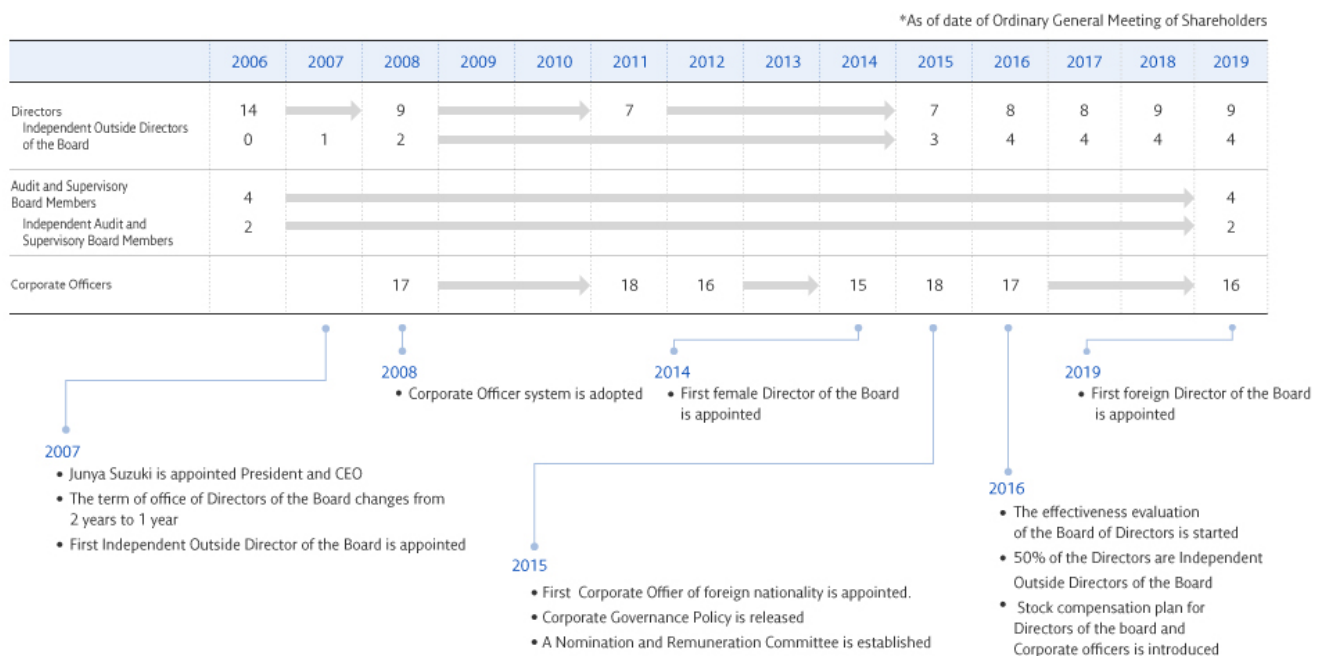
# Corporate Governance

## Basic Approach to Corporate Governance

Nissha, since its foundation, has been executing strategies that promptly address external challenges, under committed leadership. The Company believes that strengthening corporate governance along with such leadership will promote agile and decisive decision making, as well as ensuring management transparency and fairness. Based on this recognition, the Company places corporate governance as one of the key management issues, strives to maintain and improve it, and seek out sustainable corporate growth and an increase in corporate value over the medium- to long-term.

In an effort to clarify the Nissha Group's basic approach to and policy for implementing corporate governance, in October 2015 we established a Corporate Governance Policy.

 [Corporate Governance Policy \(October 31, 2018\)\[245.8KB\]](#)

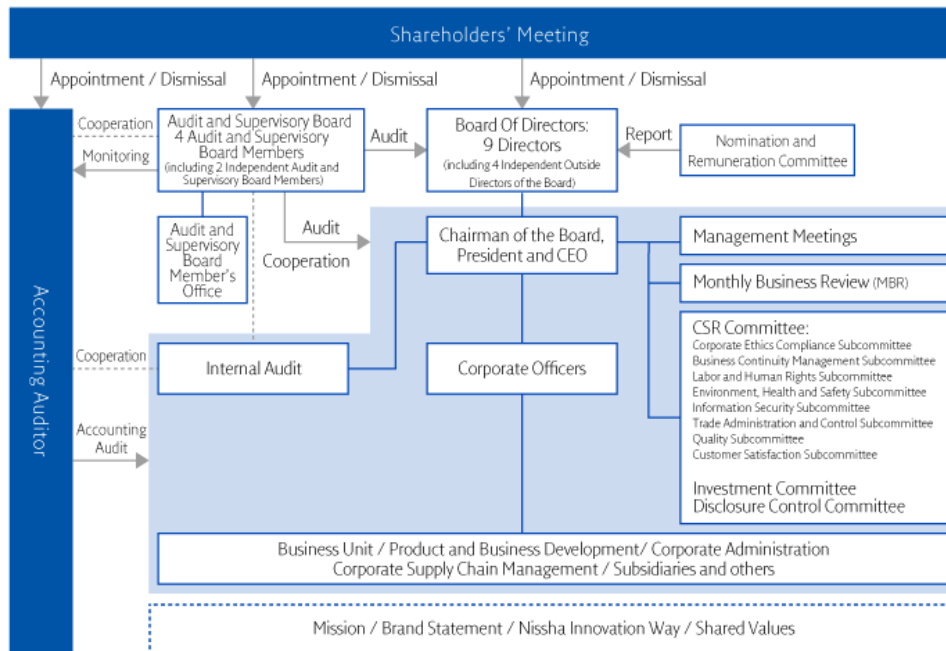




# Overview of Corporate Governance

We have established a corporate governance structure as shown in the figure below.  
\*as of March 22, 2019

## Corporate Governance Structure



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

We adopt a corporate officer system in an effort to clarify the powers and authority in the speedy decision making and the implementation of decisions, under which the Board of Directors will be in charge of the formulation of strategies and business oversight, and the Corporate Officers will be in charge of the execution of business. In addition, we also establish a Nomination and Remuneration Committee as an advisory panel for the Board of Directors.

The Board of Directors formulates our Policy for Internal Control, and prepares and oversees the operation of systems designed to ensure appropriate business execution in the Nissha Group.

The Chairman of the Board, President and CEO chairs the following meetings toward appropriate and efficient business execution.

- Management Meeting: Comprises Inside Directors of the Board as core members. Deliberates on matters relating to the direction of important managerial issues within the scope of the President's authority.
- Monthly Business Review (MBR): Reviews the progress of business strategies based on key performance indicators (KPI) and determines actions to take over the short term. The purpose of the MBR is to monitor business execution by Corporate Officers and quickly respond to changes in the business environment.
- Investment Committee: Reviews particularly important investment matters prior to submission to the Board of Directors for approval.

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

- CSR Committee: Chaired by the Chairman of the Board, President and CEO. From the perspective of increasing corporate value over the medium- to long-term and based on the business portfolio sought by the medium-term business plan, ranks in order of priority risk factors that may prevent business continuity, and demonstrates leadership in activities to minimize those risks implemented by its eight subcommittees, namely

Corporate Ethics and Compliance, Business Continuity Management, Labor and Human Rights, Environmental, Safety and Health, Information Security, Trade Administration and Control, Quality, and Customer Satisfaction.

- Disclosure Control Committee: Chaired by the Chairman of the Board, President and CEO. Discusses the necessity of timely disclosure of corporate information and the contents of disclosure, and discloses important information on the Nissha Group in a timely, proper manner.
- Internal Audit: Under the direct control of the Chairman of the Board, President and CEO, audits the internal control systems of the Nissha Group, analyzes and evaluates their status of establishment and operation, and offers suggestions for improvement.

[>Internal Control System, Risk Management and Initiatives of Internal Audit](#)

[>Corporate Ethics and Compliance](#)

## Directors of the Board and the Board of Directors

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

Our Board of Directors comprises an appropriate number of 12 or fewer members, taking into account diversity and balance between the knowledge, experience, and skills of the individual to ensure that the Board fulfills its role of making important management decisions and overseeing the execution of duties by Directors of the Board and Corporate Officers.

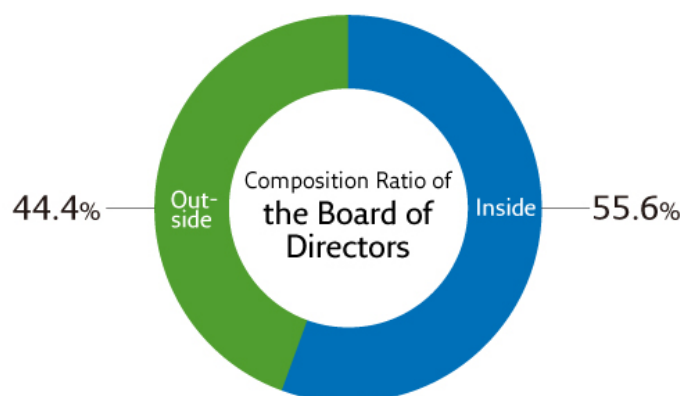
Inside Directors of the Board are elected for their acquaintance with our operations and suitability for carrying out sound growth strategies and overseeing business execution. Several Independent Outside Directors of the Board are elected who satisfy the requirements of not only the Companies Act but also the "Standards for Independence of Independent Officers", established by our Board of Directors.

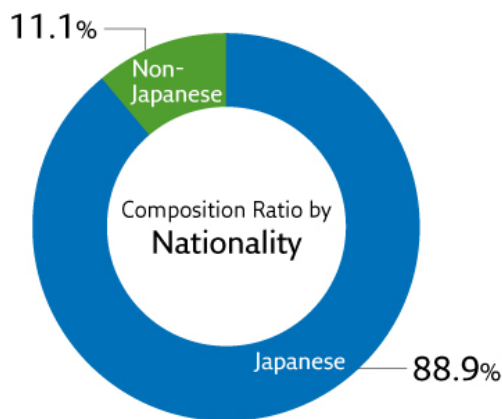
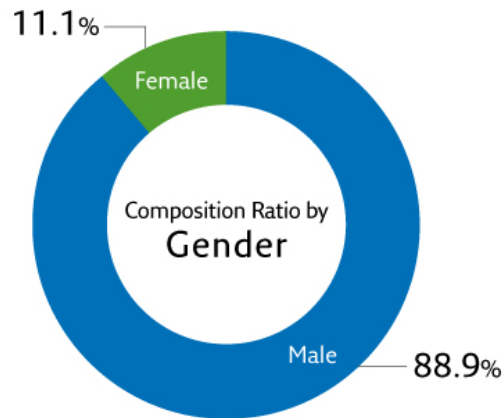
In the event a Director of the Board engages in behavior that damages the trust or honor of the Company, engages in behavior that markedly diminishes the Company's corporate value, or other just grounds are found which give rise to a finding that the Director of the Board is unfit for the performance of his or her duties, the Board of Directors will make the corresponding Director of the Board the subject of a proposal for dismissal. To ensure clarity in management responsibilities for each fiscal year, the term of office of Directors of the Board is set at one year.

The Board of Directors makes decisions on a proposal for the appointment/dismissal of a Director of the Board to be submitted for deliberation to the general meeting of shareholders, based on the reports of the Nomination and Remuneration Committee based upon the above stated policy.

 [Standards for Independence of Independent Officers \(February 14, 2018\)\[88.1KB\]](#)

### Diversity of the Board of Directors \*as of March 22, 2019





At present, our Board of Directors consists of nine members, of which four are Independent Outside Directors of the Board with one being a woman.

The Board includes individuals with experience abroad or at another company, or holding a master's degree in business administration. Each of our four Independent Outside Directors of the Board has experience into general corporate management and business management in manufacturing industry, specialized knowledge in corporate governance, business strategies, management strategies, legal affairs and compliance, and broad insight into monetary economics.

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

### Role of the Board of Directors

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

We build a system which enables the Board of Directors to make decisions regarding the distribution of surpluses, the acquisition of treasury stock and other matters to be decided by general meeting of shareholders in order to ensure maneuverability and expertise in business judgment.

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

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

## Initiatives to Enhance the Content of Discussions

Our Board of Directors meetings involve brisk, substantive discussions. Independent Outside Directors of the Board draw on deep insight into their respective fields of specialty to provide accurate advice and opinions, contributing to the enhancement of both management transparency and the Board's oversight functions. Toward improving the quality of discussions, we distribute a meeting agenda and related materials in advance, and explain particularly important matters to Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members beforehand. Toward thoroughness, important issues such as the medium-term business plan and major M&A deals are discussed once or twice as matters to be reported prior to being listed as matters to be resolved. By allotting times for briefing and discussion in accordance with the degree of importance of the matter, we aim for sharp, focused meeting operation.

In an effort to enhance the Board's monitoring function, the status of matters such as major M&A deals and establishment of subsidiaries and joint ventures are reported in meetings after a certain amount of time has passed since the resolution at the Board.

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

## Evaluation of Effectiveness of the Board of Directors

Once a year since April 2016, our Board of Directors analyzes and evaluates board membership and operation in the previous fiscal year toward continuous improvement in the effectiveness of corporate governance.

From January to March 2019, we distributed the results of a questionnaire covering all board meetings held in FY2018.12 and disclosed an outline of the results in a Corporate Governance Report submitted to the Tokyo Stock Exchange in March.



## Nomination and Remuneration Committee

### Purpose

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

### Role

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

- (1) The appointment/dismissal standards for Directors of the Board and the appointment standards for Audit & Supervisory Board Members
- (2) The appointment/reappointment/dismissal for Directors of the Board and the appointment/reappointment for Audit and Supervisory Board Members
- (3) Policy on remuneration of Directors of the Board
- (4) Remuneration of Directors of the Board

## Membership \*as of March 22, 2019

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

## Audit and Supervisory Board Members and the Audit and Supervisory Board

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### Policy and Procedure for Electing Auditors

Our Audit and Supervisory Board comprises an appropriate number of four or fewer members. Inside Audit and Supervisory Board Members are elected for the wealth of experience required in auditing. Independent Audit and Supervisory Board Members are elected from attorneys and certified public accountants with a focus on specialized knowledge in legal affairs, financial matters, and accounting, who satisfy the requirements of not only the Companies Act but also the “Standards for Independence of Independent Officers”, established by our Board of Directors. The Board of Directors, upon gaining the consent of the Audit & Supervisory Board, make decisions on a proposal for the appointment of Audit & Supervisory Board Members to be submitted for deliberation to the general meeting of shareholders, based on the reports of the Nomination and Remuneration Committee based upon the above stated policy. At present, our Board consists of four members, of which two are Full-time Audit and Supervisory Board Members and two are Independent Audit and Supervisory Board Members.

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

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

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

Complying with these, each Audit and Supervisory Board Member attends the meetings of the Board of Directors and other important meetings, reviews approval documents and other important documents, performs visiting audits at major offices and affiliated companies, and conducts audits by exchanging opinions regularly with the President and CEO, Directors, and General Managers. The Audit and Supervisory Board holds regular meetings with the Accounting Auditor, Internal Audit, and corporate division including the Corporate Finance and Corporate Legal Affairs to closely cooperate with each other and increase the audits' efficiency. In addition, the Board regularly holds the Group Meeting of Audit and Supervisory Board Members, consisting of full-time Audit and Supervisory Board Members of the Company and Audit and Supervisory Board Members of its affiliated companies, in order to strengthen and enhance audits throughout the whole Nissha Group.

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

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As a rule, officer remuneration (for Directors of the Board and Corporate Officers responsible for business execution) follows a system corresponding to degree of contribution to the enhancement of our corporate performance and corporate value. A breakdown of officer remuneration and the procedure by which it is determined are as follows.

## Remuneration of Directors of the Board

- Inside Directors of the Board

Remuneration of Directors of the Board consists of basic compensation, bonuses, and stock compensation. Basic compensation is set according to the individual's position and the significance of his or her role, and reflects evaluation of the individual's degree of contribution and performance. Bonuses are based on consolidated business results (net sales, EBITDA, performance of the business for which the individual is responsible, etc.) in the relevant fiscal year, and reflect evaluation of the level of target achievement. The stock compensation program we have in place is called the Board Benefit Trust (BBT). This is a system linked to business results in which Nissha's shares are acquired through a trust using funds contributed by Nissha, and these shares are paid to Directors of the Board through the trust in accordance with a Policy on Directors' Stock Compensation, established by our Board of Directors. By further clarifying the link between Directors' compensation and the value of the company's shares, and having our Directors of the Board experience together with our shareholders not only the benefits of a rise but also the risks of a decline in share prices, the system aims to increase awareness in Directors of the Board of the importance of improving business results and enhancing the Nissha corporate value over the medium to long term. The program awards points based on the individual's position, points calculated according to consolidated net sales and EBITDA each fiscal year, and in the closing year of a medium-term business plan, points calculated according to the level of achievement of target management indices return on investment (ROE), return on invested capital (ROIC) and Equity Ratio. On a fixed day in the closing year of the medium-term business plan, the points are converted into Nissha shares, and Directors of the Board are paid a cash equivalent of these shares at market value.

- Independent Outside Directors of the Board

Remuneration of Independent Outside Directors of the Board consists of basic compensation only, based on factors such as the individual's career and duty etc. Remuneration linked to business results is not provided, as the role of Independent Outside Directors of the Board is separated from business execution.

### Procedure

The Board of Directors make inquiries to the Nomination and Remuneration Committee regarding the basic policy on Directors' remuneration and the remuneration of Directors of the Board, and will enlist the appropriate involvement and advice of Independent Outside Directors in conducting an examination of the remuneration.

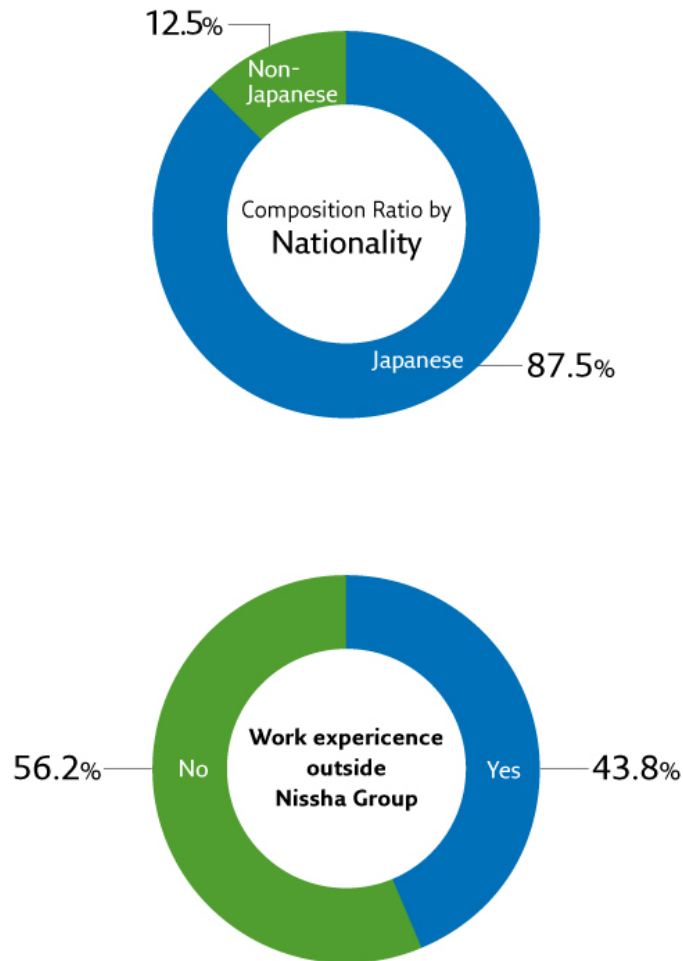
## Remuneration of Audit and Supervisory Board Members

Remuneration of Audit and Supervisory Board Members is determined through discussion with the individual within the scope of total remuneration approved at the General Meeting of Shareholders.

Title	Total Remuneration (Million yen)	Remuneration by Category (Million yen)			Number of Board Members
		Basic Remuneration	Bonuses	Stock	
Directors of the Board (Excluding Independent Outside Directors of the Board)	252	168	60	23	6
Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	28	28	-	-	2
Independent Outside Directors and Independent Audit and Supervisory Board Members	48	48	-	-	7

## Corporate Officers \*as of January 6, 2019

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



At present, we have 16 Corporate Officers, of which two are foreign nationals. These include individuals with experience abroad or at another company, or holding a master's degree in business administration.

## Internal Control System

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

### Policy for Internal Control

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall establish systems to ensure the properness of operations (hereinafter referred to as "Internal Control") of the group consisting of the Company and its subsidiaries (hereinafter referred to as the "Nissha Group") as follows:

#### **1) Systems necessary to ensure that the execution of duties by Directors of the Board and employees of the Nissha Group complies with laws and regulations and the Company's Articles of Incorporation**

- i. The Company shall establish a "Guideline of the Corporate Ethics and Compliance" and "Code of Conduct" based on its "Mission," "Shared Values," etc., which specify the basis of mission and thought common to the entire Group, so as to comply with laws and social ethics from a global point of view.
- ii. The Company shall establish a Corporate Ethics and Compliance Subcommittee under the internal regulations to carry out monitoring and educational activities to ensure compliance with laws and regulations, the Company's Articles of Incorporation and social norms. In addition, the Company shall appoint a Manager and Leader in charge of promotion in each business unit of the Nissha Group to establish a structure for promoting Corporate Ethics and Compliance. An "in-house reporting system" shall be established and operated, through which employees may provide information directly to the Company, while due measures are taken for the protection of whistleblowers.
- iii. The Company shall elect multiple Independent Outside Directors of the Board to maintain and enhance the function of supervising the execution of duties by Directors of the Board.  
In addition, the Company shall establish a Nomination and Remuneration Committee as an advisory panel for the Board of Directors of the Company in order to ensure the objectiveness and fairness of the nomination of Directors of the Board and Audit and Supervisory Board Members as well as the remuneration of the Directors of the Board. The Nomination and Remuneration Committee shall be chaired by an Independent Outside Director of the Board and the majority of its members shall be Independent Outside Directors of the Board.
- iv. The Internal Audit Division, which is under the direct control of the Chairman of the Board, President and CEO, shall analyze and evaluate the state of the establishment and operations of an Internal Control system, propose an improvement plan, and enrich the system.
- v. The Company shall set a basic policy to counter antisocial forces, shall not have any relationship with antisocial forces, and shall not respond to any unreasonable demands with a resolute attitude in compliance with the Regulations regarding antisocial forces, and the Nissha Group shall strive for thorough implementation of such measures

#### **2) Systems regarding the retention and management of information relating to the execution of duties by Directors of the Board**

- i. The Company shall retain and manage information regarding execution of duties by Directors of the Board, including the minutes of the General Meetings of Shareholders, the minutes of the meetings of the Board of Directors and the requests for managerial decision, properly and with certainty pursuant to the laws and regulations and in-house regulations on information management, and the information shall be maintained in a condition which can be inspected.
- ii. The Company shall disclose important information on the Nissha Group timely and properly by establishing a Disclosure Control Committee which shall discuss the necessity of timely disclosure of corporate information and the contents of disclosure.

#### **3) Rules and other systems for risk management of the Nissha Group**

- i. The Company shall formulate the Basic Policy for Risk Management to specify the Nissha Group's initiatives in risk management.



- ii. The Company shall respond to the risk of managerial losses by organizing company-wide and cross-organizational subcommittees to manage the issues of Corporate Ethics Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, Quality, and Customer Satisfaction under the CSR Committee led by the Chairman of the Board, President and CEO as the acting Committee Chairman.
- iii. Each subcommittee and the superintending division shall establish a management policy, rules, etc.; determine risk analysis, risk assessment, and related measures; conduct daily monitoring activities; and report the results of reviews to the CSR Committee.
- iv. The CSR Committee shall summarize major risks faced by the Company on a regular basis for review by management while reporting them to the Board of Directors.

**4) Systems necessary to ensure the efficient execution of the duties by Directors of the Board of the Nissha Group**

- i. Through the introduction of the corporate officer system, the Company shall establish functional segregation between strategy development and management monitoring functions to be undertaken by the Board of Directors and business execution functions to be undertaken by the Corporate Officers.
- ii. The Board of Directors of the Company shall approve medium-term business plans, and the Directors of the Board and employees shall execute operations based on such strategic and performance plans.
- iii. The Chairman of the Board, President and CEO shall request the Corporate Officers to report the status of their execution of business and confirm whether or not the business is executed according to the plans at a monthly meeting (MBR: Monthly Business Review).
- iv. The Company shall share the status of execution of business by the Corporate Officers and the strategy implementation items to be undertaken by its organizations through the use of IT to improve business efficiency.

**5) Systems necessary to ensure the proper business operation of the Nissha Group**

- i. The Company shall formulate the Affiliated Company Management Regulations to set basic administration policy for the management of each company of the Nissha Group. In addition, the Company shall manage the performance of important operations of each company of the Nissha Group by designating matters requiring approval of and reporting to the Company with regard to the execution of those operations in the Regulations on Requests for Managerial Decisions.
- ii. The Company shall appoint its officers or employees to become Directors of the Board and Audit and Supervisory Board Members of each company of the Nissha Group in order to ensure the proper execution of operations.
- iii. The corporate division shall manage the proper execution of operations at each company of the Nissha Group and lead and counsel it, as necessary.
- iv. The Company shall periodically convene the Group Audit and Supervisory Board meeting for the exchange of information among the Audit and Supervisory Board Members of the Nissha Group and strive to improve and strengthen the audits for each company of the Nissha Group.

**6) Matters regarding employees assisting the duties of Audit and Supervisory Board Members, when Audit and Supervisory Board Members ask for appointment of such employees, and matters regarding the independence of such employees from Directors of the Board**

- i. The Company shall establish an Auditor and Supervisory Board Member's Office to assist the duties of Audit and Supervisory Board Members, and shall arrange for employees to be exclusively assigned to the Office.
- ii. The Auditor and Supervisory Board Member's Office shall belong to the Audit and Supervisory Board and be independent from Directors of the Board. With regard to matters regarding the personnel affairs of the employees of the Auditor and Supervisory Board Member's Office, approval of the Audit and Supervisory Board shall be obtained through consultation.

**7) Systems for reporting to Audit and Supervisory Board Members by Directors of the Board and employees of the Nissha Group and other systems regarding reporting to Audit and Supervisory Board Members**

Directors of the Board and employees of the Nissha Group shall quickly report to the Audit and Supervisory Board items that will potentially have a serious influence on the Nissha Group, the status of risk management, the results of internal audits, the status of internal reports and the details of such reports, etc. The Audit and Supervisory Board Members of the Company shall request the Directors of the Board and employees of the Nissha Group to report such matters as necessary. In addition, whistleblowers shall not be treated disadvantageously in any way whatsoever as a consequence of such reporting.

## 8) Other systems necessary to ensure the effective audit by Audit and Supervisory Board Members

- i. The regular meetings for exchanges of opinions between the Chairman of the Board, President and CEO, Directors of the Board and the Audit and Supervisory Board shall be held. The Audit and Supervisory Board Members shall also set up regular meetings with the Accounting Auditor, Internal Audit Divisions and corporate division to cooperate with them closely.
- ii. The Audit and Supervisory Board Members shall attend not only the meetings of the Board of Directors, but also other important meetings, and express their opinions as necessary. In addition, they shall also examine the requests for managerial decision and other important documents.
- iii. The Company shall ensure objectivity and effectiveness of audits through Independent Audit and Supervisory Board Members, including those who have considerable knowledge concerning finance and accounting or legal affairs, such as a certified public accountant or an attorney, etc.
- iv. The Company shall bear expenses necessary for the execution of duties by the Audit and Supervisory Board Members. If an Audit and Supervisory Board Member requests the Company to make an advance payment of such expenses pursuant to laws and regulations, the Company shall promptly comply with the request upon confirmation.

## Risk Management

With a risk management policy in place to clarify our approach, we promote risk management to counter risks that may have a significant impact on our business activities, and to be fully prepared in the event an emergency does occur.

Having organized a CSR Committee chaired by the President and CEO and defined risks that require addressing as "any thing or situation that hinders Nissha Group's implementation of Mission," we are working to reduce all conceivable risks associated with business processes, including those related to disasters, accidents, and compliance, as well as to appropriately cope with risks that have surfaced.

### Risk Management Policy

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

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

Established on July 1, 2015

Revised on January 1, 2018

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

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

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

Through these activities, we aim to secure the safety of Nissha Group employees and their families, contribute to the restoration of communities and of society at large, and ensure business continuity and maximum service to our customers.

### Column 1: Exchanging Views on Risk Management with Nissha Group Companies in Europe and the US



In September 2017, representatives from Nissha Group companies in Europe and the United States gathered at Nissha USA for an exchange of views on risk management. The session provided a good opportunity to deepen communication beyond national and cultural boundaries about topics centering on the Nissha Group’s approach to risk management, BCM, and risk hedging with property insurance.

### Column 2: BCP Training for Earthquake Emergency



On December 22, 2016, we conducted BCP training at Nissha Group’s Global Headquarters targeting primarily the management. The exercise simulated a situation in which bases of the Devices business in Japan were struck by an earthquake. The management received reporting from relevant divisions, provided instructions in response, and verified the effectiveness of their decision-making flow. The President served as leader of the headquarters task force. Following his instructions, management, corporate divisions, and bases worked as one and succeeded in taking appropriate action.

We quickly resolved the challenges that surfaced through this session, and will continue to organize further training toward even more effective BCP. Our goal is to build a structure capable of achieving swift restoration and business continuity in the event of a real-life emergency.

## Initiatives of Internal Audit

Internal Audit, to maintain impartiality and objectivity in its functions, serves as an organization independent of business execution divisions in drawing up annual auditing plans, investigating whether business activities are carried out appropriately and efficiently, and offering advice and recommendations to internal organizations. Furthermore, it conducts follow-up audits to confirm how each finding that has surfaced through the audits is improving. The office makes reports and offers suggestions based on the results of its audits to the President and CEO at monthly meetings, and presents particularly important matters at Board of Directors' meetings. Moreover, it holds meetings with full-time Audit and Supervisory Board Members every three months to establish mutual cooperation with the Audit and Supervisory Board.

Audits in the fiscal year ended December 2017 focused on communication covering strategies and the execution thereof at business divisions, business administration and the process of post-merger integration at Nissha Group companies in Japan, and safety control structures at factories in Japan. Internal Audit also established the scope of evaluation and performed an independent assessment of financial reporting-related internal controls in accordance with the Financial Instruments and Exchange Act.

# Corporate Ethics and Compliance

## Guideline of the Corporate Ethics and Compliance

"Corporate Ethics and Compliance Guidelines" is the fundamental guideline for thinking about the corporate ethics and compliance of Nissha Group that each employee can implement to realize Nissha Philosophy. We set forth the following 4 Foundational Rules and 10 Important Points. All executives and employees work to promote and thoroughly implement corporate ethics and compliance.

### Foundational Rules

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

### 10 Important Points

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

## Promotion Structure and Initiatives

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

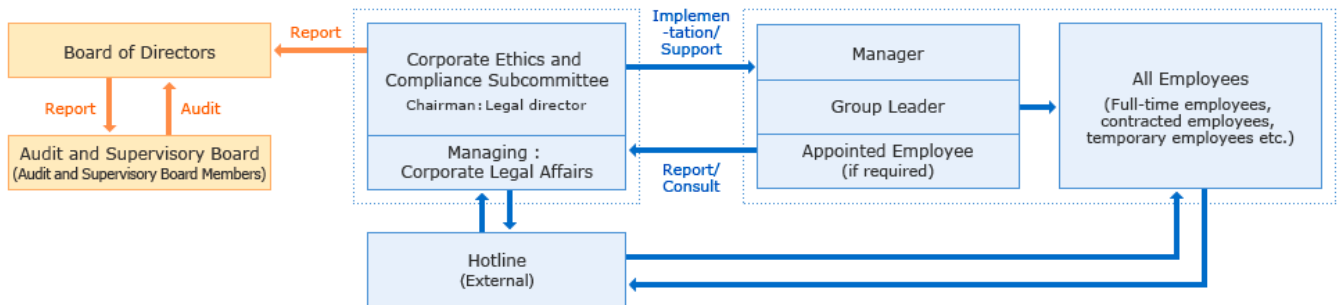
In order to increase awareness of the managers and group leaders, we distribute quarterly issues of Corporate Ethics and Compliance News.

Designating every October and November as corporate ethics and compliance month, we organize group-wide training at all bases in and outside Japan. In the fiscal year ended December 2018, we implemented e-learning for employees at bases in Japan, and got them to consider the creation of organization where scandals are less likely by looking at cases from other companies. For employees at production bases, who do not use a PC, and employees at overseas bases, we conducted practical training and a check test tailored to each base's operations, laws, and customs. Outside attorneys and Legal Affairs at Nissha's Global Headquarters in Kyoto, serve as instructors in group training sessions at a number of bases.

We carried out a company-wide questionnaire after training was completed, and collected a broad range of information on workplace conduct that might constitute a breach of corporate ethics and compliance, and what conduct should be improved. Cases where improvement is warranted are dealt with, and their results are reported together with the outcomes of training to the Corporate Ethics and Compliance Subcommittee.

Moreover, in the fiscal year ended December 2018, we had an opportunity to learn about handling of confidential information from other companies' cases. In addition to a briefing on the contents of the Unfair Competition Prevention Act, we provided training by an external instructor for employees responsible for mergers and acquisitions (M&A) on the regulations regarding insider trading. Also we posted information about insider trading regulations, through quarterly publication on the Nissha intranet to enlighten employees.

### Corporate Ethics and Compliance Structure



## Distribution of Added Value to Stakeholders

Our distribution of added value to stakeholders in the fiscal year ended December 2018 is given in the table below. Distribution to shareholders, employees, creditors, government agencies, and society increased over the previous fiscal year. The main part of the increased distribution to the local community was assistance funds for those affected by the torrential rains in western Japan of July 2018.

### Distribution of Added Value to Stakeholders

Stakeholders	Amount (million yen)	Description	Remarks
Shareholders	1,519	Dividends	Figures published in financial results
Employees	9,865	Sum of expenses for salaries, wages, bonuses, and retirement benefits	Calculated by Corporate Social Responsibility, using results of the fiscal year ended December 2018 (excluding personnel expenses included in manufacturing costs)
Creditors (financial institutions)	842	Interests	Figures published in financial results
Government agencies (national, local)	2,111	Sum of taxes paid including corporation tax, inhabitant tax, and enterprise tax	Figures published in financial results
Society	61	Money and in-kind donations, provision of facilities, and employees' volunteering services converted into monetary value (using methods established by Nippon Keidanren)	Calculated by Corporate Social Responsibility
Company (internal reserves)	2,791	Amount of increase in surpluses	Figures published in financial results

# Human Rights

We operate a management system based on our Basic Policy on Labor and Human Rights, and strive to observe legislation, international norms, and code of conduct such as that provided by the EICC.





# Human Rights

## Basic Policy on Labor and Human Rights

We at Nissha have in place and adhere to a basic policy on labor and human rights toward realizing our Mission. The 10 principles of the United Nations Global Compact and the electronics and automotive industries' code of conduct provided by the Responsible Business Alliance (RBA) were used as reference in formulating the policy. In addition to Japanese, English, Chinese, Korean and Malay, which we already had, this policy has been translated into Spanish and German in 2018, and widely distributed to the Nissha Group.

### Basic Policy on Labor and Human Rights

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

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

June 1, 2018

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

In April 2012, we joined the United Nations Global Compact, thereby declaring that we support and will make continuous efforts to practice the initiative's 10 principles in the areas of human rights, labor, the environment, and anti-corruption. We include the 10 principles in our Corporate Ethics and Code of Conduct Manual, citing "respect for human rights" as a key item. The manual is produced in the Japanese, English, and Chinese languages and distributed through regular study sessions targeting all employees. After each training session, we collect signatures from our employees confirming that they understand and will base their conduct on the contents of the manual.

## Building and Operation of a Management System

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We adhere to international norms and laws on human rights and labor standards, and strive for continuous improvements in the content of our activities.

The Labor and Human Rights Subcommittee of our CSR Committee is currently promoting the establishment of a compliance system for the Responsible Business Alliance (RBA) code of conduct at all major Nissha Group bases and important suppliers in Japan. In the fiscal year ended March 2016, it built and started to operate a labor and human rights management system. And in the fiscal year ended December 2017, it followed this up with internal audits of major Nissha Group companies. There were audit findings such as the lack of knowledge regarding the existence of the Harassment Help Desk, but this was corrected through the use of e-learning for employees.

In the fiscal year ending December 2019, we have been engaging in human rights risk assessment at our overseas production bases and training foreign technical interns in order to deal with the material topic of respect for the human rights of employees and the strategic topic of understanding and reducing human rights risks. In addition, we are promoting compliance with work style reforms, measures to encourage flexible work styles and relaxing lifestyles. We are also providing in-house training on harassment.

## Hotline

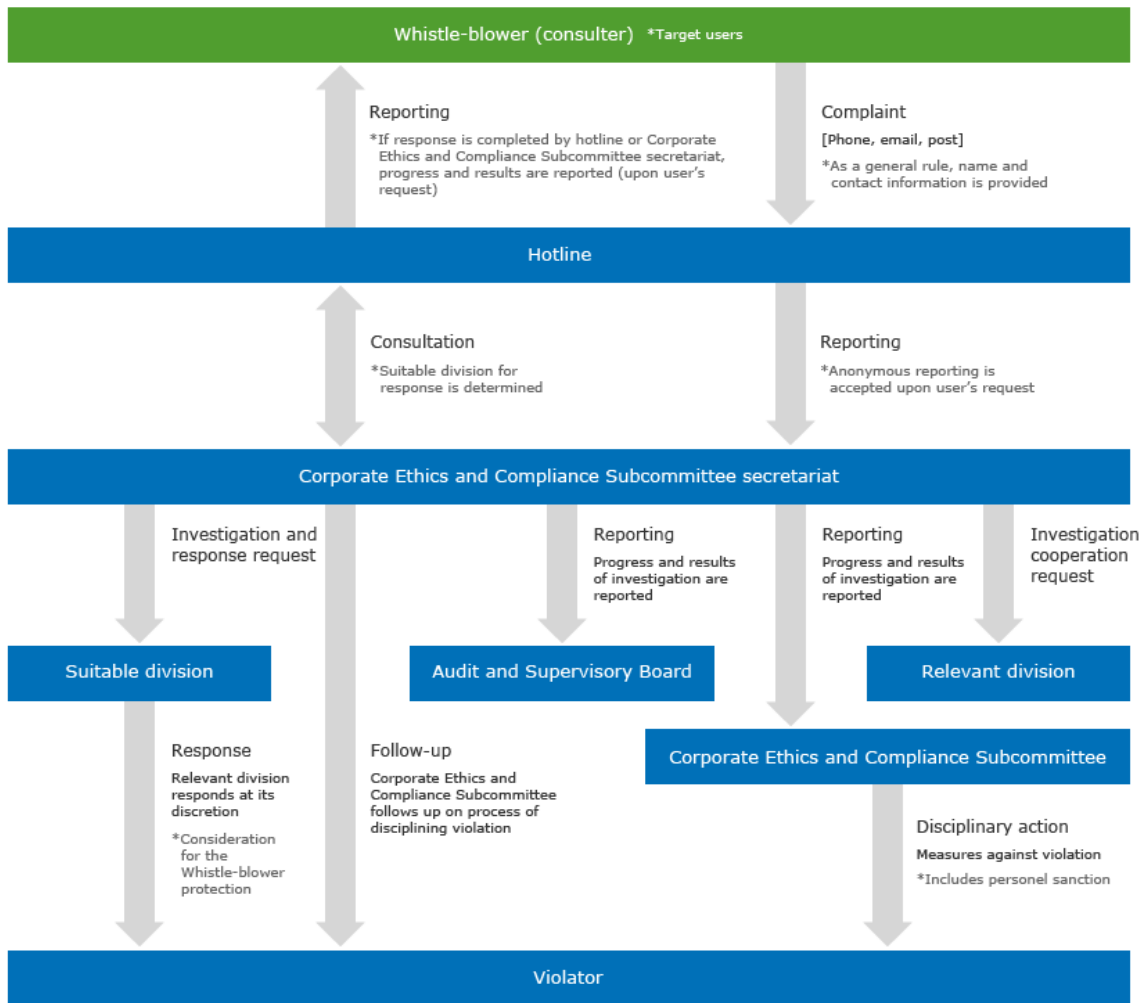
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Nissha has installed a hotline for the Nissha Group in Japan as well as selected overseas bases, and created an internal regulation (Internal Reporting Code) based on the Whistleblower Protection Act. The purpose is to quickly grasp the facts, about illegal, unfair or unethical conduct by an organization or individual, minimize the risk associated with a crisis, promote ethical and legal compliance, and ultimately enhance our corporate value. In the interest of neutrality and fairness, the hotline reaches a third party served by an outside attorney's office.

Our Internal Reporting Code protects whistle-blowers from any unfavorable treatment by either the company or other employees on account of their complaints, and obligates the acceptance of anonymous reporting. In fiscal year ended December 2018, the hotline was used 22 times. The complaints concerned workplace environment and interpersonal relationships, and requests to improve workflows at production bases. All complaints received are relayed from the hotline to the Corporate Ethics and Compliance Subcommittee secretariat, which as a rule coordinates with relevant divisions to carry out an investigation and fact-checking while protecting the whistle-blower. The contents are reported and discussed as needed at the Corporate Ethics and Compliance Subcommittee, and then measures are taken according to the investigation and deliberation results.

We are working to create an environment where employees feel comfortable about discussing even minor matters to make corporate ethics and compliance a familiar presence for all employees. And to enhance employee awareness of the hotline through the Corporate Ethics and Code of Conduct Manual, the Nissha intranet, and in-house training toward further reinforcing corporate ethics and compliance.

## Hotline Organizational Chart



## Preventing Harassment

With the aim of preventing and resolving problems in the workplace, including sexual and power harassment, on April 1, 2015, we began establishing help desks both in our offices and externally specializing in harassment.

We give every employee, including dispatch employees, a wallet-sized card that shows them who can discuss their problems. Consultations at the help desks involve interviews with the counselee, the actor, and related parties, investigating any factual relationships, making a judgment, and solving the problem. In the fiscal year ended December 2018 the help desks were used nine times (internal help desk: seven times/external help desk: two times), and all issues were dealt with. In addition, we hold training sessions for harassment help desk staff every year. These are led by external instructors, and targeted at staff in charge of in-house help desks. The training is designed to give staff the basic readiness to be a consultant, inform them of what to be aware of, and so on.

In April 2018, we carried out e-learning for our managerial staff using a video seminar focused on giving leadership that does not become power harassment, and in July we held a compulsory e-learning seminar on preventing harassment for all employees. This training is designed to deepen our employees' understanding of preventing harassment and create a workplace environment with a positive, open, relaxed atmosphere that does not permit harassment. We intend to plan and carry out timely training as needed in the future.

## Fair Evaluation and Treatment

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We at the Nissha Group view evaluation systems as a mechanism for ensuring consistency between the company's strategy and individuals' goals, and for determining treatment accordingly. To this end, we conduct a personnel evaluation of all full-time Nissha Group employees twice a year. The evaluations cover the level of achievement of employees' goals, accountability and responsibility, and the results of which are reflected in bonuses, pay raises, and promotions. By organizing interviews at the time the goals are set and the results are evaluated, we strive for evaluation and treatment that are fair and convincing.

We revised our managerial personnel system in October 2014, our general personnel system in April 2015, and, in January 2018, the managerial personnel system at our subsidiary, Nissha Printing Communications, Inc. (NCI). Through these activities, we aim to realize a highly convincing evaluation system in which employees are rewarded for producing results.

## Wage Management

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The Nissha Group appropriately determines wages paid in exchange for labor in accordance with the wage regulations of each company, based on the laws of the relevant country. Our regulations do not allow for different wage levels by age or gender.

Once a year, Human Resources leads internal audits of Nissha Group companies in Japan in the areas of labor and human rights to check that prefectural requirements concerning minimum wages and work times are correctly reflected.

## Freedom of Association and Collective Bargaining

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Our Basic Policy on Labor and Human Rights contains the provision, "4. Freedom of association and the right to collective bargaining: We will guarantee the right to organize and the right to collective bargaining."

We have engaged in dialogue with the labor union toward expanding women's participation in business and otherwise creating workplace environments where employees can live up to their full potential. As a result, we formulated a set of Private Day Care Expense Coverage Regulations and introduced a program for preventing delays in the reinstatement of women employees after childbirth because they could not enroll their child in a non-authorized nursery (in Japan, these are significantly costlier than those certified by local authorities, which have years-long waiting lists).

With the change in fiscal year end date from March to December at Nissha Group companies in Japan, in the fiscal year ended December 2018, we held discussions toward reviewing employment regulations. As a result, we introduced a program that allows two company-owned houses for employees transferring to a location away from their family when a gap emerges between the timing of the transfer and the start of a new school year (April in Japan). We also introduced a career resumption program for re-hiring employees who have once had to retire due to reasons such as childbirth, child-rearing, and family care, and started operating this in January 2018.

In the fiscal year ending December 2019, we intend to carry out discussions with the labor union, with a view to incorporating time acquisition for annual paid leave systems and expansion of working from home, in order to respond to work style reforms, aiming for more flexible work styles and relaxed lifestyle.

## Relationship with Labor Union

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The Nissha Group has three labor unions: the Nissha Labor Union (organized in March 1946)<sup>\*1</sup>, the Nitec Industries Labor Union (March 2012)<sup>\*2</sup>, and the Nissha Printing Communications Labor Union (October 2015)<sup>\*3</sup>. In January 2016, these three unions formed the Nissha Group Labor Union. While one union per company is our basic approach to promoting well-disciplined organization and building sound relationships between labor and management, we recognize that regular exchange of information and coordinated action

between labor unions is necessary to resolve common challenges within the Nissha Group. Based on this understanding, we at the Nissha Group have solid relationships and hold regular negotiations and discussions with our labor unions.

Nissha Co., Ltd. holds regular Management Council meetings with the Nissha Labor Union, joined by employees excluding managerial staff, to negotiate and discuss employees' labor conditions and share information about the Nissha Group's business operations. Although no minimum period is set for notifying the union of significant changes in labor conditions, the company exchanges dialogue with the union on a daily basis with the aim of reaching an agreement satisfactory to both. Furthermore, we organize monthly Work System Committee meetings primarily to share information about work times and prevent large amounts of overtime work.

The labor contract confirms, "the Company and the Union shall respect one another's position and maintain a peaceful relationship between labor and management as well as strive for the maintenance and improvement of labor conditions and the growth of the Company," and stipulates, "the Company shall respect the Union's right to organize, right to collective bargaining, and right to act as a group," thereby guaranteeing basic labor rights for union members.

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

In fiscal year ended December 2017, the Nissha Group had no report either of a strike or lockout or of a situation that infringed on our employees' freedom of association. We will continue to respect the mutual positions of both company and union, and build a sound relationship between labor and management.

\*1. As of the end of December 2018, the Nissha Labor Union has a membership of 765.

\*2. As of the end of December 2018, the Nitec Industries Labor Union has a membership of 436.

\*3. As of the end of December 2018, the Nissha Printing Communications Labor Union has a membership of 185.

### Voice of the Labor Unions

At the Nissha Group Labor Union, one union per company is our basic approach to promoting well-disciplined organization and building sound relationships between labor and management. Each union offers suggestions, negotiates between labor and management, and performs checks true to the characteristics of the company. We emphasize autonomy, such as providing guidance for Management Council meetings between the union and management at each company. In addition, the Nissha Group Labor Union holds discussions between labor and management and determines the introduction of new regulations, or revisions to existing regulations, for issues that are common to all, such as the various systems, regulations, and so on. Nissha Group employees are becoming increasingly diverse as our business globalizes. To ensure we can become a company where all these employees can pool their strengths, wield their individual strengths, and grow together, the Nissha Group Labor Union promotes the utilization of future-oriented human resources who are richly imaginative and not bound by past habits and forms.



Takashi Yoshioka  
Executive Labor Leader  
Nissha Group Labor Union

## Labor Practices

Our employees are our most important management resource. We support diverse work styles, create workplace environments where diverse employees can live up to their full potential, and promote human resources development.



## Human Resources Development

We at Nissha Group believe our employees are our most important management resources. We work to develop human resources based on our Human Resources Development Policy.

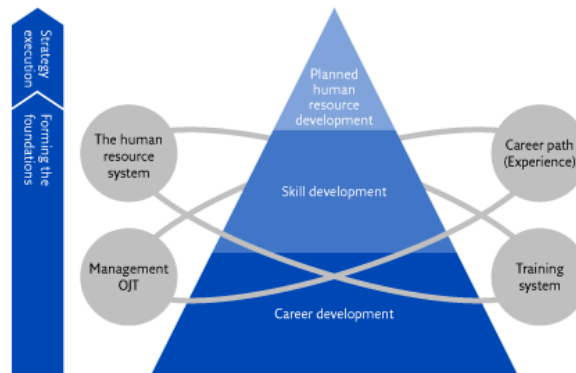
### Human Resources Development Policy

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

### Approach to Human Resources Development

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

### Human Resources Development Model



#### Planned human resource development

Implement planned development to foster and secure the human resources needed to achieve the management vision. (e.g., growth strategy, business continuity, creation of corporate culture)

#### Skill development

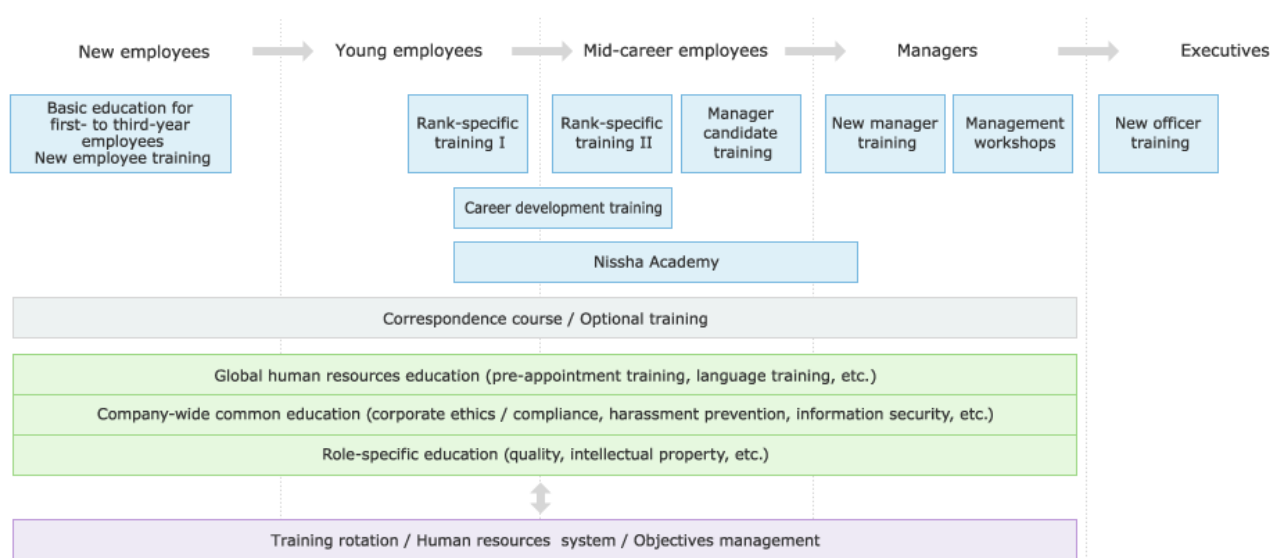
Individual employees voluntarily develop their skills and increase their market value.  
→The company supports this and thereby enhances the quality of its human resources.

#### Career development

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

## Training System (Major Programs by Area)

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



## Selective Human Resource Development

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

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

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



## Programs to Support Employees' Will to Learn and Grow

The Nissha Group offers many open-call training courses which employees may sign up for in line with their choice of personal development theme. Examples are courses designed to foster universal business skills such as logical thinking, problem-solving, communication skills, and so on. In the fiscal year ended December 2017, we organized an open-call management workshop for experienced managers designed to allow them to draw out the determination and capabilities of the people in their departments, and in the fiscal year ended December 2018, we started a new open-call training course for management. These are some of the ways we are enhancing our training for managers to respond to their will to learn and grow. In addition, our correspondence courses and self-learning programs via Skype support voluntary learning by covering half the price of subsequent courses for graduates.

We brought in an e-learning system in-house in the fiscal year ended December 2018, which, along with enhancing common training for all employees, provides a wide range of learning opportunities. This training covers five key themes and content which all Nissha Group employees should know. These include Corporate Ethics and Compliance, Harassment Prevention, and Information Security. We also convert e-learning into video-based teaching materials for employees who mainly work in factories and cannot use their own computers. In this way, we are working to uniformly raise and standardize the knowledge of all employees of the Nissha Group in Japan.

## Training Records

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

		Fiscal year ended March 2017	Fiscal year ended December 2017	Fiscal year ended December 2018
Annual training hours	Male	17,605	14,204	15,117 (19,573)
	Female	7,609	5,561	6,330 (7,277)
	Total	25,214	19,765	21,446 (26,850)
Training hours per employee	Male	9.3	7.4	7.9 (10.2)
	Female	17.9	13.1	14.6 (16.8)
	Total	10.8	8.4	9.1 (11.4)

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

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

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

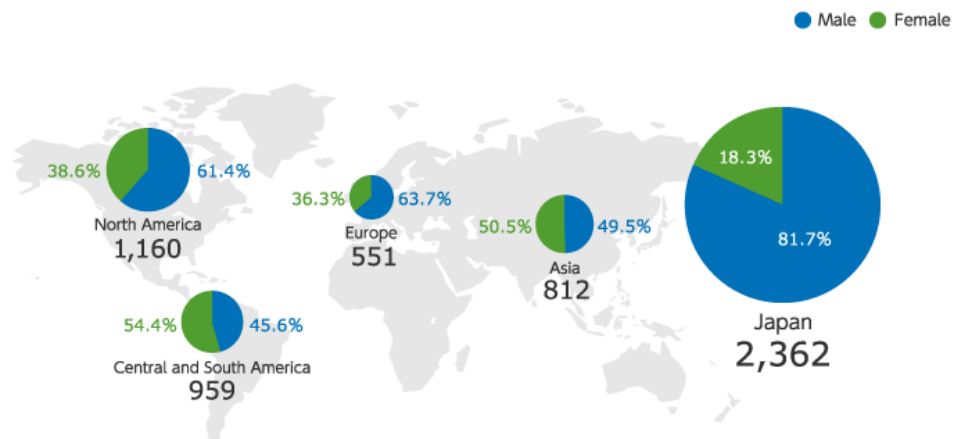
## Respect for Diversity

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

### Composition of "Nissha People"

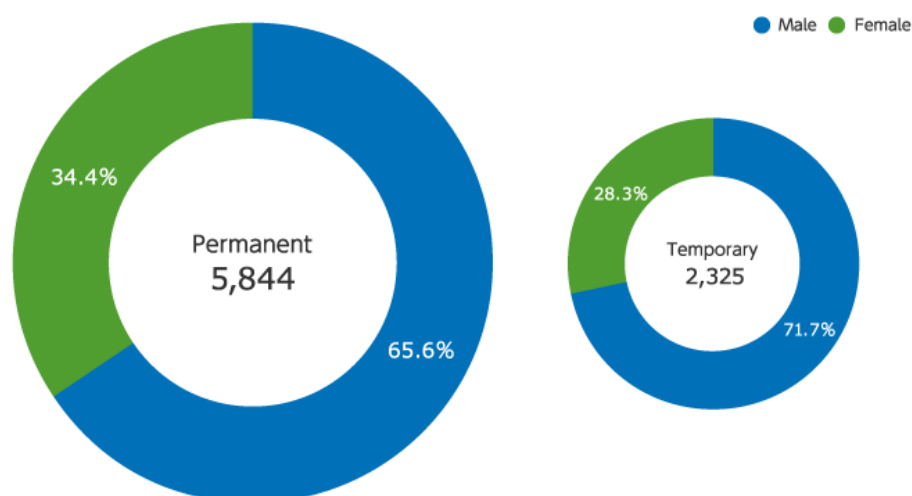
The diversity of the Nissha Group shows in our employee composition in terms of gender, age, and employment status. With the expansion of our activities across the globe, about 60% of regular employees work at Nissha Group companies outside Japan. We hire a diverse range of people on a global basis.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

### Composition by region (Nissha Group, as of the end of December 2018)



\* Figures exclude temporary employees.

## Composition by employment status (Nissha Group, as of the end of December 2018)



\* Figures exclude directors by a delegation agreement.

## Composition of Nissha People (Nissha Co., Ltd.)

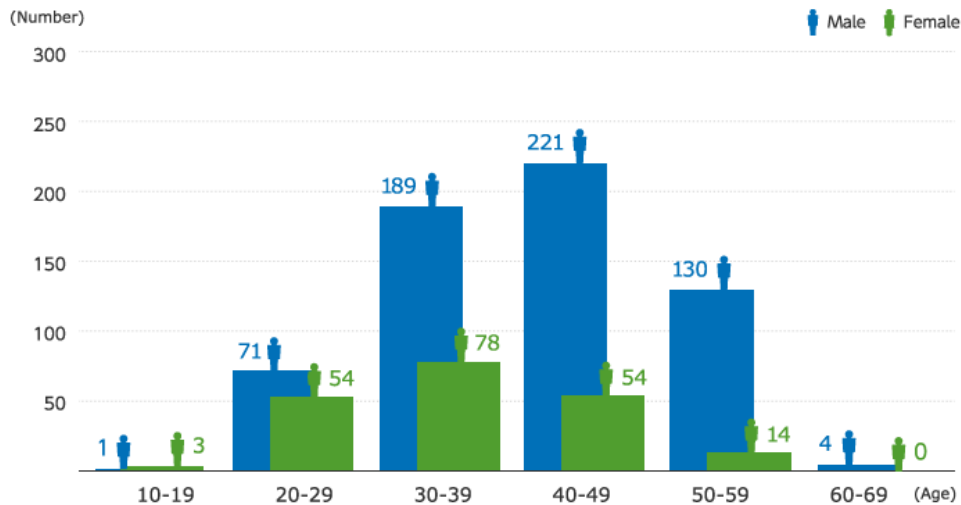
Fiscal Year	Gender	Directors of the Board	Corporate officers	Nissha fellows	Managerial staff	Employees	Average age	Average years of employment
FY ended Mar. 2015	Male	6	13	1	204	760	41.4	15.2
	Female	1	0	0	7	195	34.7	9.3
FY ended Mar. 2016	Male	6	15	1	153	610	41.1	13.7
	Female	1	0	0	7	180	35.0	9.8
FY ended Mar. 2017	Male	7	18	1	154	619	41.5	13.9
	Female	1	0	0	7	183	35.4	10.2
FY ended Dec. 2017	Male	7	15	1	165	603	41.8	14.1
	Female	1	0	0	9	188	35.9	10.7
FY ended Dec. 2018	Male	8	12	1	161	616	42.1	14.5
	Female	1	0	0	11	203	36.5	10.7

Note 1: Directors include independent directors.

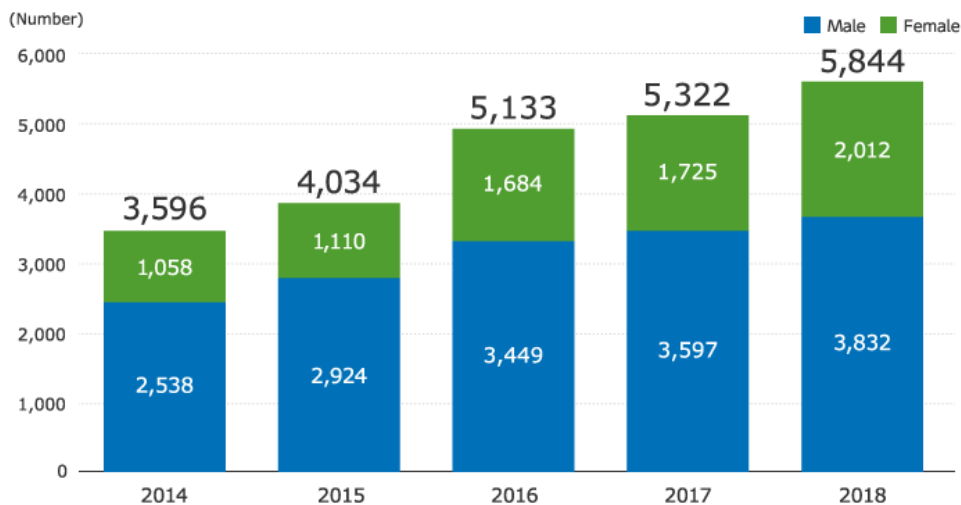
Note 2: Employees exclude temporary employees.

Note 3: All figures are as of the end of the fiscal year. z

## Composition by age (Nissha Co., Ltd., as of the end of December 2018)



Number of employees (Nissha Group)



\* Figures exclude temporary employees.

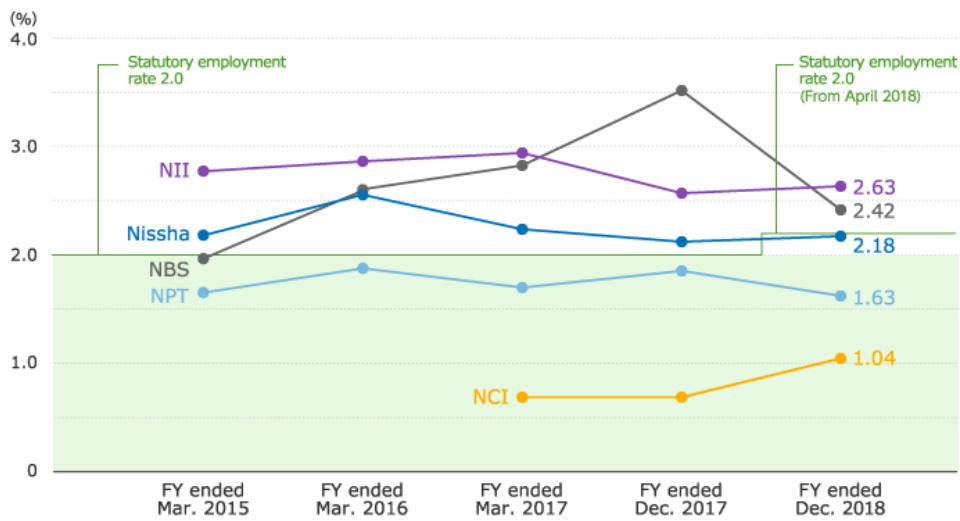
Of all permanent employees who left Nissha Group companies in Japan in the fiscal year ended December 2018, 3.1% left for personal reasons.

## Percentage of People with Disabilities Employed at Major Group Companies in Japan

Private enterprises in Japan with 45.5 or more employees, as a rule, are required to employ a given percentage of people with disabilities. Nissha Group companies that fall under this category each work to meet the statutory rate. At Nissha Co., Ltd. and affiliated companies subject to the rule, Human Resources organizes regular interviews with employees with disabilities and strives to maintain an environment where they can perform to their potential. The company also has a system for appointing permanent employees taking into consideration their disability, and assigning job coaches to support the development of potential, toward long-term employment in tune with the capabilities and circumstances of individual employees.

People with disabilities accounted for 2.18% of the Nissha workforce as of December 31, 2018, for a slight decrease compared to the previous fiscal year. Those employed at Nitec Industries, Inc. (NII) increased slightly, to 2.63%.

Each applicable group company plans to continue making efforts to meet and maintain the target statutory rate.



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

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

## Women Employees' Participation in Business

### Activities toward Expanding Women's Participation in Business

True to the Diversity and Inclusion cited in our Shared Values, Nissha Group aims to be a corporate group where employees can live up to their potential regardless of nationality, gender, or age. Amid growing demand in Japanese society, we recognize women's participation in business as a particularly important priority, and to this end launched a project team led by Human Resources in July 2014. Nissha Co., Ltd., Nitec Industries, Inc. (NII), and Nitec Precision and Technologies, Inc. (NPT)—three companies are subject to the Act on Promotion of Women's Participation and Advancement in the Workplace (Women's Participation Act), which came into effect in April 2016. But our activities extend beyond these three companies across the Nissha Group as a whole.

### Practical Training for Women Employees

In order to promote women's participation in business, we believe it is crucial both for the management to recognize the necessity of promoting women's participation in business and taking advantage of diversity, and to raise the awareness of women employees themselves. To this end, we kicked off training for the management in the fiscal year ended March 2016, and career development training for women employees in general positions at a majority of our bases in Japan from the fiscal years ended March 2017 to December 2018. In the past fiscal year, we also organized training for women manager candidates.

The training for women employees in general positions seeks to instill awareness of a career plan. It encourages participants first to understand the significance of working at Nissha and necessity of continuing to take on challenges and building a career over the long term, and then to reflect on their career to date, identify their strengths, and create an action plan for the future.



In a follow-up program, interviews were arranged between the participants and their respective superiors to discuss what challenges the women wanted to take on for enhancing their sense of job fulfillment. This dialogue helps to deepen understanding of women employees in managers, and at the same time offers both the managers and the women employees the opportunity to practice what they learned in training. Not merely approaching individuals but promoting communication between them thereafter—we believe this makes the training more effective.

The career development training for women manager candidates followed the same contents as for general employees, with the addition of studies on what it takes to draw on one's strengths while serving as leader, and an exchange of views between the participants.



### Enhancement of Systems and Communication Tools

In November 2016, we established a system for sharing with employees the expense of using non-registered childcare facilities. Employees in Japan who wish to be reinstated at work after taking child-rearing leave often have difficulty enrolling their child in day care service registered with the municipality, as mass enrollment closes in April, and the next opportunity seldom arrives before April of the following year. The system covers part of the expense of temporarily enrolling a child in a non-registered childcare facility until an opening becomes available at a registered facility, with the aim of supporting employees' quick reinstatement at work at the timing of their choice. An employee using the system has been reinstated at work since January 2016.

In January 2018, we introduced a career resumption program for re-hiring employees who have once had to retire due to reasons such as marriage, childbirth, child-rearing, spouse's job transfer, and family care. This is designed to support the rebuilding of a career path for employees who wish to return to Nissha and use the experience and expertise they gained before retirement. After the introduction of this system, three people have registered at retirement.

### Major Initiatives to Date

FY ended March 2015	<ul style="list-style-type: none"> <li>• Launch project team</li> <li>• Interview women employees</li> <li>• Distribute Work-Life Balance Support Guidebook</li> </ul>
FY ended March 2016	<ul style="list-style-type: none"> <li>• Open NISSHINE portal site</li> <li>• Administer employee questionnaire</li> <li>• Organize forum on women's participation in business</li> </ul>

	<ul style="list-style-type: none"> <li>• Conduct training for management (department directors and above)</li> </ul>
FY ended March 2017	<ul style="list-style-type: none"> <li>• Establish system for sharing the expense of using non-registered childcare facilities</li> <li>• Conduct training for management (all managers including group leaders)</li> <li>• Conduct career development training for women employees</li> </ul>
FY ended December 2017	<ul style="list-style-type: none"> <li>• Conduct career development training for women employees</li> <li>• Conduct training for women manager candidates</li> </ul>
FY ended December 2018	<ul style="list-style-type: none"> <li>• Conduct training for women manager candidates</li> <li>• Conduct training for management (all managers including group leaders)</li> <li>• Start operation of career resumption program for re-hiring employees who have once retired due to specified reasons</li> </ul>

### **Declaration on Action by a Group of Male Leaders who will Create a Society in which Women Shine**

In May 2017, Nissha Co., Ltd. President and CEO Junya Suzuki joined the “Declaration on Action by a Group of Male Leaders who will Create a Society in which Women Shine,” supported by the Cabinet Office.

While a nationwide movement headed by industry leaders to support women who will and do shine in various fields, male leaders who had already been promoting the empowerment of women compiled the “Declaration on Action by a Group of Male Leaders who will Create a Society in which Women Shine.” The President and CEO Junya Suzuki agreed to this action and expressed participation.

### **Action Plan for the Japanese Act on Promotion of Women’s Participation and Advancement in the Workplace**

The Japanese Act on Promotion of Women’s Participation and Advancement in the Workplace requires companies with 301 or more employees to draft an action plan for promoting women’s participation in business. In the Nissha Group, three companies fall under this category: Nissha Co., Ltd., Nitec Industries, Inc., and Nitec Precision and Technologies, Inc. One more company, Nissha Printing Communications, Inc., has voluntarily formulated an action plan in line with our aim to create an environment in which all employees can live up to their full potential across the entire Nissha Group.

## **Support for Diverse Work Styles**

True to the Diversity and Inclusion cited in our Shared Values, we in the Nissha Group embrace and take full advantage of diverse values and capabilities. In addition, we are implementing work style reforms with the aim of improving productivity, along with enhancing systems and promoting the creation of a workplace that supports diverse and flexible work styles. These are some of the ways we provide support to help our employees achieve a work-life balance.

### **Flexible Work Hours**

We have in place flexible work hours as a mechanism in which employees can voluntarily determine their own start and finish times of the working day. The aims of the system include responding flexibly to the time difference between Japan and overseas, to deadlines, and to the busy and slow hours of the working day, and enabling employees to maintain harmony between work and life. Initially introduced in sales departments, the system was expanded gradually to other divisions and today benefits employees also in development and administration.

### **Work at Home System**

In fiscal year ended March 2015, we introduced a work-at-home system with the aims of promoting harmony between employees' work and life, and improving their work efficiency. The system enables employees living with a child before completion of elementary school and employees providing family care to work at home either on two full days a week or for a number of hours a day. In the fiscal year ended December 2018, fifteen employees used the system (twelve for child-rearing, one for family care, and two for other reasons).

### **Support for Reinstatement after Long-term Leave**

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

### **Child-rearing and Family Care Support**

We are working to expand our support systems and enable employees to have flexible work styles in the various stages of life. By drafting an action plan and executing a range of measures based on the Act on Advancement of Measures to Support Raising Next-generation Children, many of our efforts in child-rearing support exceed statutory guidelines.



### Major child-rearing support systems

Support system	Nissha Group in Japan	Statutory coverage
Shorter hours during pregnancy	During pregnancy (up to maternity leave before childbirth) Up to 3 hours per day	—
Child-rearing leave	Up to 2 years old	As a rule, up to 1 year old (1 year 6 months old when certain conditions are met)
Days off for spouse's childbirth	5 days at the time of spouse's childbirth (Special paid leave)	—
Shorter hours for child-rearing*	Up to completion of elementary school Up to 3 hours per day	Up to 3 years old By effort: Start of elementary school
Days off for child nursing	1 child: 5 days 2 or more children: 10 days Paid Up to start of elementary school: paid From the first to sixth grade: unpaid	1 child: 5 days 2 or more children: 10 days Either paid or unpaid
Child-rearing support fund	Amount: 150,000 yen (for each occasion below) Period • Birth • Start of elementary school • Start of junior high school • Start of senior high school • Start of technical college	—

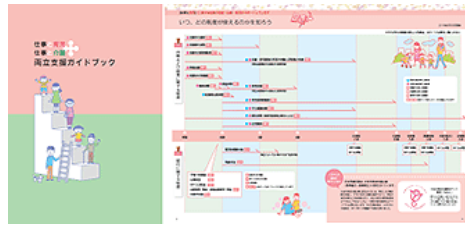
### Major family care support systems

Support system	Nissha Group in Japan	Statutory coverage
Family care leave	Total 240 working days	Total 93 days
Shorter hours for family care*	Three years from starting date 3 hours per day	Three years from starting date
Days off for family care	1 family member: 5 days 2 or more family members: 10 days Paid	1 family member: 5 days 2 or more family members: 10 days Either paid or unpaid

We also have in place a system in which employees may save up to 30 days of expired leave to be used in the event of illness, either of the employee or of a family member, and for child-rearing, family care, school events, and days on which a child's kindergarten or school is closed.

## Distribution of Work-Life Balance Support Guidebook

To support our employees in achieving work-life balance, we created a Work-Life Balance Support Guidebook containing information on both in-house and outside systems for child-rearing and family care. The first edition was distributed to all employees in October 2014, and a revised edition in May 2017. The contents are published on the Nissha Group intranet since April 2015, and useful information on welfare services were added in April 2016.



## Kurumin Certification

Nissha has received "Kurumin" certification for three consecutive terms since the fiscal year ended March 2010, for a total of 11 years, and in March 2019 we were certified with Platinum Kurumin.

Based on the Act on Advancement of Measures to Support Raising Next-generation Children, "Platinum Kurumin" is a system to certify companies that have already obtained Kurumin certification in recognition of their measures to support employees with children and are carrying out initiatives at an even higher level. This certification was in recognition of our introduction of systems to support a balance between work and child-rearing for both men and women, our initiatives to reduce overtime work, our ongoing seminars on topics related to the promotion of women in the workplace, and so on. Within the Nissha Group, Nissha Business Service Co., Ltd. (NBS) received Kurumin certification in 2015, followed by Nitec Precision and Technologies, Inc. (NPT) in 2016.



Kurumin Logo

We shall continue aiming to create a workplace where each employee can work energetically, enjoying a rich life where work and child-rearing are balanced.

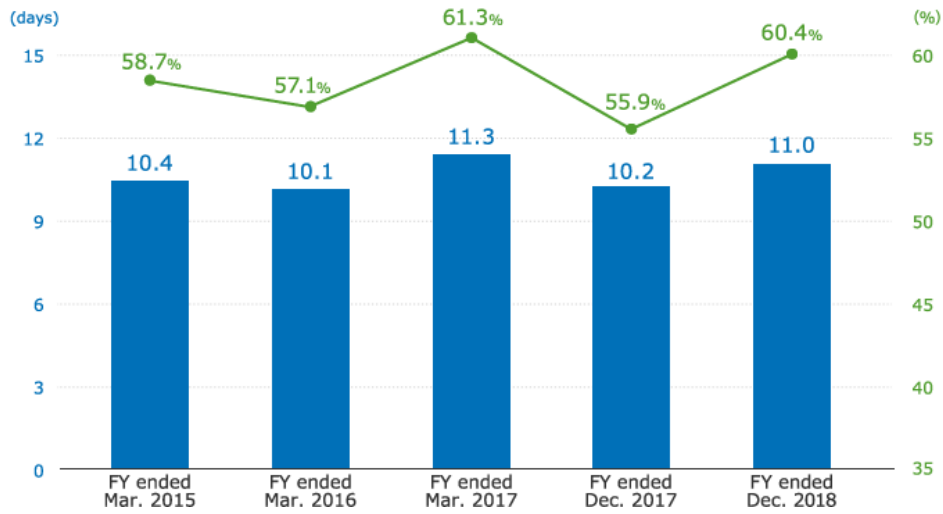
## Status of Major Long-term Leave and Time Taken Off from Work (Nissha Group in Japan)

### Promotion of the Use of Annual Paid Leave

To promote the use of annual paid leave, we encourage employees to take four days a year, two days each in the first and second halves, under the Annual Paid Leave Plan. Also, we offer a further two days in which employees may request to take paid leave on their birthday, that of a family member, or their wedding anniversary. As a result of ongoing efforts, the average paid leave taken exceeds 10 days per year.

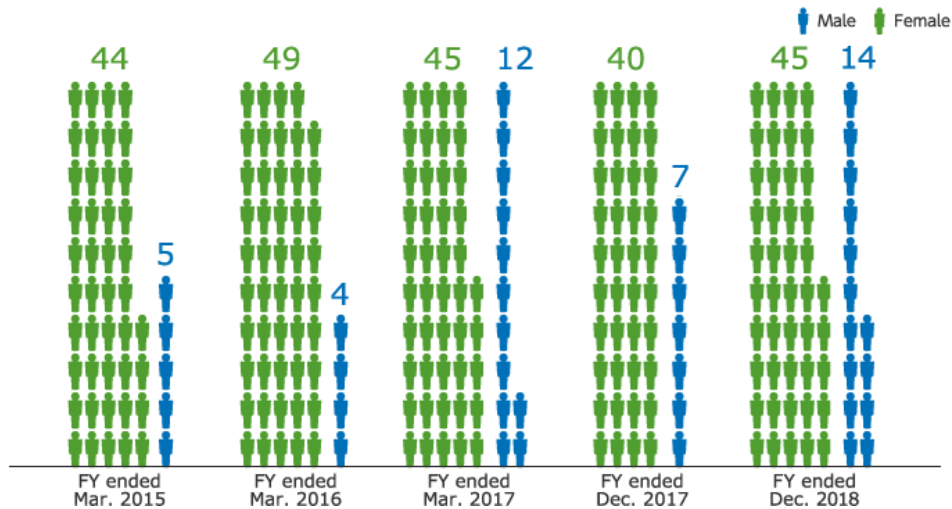
Moving forward, we are considering introducing paid leave by the hour as a mechanism for facilitating more flexible use of paid leave and supporting employees' efforts to balance child-rearing and family care with work.

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

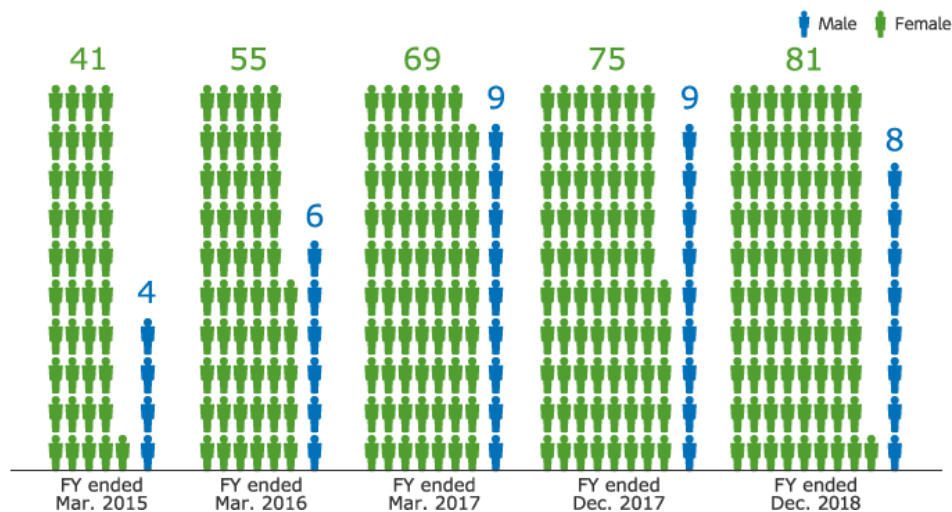


The number of employees who used child-rearing leave, worked shorter hours for child-rearing, and took days off for child nursing are given in the graphs below.

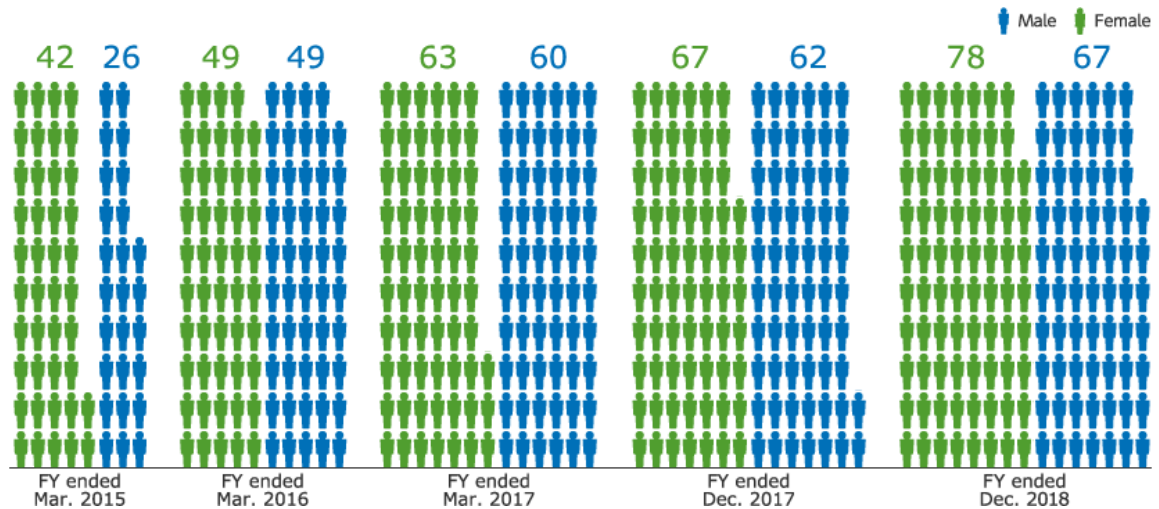
### Number of employees who used child-rearing leave



### Number of employees who worked shorter hours for child-rearing



## Number of employees who took days off for child nursing



Reinstatement rate after child-rearing leave: Male 100%, Female 100%

Reinstatement rate = Number of employees reinstated after child-rearing leave in the current fiscal year ÷ Number of employees expected to be reinstated after child-rearing leave in the current fiscal year x 100

Retention rate after child-rearing leave (1 year): Male 83.3%, Female 96.4%

Retention rate = Number of employees remaining at the end of December in the current fiscal year after being reinstated after child-rearing leave in the previous fiscal year ÷ Number of employees reinstated after child-rearing leave in the previous fiscal year

## Number of employees who used family care leave

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

Support system	Gender	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ended December 2017	FY ended December 2018
Family care leave	Male	0	0	0	0	1
	Female	0	0	0	1	0
Shorter hours for family care	Male	0	1	1	0	0
	Female	0	0	0	1	1
Days off for family care	Male	1	4	7	9	8
	Female	2	4	5	7	8

## Outpatient Sick Leave System

In fiscal year ended March 2016, we introduced an outpatient sick leave system with the aim of supporting employees who require long-term outpatient treatment to continue working. The system enables employees with specified disorders to take 10 days off per year for treatment. Two employees used the system in fiscal year ended December 2018.

## Reduction of Overtime Work

Nissha Group companies in Japan promote the reduction of overtime work on an ongoing basis. Twice a month, we notify all divisions of overtime hours recorded.\* Managers use this information to provide a reminder about overtime work to employees in their division. Divisions that recorded a large amount of overtime work are questioned as to the causes and the physical condition of employees in an effort to improve awareness about work time management. In the fiscal year ended December 2018, we started sending alert e-mails from our human resources system to employees who are working too long each day or taking too much overtime, and their managers.

Moving forward, we will work to further reduce overtime work and at the same time aim to produce greater results without relying on long work hours, in line with our basic group-wide strategy of improving productivity.

\* The Japanese government's guidelines for promoting work-life balance set a nationwide target of reducing the percentage of employees who work more than 60 hours per week to 5.0% by 2020. With this in mind, all Nissha Group companies in Japan are working to manage work hours on a weekly basis.

## Internal Job Posting System

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

### Status of utilization

Fiscal Year	FY ended March 2015		FY ended March 2016		FY ended March 2017		FY ended December 2017		FY ended December 2018	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Number of job posting	27		8		0		0		15	
Successful applicants (transferees)	3	3	1	0	-	-	-	-	2	1

\* Job openings posted twice a year up to FY ended March 2015, and once a year since FY ended March 2016

## Awarding system

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

In the fiscal year ended December 2018, 33 employees received the Passion Award, given to those groups or individuals who boldly tackle challenges with passion to ensure the success of a project, and 220 employees received the Nissha People Award celebrating workplace stars who epitomize our Shared Values. The awards are presented globally across the Nissha Group, with recipients including employees at overseas bases.

## Safety and Health

### Occupational Safety and Health Policy / Safety and Health Objectives

The Nissha Group has in place a Occupational Safety and Health Policy declaring that we position the safety and health of all involved in our business activities as a top management priority, and promote thorough awareness of this policy. The safety and health objective of the Nissha Group established based on this policy sets the three-year period of the Sixth Medium-term Business Plan until the fiscal year ending December 2020 as its period target, aiming for zero work-related accidents during this period. In the fiscal year ending December 2019, we will also roll out a range of activities for preventing work-related accidents to achieve this objective.

#### Occupational Safety and Health Policy

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

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

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

November 6, 2014

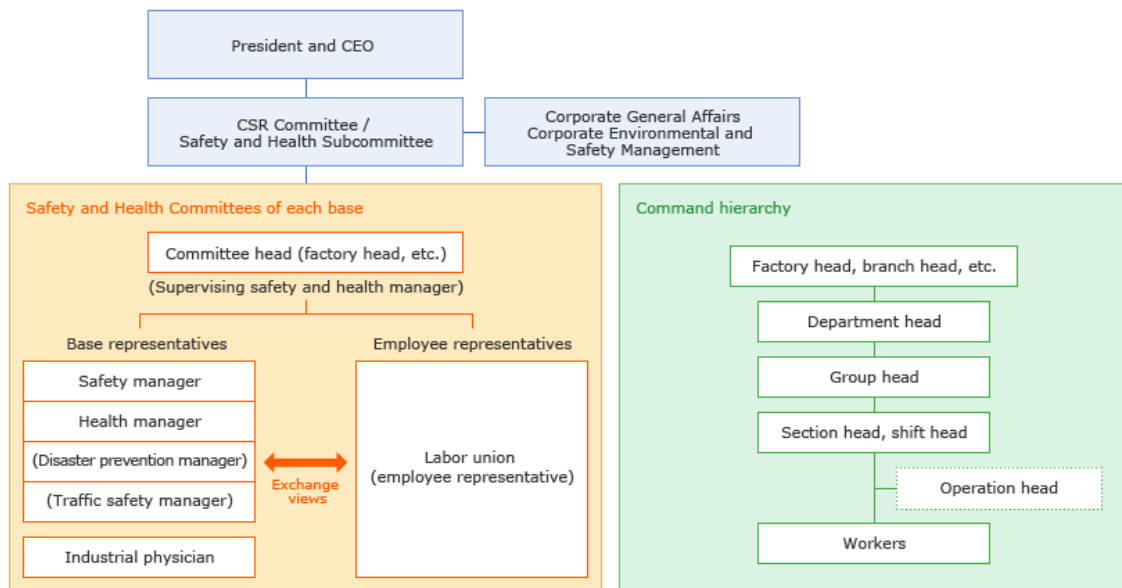
Junya Suzuki  
Chairman of the Board  
President and CEO  
Nissha Co., Ltd.

### Safety and Health Management System / Safety and Health Subcommittee

The CSR Committee's Safety and Health Subcommittee is responsible for the safety and health activities of the Nissha Group. It compiles quarterly reports to the CSR committee on the progress of our safety and health objectives, the measures taken by each base on work-related accidents, safety and health performance such as occurrence of work-related accidents, and internal audits and corrective measures based on the audits. The subcommittee conducts year-end reviews on whether our management system is functioning effectively, and oversees the Safety and Health Committees operated by each base, toward improving the level of safety and health activities throughout the Nissha Group.

The Safety and Health Committees of each base consist of base representatives including a safety manager and health manager, and employee representatives selected from the labor union and each workplace. The members meet to report on work-related accidents and corrective measures, and to exchange views and propose measures for improvement toward realizing a safe and comfortable workplace. Any work-related accidents that occur at each base, together with corrective measures on them, are promptly reported to the Safety and Health Subcommittee for sharing with other bases. The corrective measures are reported from the officer overseeing the base and the head of the subcommittee to the president for appropriate review.

## Safety and Health Management Structure



## Occurrence of Work-related Accidents

Half the accidents in the fiscal year ended December 2018 involved falls, being caught or trapped in machines, and cuts. Thanks to a decrease in accidents resulting in days of leave, however, we saw improvement in the severity of work-related accidents. After the accident, we are working on corrective measures such as equipment repair and procedure revision.

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

Item	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ended December 2017	FY ended December 2018
Frequency of work-related accidents*1	0.92	1.16	1.99	1.45	0.84
Severity of work-related accidents*2	0.04	0.02	0.02	0.01	0.01
Fatal accidents	0	0	0	0	0

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

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

Definitions from work-related accident statistics, Ministry of Health, Labour and Welfare

Figures include accidents involving temporary employees

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

The number of work-related accidents at the Nissha Group in Japan and major overseas production bases in the fiscal year ended December 2018 are given in the table below. Overseas figures represent accidents that resulted in days of leave.

	Male	Female	Total
Japan	20	5	25
North America	5	6	11
Central and South America	5	2	7
Europe	9	1	10
Asia	1	2	3

## Reduction of Workplace Risks – Risk Assessment

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

## Safety Patrols

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

## Safety and Health Education and Training

We provide education and training required in workplaces based on our Safety and Health Education and Management Regulations. Contents center on regular programs comprising training for environmental safety promoters, training foremen at our production bases in Japan, training in assessing risks, and lessons in life-saving and using an automated external defibrillator (AED) in preparation for emergencies. In particular, we were able to improve our results by enhancing safety education for smaller offices, which a lot of injuries occurred last fiscal year, and by holding seminars on preventing falls, which can lead to serious injuries.



Training for environmental safety promoters



## Category of Training and Attendance (Nissha Group in Japan)

Category	Lesson/Session	Attendance FY ended December 2018
General training	New employee training (safety and health)	33
Safety training	Risk assessment training (safety and health, chemical substances)	55
	Foreman education by RST trainer	17
	Safety training (small office)	87
	Health training (occupational health and healthy obstacle by e-learning)	102
	Fall disaster prevention seminar (outside lecturer)	38
	General life saving lesson	24
	AED lesson	11

## Formulated Health Declaration

On September 3, 2018, we formulated a Health Declaration aimed at maintaining or improving the health of all Nissha Group employees. The Nissha Group sees its mission as to realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group. We believe that the physical and mental health of each and every employee is the most important element in achieving this mission, which is why we have formulated our Health Declaration, and are ensuring all employees are aware of it.

### Health Declaration

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

September 3, 2018

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

## Health Promotion Initiatives

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

In the fiscal year ended December 2018, we organized an original event for measuring bone density, gauging blood vessel age, and promoting stopping smoking. A total of 1,500 employees attended. In addition to an explanation of their measurement results, participants received advice on improving dietary, exercise, and lifestyle habits using a specially prepared leaflet. In addition, we hold classes on quitting smoking and offer programs on quitting smoking for smokers. Also, as one of our initiatives for preventing passive smoking, we closed all indoor smoking areas in the Nissha Global Headquarters on October 1, 2018. We shall continue to work towards making our grounds entirely smoke-free.

In the fiscal year ending December 2019, we plan to hold an experience-based health event to strengthen the promotion of exercise habits, and will prepare tools that allow people to continue with simple exercises afterwards as well. In addition, as a high-risk approach, we are further undertaking measures to maintain and improve health by recommending visits to a medical institution to employees who required either detailed examination or reexamination as a result of their health checkup, and also provide specific health guidance with support from a designated medical institution to employees who required it as a result of their health checkup.

## Mental Health Support



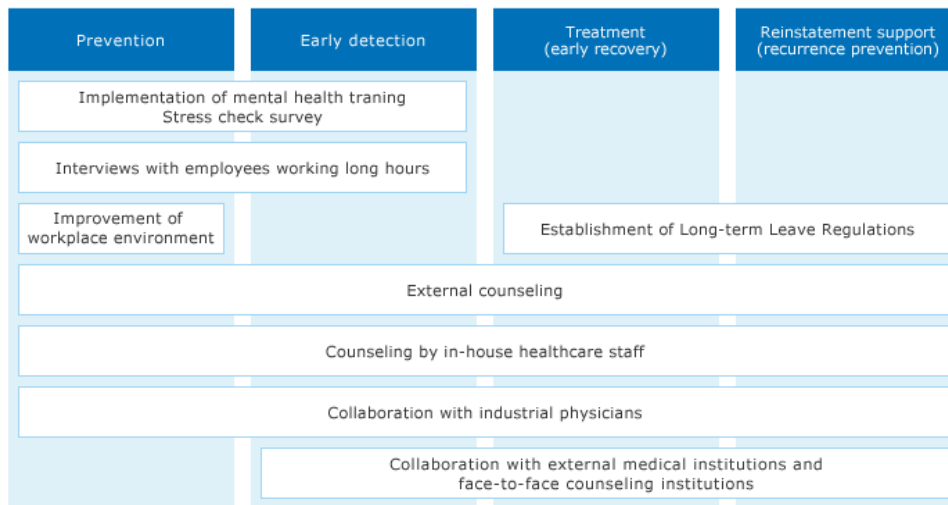
"Employee-friendly Workplace" page in Nissha internal newsletter

As part of our mental health support offering, we organize mental health classes, covering self-care and line care, by a clinical psychologist each year since the fiscal year ended March 2010, and introduced stress check surveys in the fiscal year ended March 2013 ahead of a mandatory system coming into effect in December 2015. We distributed a mental health handbook to all employees so that they can recognize and cope with stress based on their survey results.

We also continue to promote the creation of employee-friendly workplaces. In fiscal year ended March 2015, we provided line care education about supporting the process of improving workplace environments. And in fiscal year ended March 2016, we sought pilot workplaces for administering general checkups with the aim of creating pleasant workplaces from the bottom up. The checkup teams first identified the good points of each workplace, the points that require improvement, and the reasons for improvement, and then formulated a plan based on the members' input, and set to work topic by topic. Ideas for creating employee-friendly workplaces are published in our internal newsletter to familiarize employees with the concept. In future, we plan to spread the initiative across Nissha Group companies. In the fiscal year ended December 2018, we provided feedback for and explanation of the results for the stress check workplace analysis to workplace leaders. Our aim is to use the results of this workplace analysis to create a workplace that is easy and comfortable to work in.

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

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



Mental health support structure

## Certification as Health and Productivity Management Organization (White 500)



Nissha Co., Ltd. was certified as a Health and Productivity Management Organization in the large enterprise category (White 500) for the third consecutive year at an announcement ceremony on February 21, 2019, co-hosted by the Japanese Ministry of Economy, Trade and Industry, and Nippon Kenko Kaigi. Certification was granted in recognition of our initiatives for promoting health-conscious activities. We will continue to encourage the participation of all in creating safe, comfortable workplace environments and promoting sound physical and mental health.

# The Environment

We strive to reduce environmental risks, prevent pollution, and create opportunities in line with our Environmental Policy that aims for “business development and the realization of a sustainable society.”



## Environmental Policy and Management Structures

The Environmental, Safety and Health Subcommittee of the CSR Committee operates a management system that suits the business operations of the Nissha Group as part of its initiatives towards a sustainable environment that supports our business. The Subcommittee also builds, operates, and continually improves its own environmental safety and health management systems for Nissha Group bases in Japan that include an environmental management system based on ISO14001 and a health and safety management system based on ISO45001, as well as initiatives based on requests for compliance from customers. Through these activities, the Subcommittee works to comply not only with laws but also with global standards such as the code of conduct provided by the Responsible Business Alliance (RBA).

The environmental policy of the Nissha Group in Japan calls for business development and the realization of a sustainable society. Along with ensuring each Nissha Group employee is aware of this policy, each factory and organization sets targets and implements action plans for the achievement of the Nissha Group environmental objectives, which serve as medium-term goals for the Nissha Group in Japan. The environmental objectives correspond to key performance indicators (KPI), and are directly linked with daily tasks.

The Subcommittee members are selected from various related divisions and bases, and are headed by the environmental and safety management representative. The Environmental and Safety Management Group in Corporate General Affairs functions as the secretariat and runs the Subcommittee under the overall supervision of management. To further strengthen the foundation that supports our business, we are building and maintaining a structure for conforming to the RBA and other global standards, with the aim of improving our company's environmental, social, and governance (ESG) rating. Through these activities, the Subcommittee promotes risk management for the environment, and safety and health, of the Nissha Group, and supports our business continuance.

\*ESG rating: A method of rating companies based on environmental, social, and governance performance.

### Environmental Policy

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

#### 1. Prevention of Pollution

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

#### 2. Product Safety

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

#### 3. Prevention of Global Warming

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

#### 4. Continuous Improvement

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

#### 5. Co-existence with Society

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

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

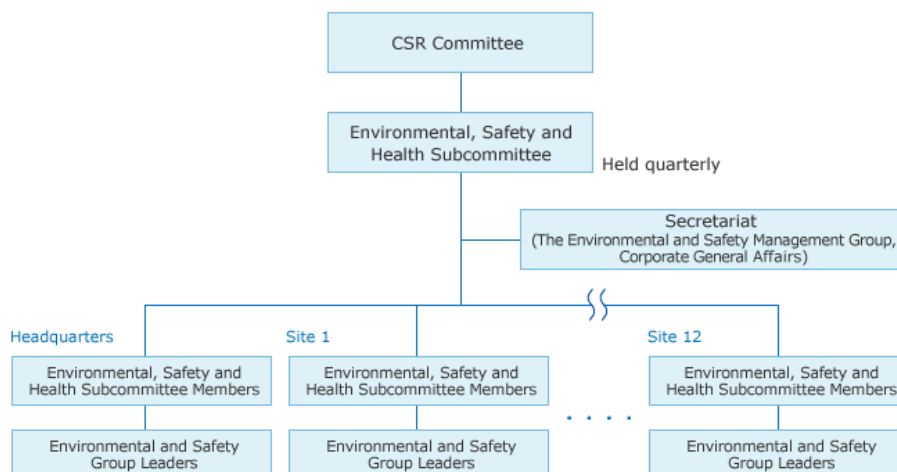
## Operating an Effective Environmental Management System (EMS)

The Environmental Management System (EMS) for the Nissha Group in Japan covers all our bases—not only major production bases but also small production bases and sales bases with little impact on the environment. We divide these EMS bases into ISO14001-certified and non-certified bases so that we can set meaningful priorities in tune with the actual circumstances of each location, check and correct key management items through internal audits, and operate an effective EMS.

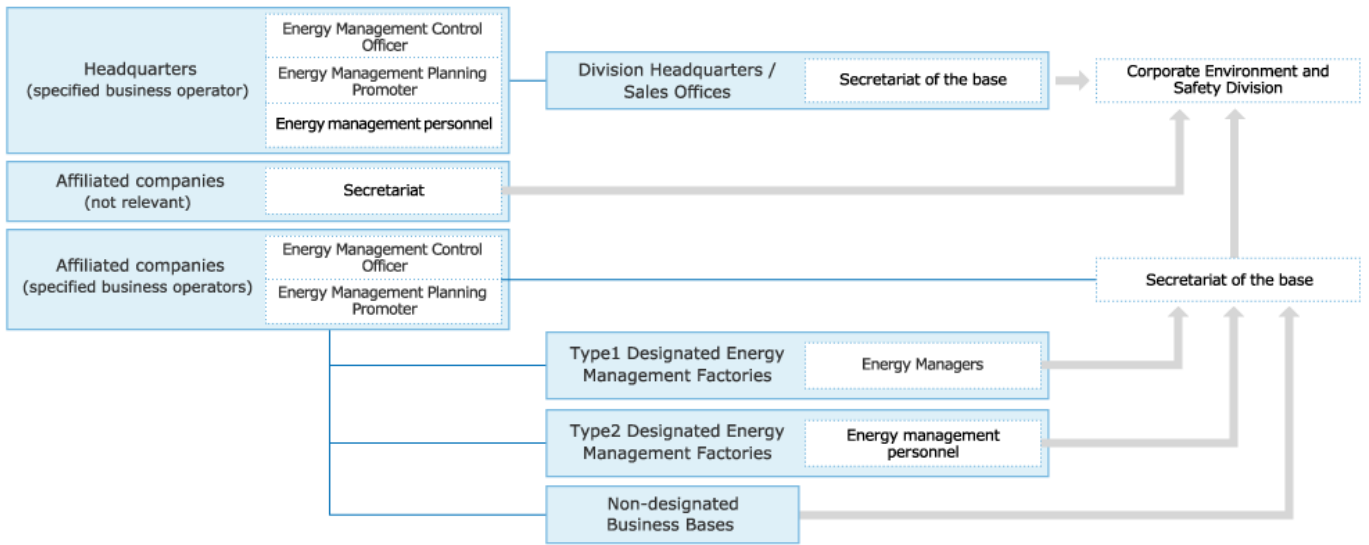
At ISO14001 certification sites, which are also our major production bases, specific activities are based both on negative risks to be maintained, managed, and improved through environmental risk assessment, and on positive risks, which we view as environmental performance to be enhanced in sync with business targets and quality targets. Our environmental management not only conforms to procedures and legal obligations but also links with our business operations, in line with the revised ISO14001 standard requiring strategic environmental management. We build and operate more effective internal audit structure combining environmental internal audits with safety and health internal audits, which are conducted based on ISO14001 as well as codes of conduct provided by the RBA and our customers. The standards for our internal audits are based on ISO14001 as well as the codes of conduct provided by the RBA and our customers.

In this way, along with compliance with relevant legislation and with the needs of our customers, the Nissha Group in Japan promotes strategic environmental management with an eye to enhancing our levels of environmental management. In future, in addition to operation of environmental management systems in the Nissha Group in Japan, we will move ahead with understanding the environment risks at our key production bases overseas, which are responsible for products for the key markets set out in our Medium-term Business Plan.

### Nissha Group Environmental Management Structure



## Energy Management and Environmental Communication Structures



## Environmental Objectives and Status of Achievement

To promote environmental initiatives, as of the fiscal year ended December 2018 the target-setting cycle for the Nissha environmental objectives has been revised from three years to six years for the Nissha Group in Japan. The results of initiatives are collected and assessed each year and progress managed with the aim of achieving the environmental targets of the Nissha Group in Japan through achieving the environmental targets of each relevant business base and division.

### New Environmental Objectives from Fiscal Year Ended December 2018

We have defined a set of environmental objectives for the Nissha Group applicable between the fiscal years ended December 2018 and ending December 2023. Whereas our previous set of environmental objectives covered a three-year period, the new set covers a six-year period with the aim of carrying out activities over the longer term.

#### Nissha Group Environmental Objectives

[FY2018.12–FY2023.12]

Scope: Nissha Group in Japan ISO14001 certification sites (“certification sites”)

##### 1. Prevention of pollution

**(1) Maintain zero environmental accidents (accidents that affect areas outside the factory)**

**(2) For environmental risks classified as significant environmental aspects on the hazard assessment list, implement measures and reduce the possibility of occurrence by one level by December 31, 2023**

\* The degree of severity may not change after measures are implemented

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

\* Risk levels in the environmental hazard assessment list are given separately in the Safety and Health Management Manual

##### 2. Attention to climate change

**(1) Reduce CO<sub>2</sub> emissions rate (basic unit) by 6% or more by the fiscal year ending December 2023**

**(2) Reduce CO<sub>2</sub> emissions rate (basic unit) by 1% or more compared to the previous year  
Baseline: Results in fiscal year ended December 2017**

\* Each organization may set KPI or quality targets as environmental targets

\* Companies classified as “specific business operator” in the Act on the Rational Use of Energy use the basic unit reported under the act

\* Use the default value (0.555 kg-CO<sub>2</sub>/kWh) as emission factor

<Sample initiatives>

In the area of fixed energy consumption, upgrade energy-saving facilities and equipment In the area of variable energy consumption, improve production efficiency, quality, and work processes Make effective use of space, e.g., through solar power generation, outdoor greening, and energy-saving design



**3. Reduction of waste**

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

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

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

**(4) Reduce cost of waste treatment**

**Baseline: Results in fiscal year ended December 2017**

\* Each organization may set KPI or quality targets as environmental targets

\* Indexes need not be the same as the CO<sub>2</sub> emissions rate basic unit (production volume may be substituted with number of items produced)

<Sample initiatives>

Promote multi-sourcing and resource reuse

Control the amount of waste generated, e.g., by reducing use of raw materials

**4. Reduce use of water**

**Reduce use of water by improving production efficiency and saving water (Certification sites set individual targets)**

**5. Reduce use of chemical substances**

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

**6. Environment-conscious design**

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

**(2) Design environment-conscious processes and reduce the environmental impact of production**

<Sample initiatives>

Assess positive risks

Design and develop products that do not contain substances prohibited in the Nissha Control Criteria for Chemical Substances in Purchased Products

**7. Enhance environmental performance in supply chain / value chain**

**Enhance environmental performance based on customer requirements and the RBA code of conduct (applicable sites only)**

Note 1: Nissha Group environmental objectives, as a rule, cover a six-year period

Note 2: Nissha Group environmental objectives are to be reviewed in line with changes in internal (e.g., medium-term business plan) and external circumstances

Note 3: Each site selects applicable items from Nissha Group environmental objectives

**Status of Achievement in Fiscal Year ended December 2018**

**1. Prevention of pollution**

Target: (1) Maintain zero environmental accidents (accidents that affect areas outside the factory)

(2) For environmental risks classified as significant environmental aspects on the hazard assessment list, implement measures and reduce the possibility of occurrence by one level by December 31, 2023

Assessment	Satisfactory
Results	Factories with ISO14001 certification, the primary production bases for the Nissha Group, are working on reducing environmental risk through the use of

environmental risk management. These activities are designed to drop the risk of environmental accidents by one level through the implementation of risk mitigation measures. Training for emergency situations, such as evacuations and substance leakage, was carried out in the fiscal year ended December 2018 on top of making continuous efforts in rainwater management. As a result, the Nissha Group in Japan maintained zero environmental accidents in the fiscal year ended December 2018.

## 2. Attention to climate change

Target: (1) Reduce CO<sub>2</sub> emissions rate (basic unit) by 6% or more by the fiscal year ending December 2023  
 (2) Reduce CO<sub>2</sub> emissions rate (basic unit) by 1% or more compared to the previous year

Baseline: Results in fiscal year ended December 2017

Assessment	Poor
Results	<p>Starting in the fiscal year ended December 2018, we changed the name of our initiative from "Prevention of global warming" to "Adaptation to climate change." This will allow target business locations to carry out a wider range of activities as measures to mitigate or adapt to climate change.</p> <p>The major Nissha Group bases in Japan are working on reducing the basic unit of CO<sub>2</sub> emissions by at least 1% annually, or 6% over six years. Specifically, reducing and making more efficient the amount of energy consumed in conjunction with quality management in all target factories, saving energy in production equipment at the Nitec Precision and Technologies, Inc. (NPT) Himeji Factory, improving boiler control at the Nitec Industries, Inc. (NII) Koka Factory, and other improvements to equipment that lead to reduced energy consumption. As a result, targets were achieved for Nissha Global Headquarters, NII Koka Factory, and Nissha Printing Communications, Inc. (NPC) Kyoto Factory, but there was a large impact from changes in demand from the devices business, preventing NPT, which is responsible for the production of these devices, from achieving its target. This means that the company-wide environmental objectives were not met.</p>

## 3. Reduction of waste

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

Baseline: Results in fiscal year ended December 2017

Assessment	Poor
Results	<p>We are working on reducing the waste generation rate at major Nissha Group factories in Japan, with a goal of at least 1% reduction annually, or 6% over six years. The waste generation rate can be reduced by boosting the rate of quality items through improved quality management, or reducing the amount of wasted materials by improving the efficiency of materials investment.</p> <p>Improvements have been made thanks to quality management company-wide, but NPT failed to achieve its objectives due to the large influence of changes in demand in the Devices business, which means that the company-wide environmental objectives were not met.</p> <p>However, we were able to achieve zero waste emissions (recycling and resource reuse rate of 99.5% or more).</p>

## 4. Reduce use of water

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

Assessment	Unsatisfactory
Results	We managed to reduce the amount of industrial water used at the NPT Tsu Factory and the amount of water used in the gardens of the NPT Himeji Factory. However, at the NPT Kaga Factory, the impact of production for large orders in the fiscal year ended December 2017 meant that more water than ever had to be used.

## 5. Reduce use of chemical substances

Target: Certification sites reduce usage rate of chemical substances

Assessment	Satisfactory
Results	We tackled reducing the ratio of chemical products used in plants with ISO14001 certification. The NPT Himeji Factory has reduced PRTR-designated substances through changing the chemicals used in wastewater processing. In addition, the NPT Tsu Factory has reduced the amount of cleaning solvents used in its processes, while the NPT Kaga Factory has reduced the use of organic solvents, both successfully.

## 6. Environment-conscious design

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

Assessment	Satisfactory
Results	The Industrial Materials business unit uses environmentally-friendly design at the product planning stage through initiatives to assess positive risk in the Devices business unit. The development of Nissha FIS's Handy Gas Chromatograph and their hydrogen detector that complies with ISO26262 used environmentally-friendly design, helping with the company's business activities. At NPT, designing a production process that complied with company standards set out for managing chemical substances has created a process that considers health and safety as well as reduced environmental impacts.

## 7. Enhance environmental performance in supply chain / value chain

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

Assessment	Satisfactory
Results	Focused on the business unit procurement division, we are working on surveying and improving environmental impacts in the supply chain through efforts such as distributing CSR questionnaires and local supervision.

## Environmental Impact as a Result of Business Operations

In order to grasp the impact of our business operations on the environment, we conduct surveys of resource and energy usage (input) and gas, water, and waste emissions (output). The results for the Nissha Group in the fiscal year ended December 2018 are given in the table below.

The amount of major raw materials used at the Nissha Group during the fiscal year ended December 2018 was approximately 119,000 tons. Of this amount, the amount used at our overseas bases accounted for approximately 77%. In addition, the largest single material used at the Nissha Group was paper for metallized paper, a product from the Industrial Materials business, accounting for approximately 65%. The next largest was materials for production processes in the Devices business, which accounted for approximately 13%.

On the other hand, the amount of waste products generated in the Nissha Group during the fiscal year ended December 2018 was approximately 27,000 tons. Of this amount, approximately 82% was generated by our domestic production bases.

## INPUT

Production bases in Japan		
Industrial Materials	PET/acryl film	1,311t
	Solvents	1,099t
	Gravure Ink	1,001t
	Others	148t
Devices	Materials used in product manufacturing processes	15,522t
	Others	2,064t
Information and Communication	Paper	6,534t
	Ink	69t
	Others	70t
FIS	Metallic materials	2t
	Resin materials	2t
	Half-finished goods	31t
	<b>Total for production bases in Japan</b>	<b>27,853t</b>

Overseas production bases		
	Resin	5,394t
	Molds and molding materials	90t
	Touch sensors	1t
	Paper	77,217t
	Cardboards	179t
	Aluminum	1,094t
	Chemical substances	6,391t
	Others	367t
	<b>Total for overseas production bases</b>	<b>90,732t</b>
	<b>Total for Nissha Group</b>	<b>118,586t</b>

Including production bases in Japan and overseas		
Energy	Electricity	285,404MWh
	Gas	10,426,000m <sup>3</sup>
Water	Tap water	1,252,000m <sup>3</sup>
	Underground water	10,000m <sup>3</sup>
	Industrial water	2,158,000m <sup>3</sup>

## OUTPUT

Production bases in Japan		
Recyclable resources (items sold for recycling)	Waste containing noble metals	8,735t
	Metal waste	
	Resin waste	
	Paper waste	
Recyclable resources (industrial waste)	Waste plastic	13,230t
	Iron scrap, waste cans	
	Waste solvents, waste ink, waste cloth	
	Waste acid, alkali	
Waste for simple incineration/landfill	Sludge, others	29t
	General business waste	
	Others (industrial waste)	
	<b>Total for production bases in Japan</b>	<b>21,994t</b>

Overseas production bases		
	Total waste	4,788t
	<b>Total for overseas production bases</b>	<b>4,788t</b>
	<b>Total for Nissha Group</b>	<b>26,782t</b>

Including production bases in Japan and overseas		
Emissions	CO <sub>2</sub>	184,570t
	VOC (including volume of after combustion and treatment)	1,069t
Wastewater		3,334,000m <sup>3</sup>

## Adaptation to Climate Change

The Nissha Group treats adaptation to climate change as a key issue, so we are creating business opportunities and managing risk based on the strong leadership of management.

### Governance Structure

As a governance structure for risk management, a CSR Committee has been established, headed by the Chairman of the Board, President and CEO. The Committee has selected “adaption to climate change” as one of its material issues, and promotes a range of activities by the Environmental, Safety and Health Subcommittee under its jurisdiction. The Subcommittee is formed from members from Nissha Global Headquarters and our business bases, and sets KPI and company-wide strategy items at the beginning of the fiscal year. Then various targets linked to these are set at key bases in Japan. The CSR Committee checks the status of activities of the Environmental, Safety and Health Subcommittee at the progress confirmation meetings held every quarter, and reports on the activities results for the current fiscal year and policies for the new fiscal year at the first Board of Directors meeting of the next fiscal year.

On the other hand, with regard to the creation of business opportunities, the business units or divisions responsible for new product development incorporate adaptation to climate change in their various strategy items and KPIs. Progress towards targets is checked on a monthly basis at the MBR (Monthly Business Review), the progress confirmation meeting for business activities, by members of corporate officer or higher rank, especially the Chairman of the Board, President and CEO.

The MBR, which is a meeting to manage the progress of business activities, and the CSR Committee, which is responsible for risk management, share and liaise information by both having the strategy division act as the secretariat.

### Specific Examples of Adaption to Climate Change

#### 1. Risk Management

The CSR Committee Environmental, Safety and Health Subcommittee determines specific climate change risks and adapts to them in order from the greatest impact. Some risks are also dealt with in liaison with the BCM Subcommittee or others .

Major risks adapted to in the fiscal year ended December 2018:

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

#### 2. Creation of Business Opportunities

Nissha creates business opportunities by being aware of social issues and providing our customers with the technology to help solve them.

Examples of creating business opportunities carried out in the fiscal year ended December 2018:

- Metallized paper, one of the main products of the Industrial Materials business, is highly regarded in the high-function packaging materials market as a product that solves the global issue of reducing the amount of plastic we use. Using metallized paper in place of plastic

packaging not only solves the problem of ocean plastic, but allows us to contribute to the promotion of recycling and the reduction of energy use when producing materials.

- IMD and IML, which are technologies to transfer both function and design onto the surfaces of a component while it is being molded, and are provided by the Industrial Materials business for the automotive market, have better yield rates than other manufacturing methods, so help reduce CO<sub>2</sub> emissions by contributing to the reduction of raw materials used in the first place, and the reduction of waste.

## Prevention of Further Global Warming

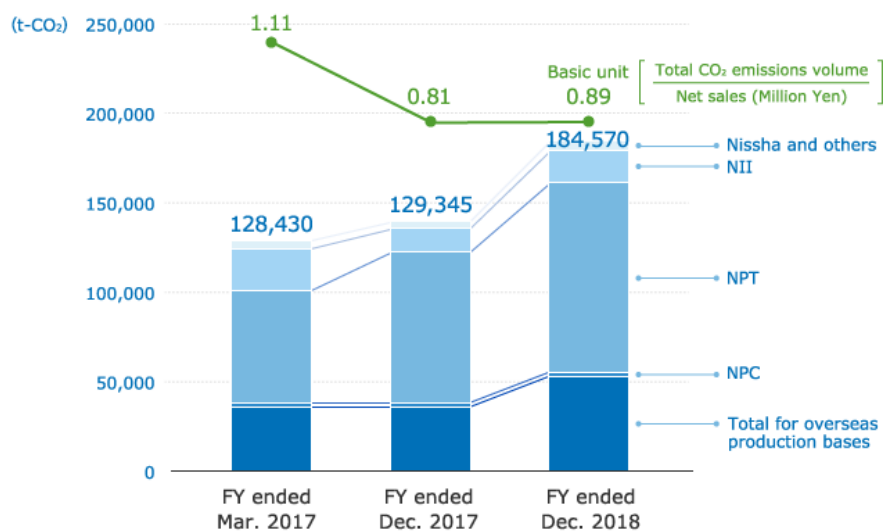
Nissha is working to acquire third-party certification related to CO<sub>2</sub> emissions, and disclose relevant information, as well as provide information to CDP. As of May 2019, our current CDP climate change score is 'B.'

### Status of CO<sub>2</sub> Emissions at Nissha Group

CO<sub>2</sub> emissions and energy consumption at the Nissha Group between the fiscal years ended March 2017 and ended December 2018 are given in the graphs below. With the change in fiscal year end date, data for the Nissha Group in Japan in the fiscal year ended December 2017 cover a nine-month period from April to December (and a twelve-month period from April to March in FY2017.3, and from January to December FY2018.12).

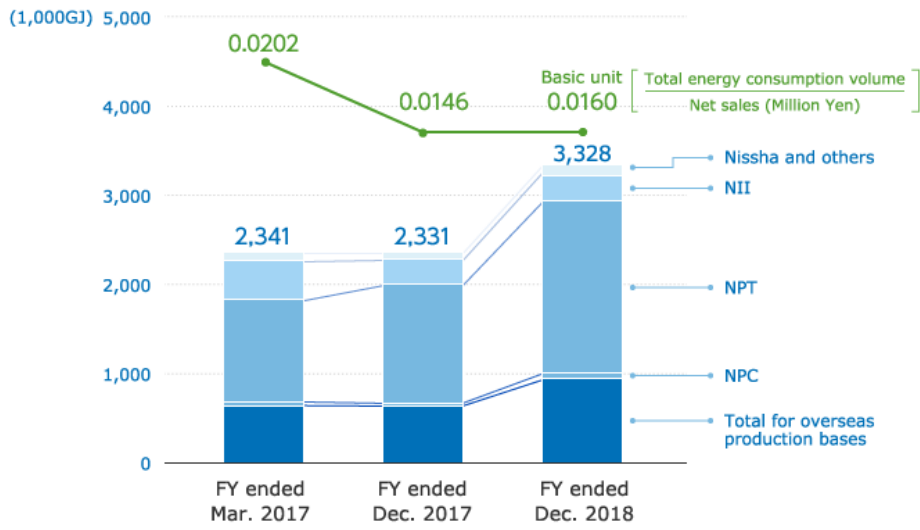
\*NII: Nitec Industries, Inc. NPT: Nitec Precision and Technologies, Inc. NPC: Nissha Printing Communications, Inc.

#### Trends in CO<sub>2</sub> Emissions Volumes and Basic Unit



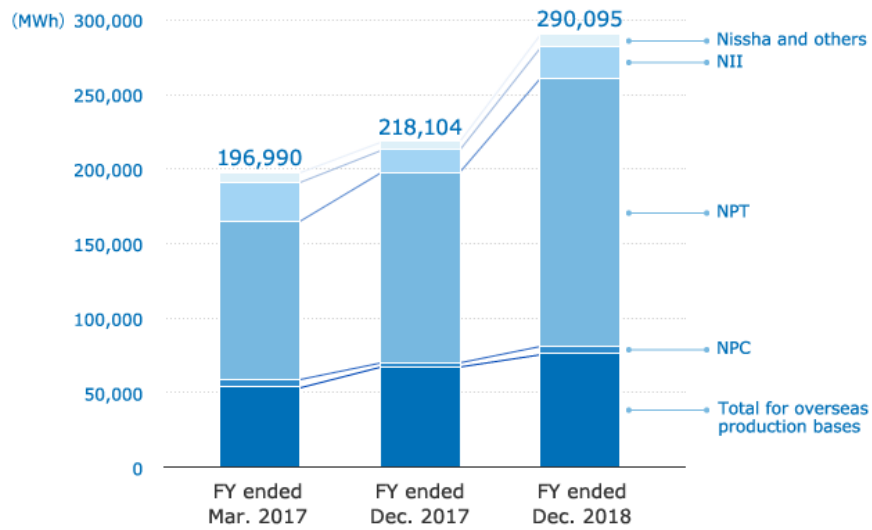
※ Includes approximate figures.

#### Trends in Energy Consumption and Basic Unit

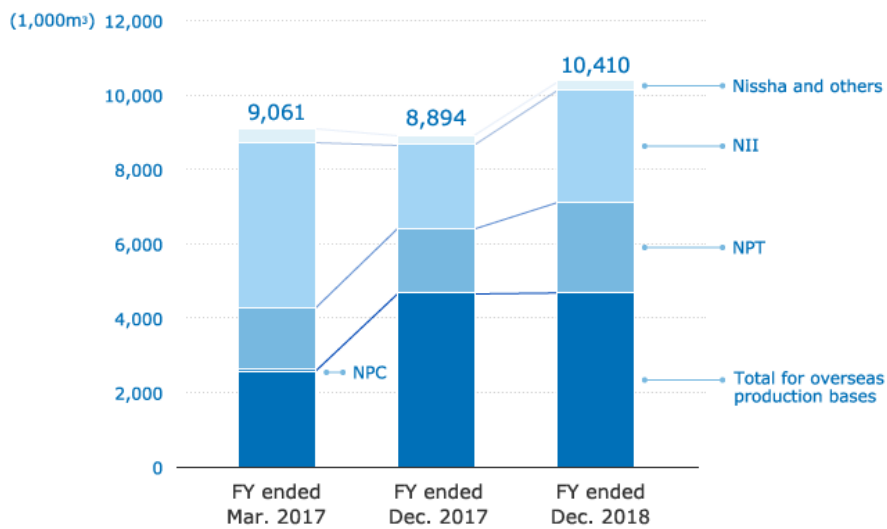


※ Includes approximate figures.

### Trends in Electricity Consumption

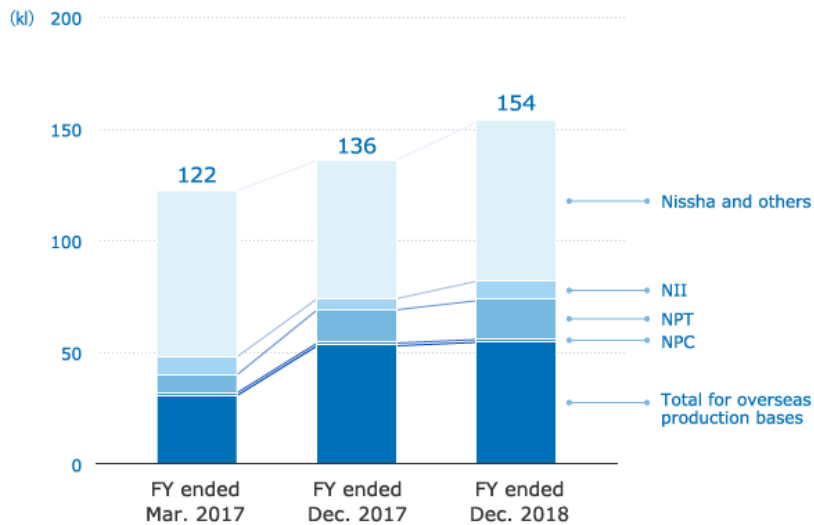


### Trends in Gas Consumption





## Trends in Gasoline, Diesel, and Heavy Oil Consumption



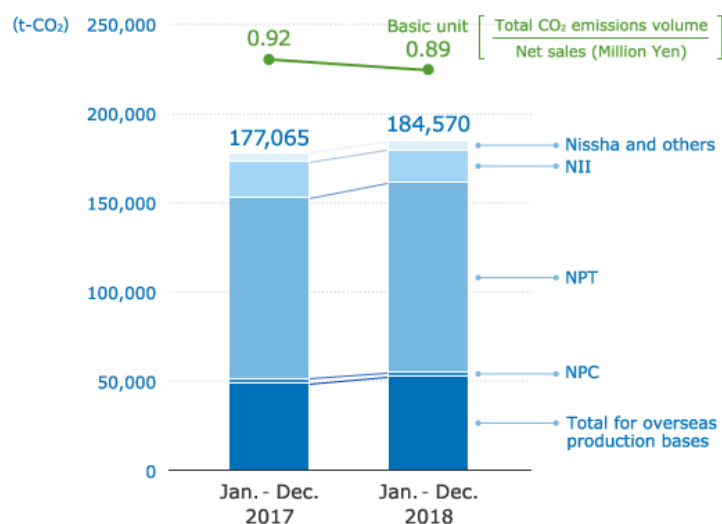
## Comparison of CO<sub>2</sub> Emissions in 2017 and 2018

With the change in settlement month, the fiscal year ended December 2017 was only nine months, from April to December, so the emissions from January to March for the fiscal year ended March 2017 were added to make twelve months to compare them with the CO<sub>2</sub> emissions for the fiscal year ended December 2018 (twelve months from January to December). The CO<sub>2</sub> emissions for the fiscal year ended December 2018 were 184,570t-CO<sub>2</sub>, an increase of about 4% over the emissions from the same period the previous year.

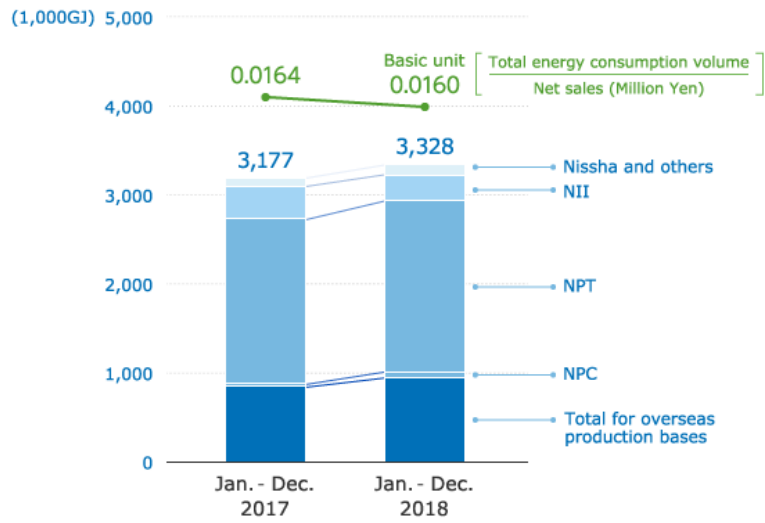
The CO<sub>2</sub> emissions at business bases in Japan were 131,653t-CO<sub>2</sub> for the fiscal year ended December 2018, accounting for around 71% of the Nissha Group's total, and an approximately 2% increase over the same period the previous year. This is due to the increased emissions from the NPT Kaga Factory and Tsu Factory: thanks to mass production of large orders ongoing from the previous year, NPT's overall emissions rose around 4%. However, CO<sub>2</sub> emissions for the fiscal year ended December 2018 at overseas production bases were 52,917t-CO<sub>2</sub>. About 29% of the Nissha Group's CO<sub>2</sub> emissions were produced by our overseas production bases.

Nissha Group emits virtually no energy-related greenhouse gases other than CO<sub>2</sub>, and their effects are minimal.

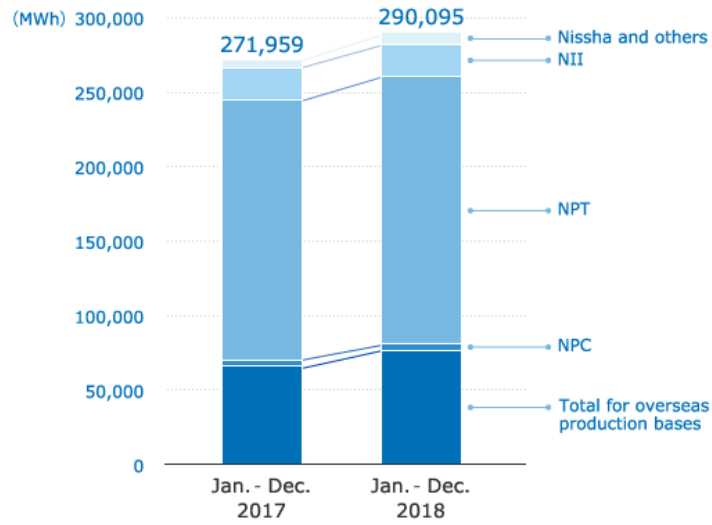
## Trends in CO<sub>2</sub> Emissions Volumes and Basic Unit



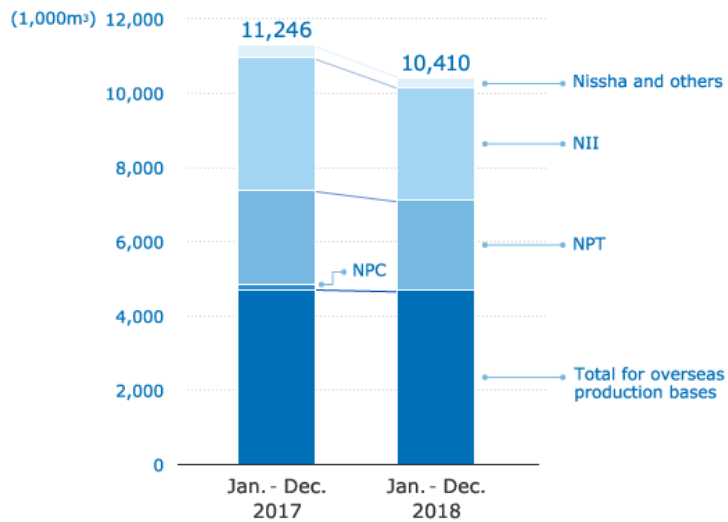
### Trends in Energy Consumption and Basic Unit



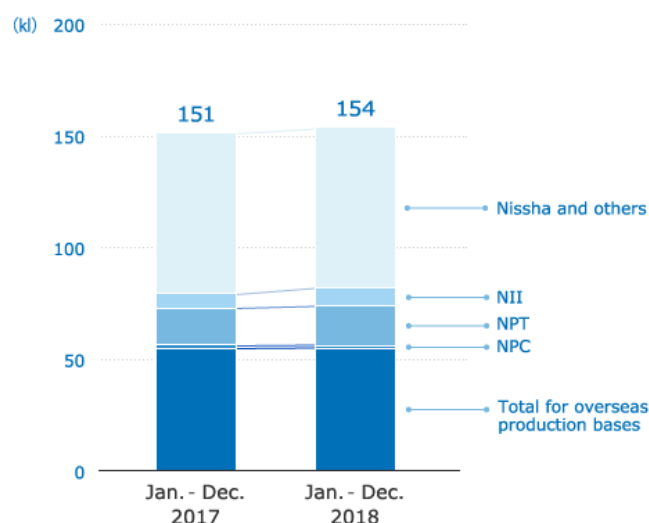
### Trends in Electricity Consumption



### Trends in Gas Consumption



## Trends in Gasoline, Diesel, and Heavy Oil Consumption



## Basic Unit Management by Production Volume and Its Issues

The Nissha Group's production bases in Japan are required by the Act on the Rational Use of Energy to understand and manage the use of energy on a corporation basis. In addition, the basic unit management of energy usage using production volumes has been carried out independently from the fiscal year ended April 2014, with the aim of improving energy use efficiency.

The basic unit performance for each production base in the fiscal year ended December 2017 was set as 1.00 across the board, so the target for the fiscal year ended December 2018 was set at "0.99 or less" using this as a standard. The results are shown in the table below. The basic unit targets at the NPT factories responsible for the Devices business production all fell short of the target due to changes in demand.

The Nissha Group's production bases are moving ahead with reducing their fixed usage amounts as well as their flexible usage amounts of energy while liaising with the CSR Committee's Environmental, Safety and Health Subcommittee. There are some effects on the basic unit values from changes in external temperature in different seasons, but to solve these issues we are moving ahead with analyzing data and making the amount of energy we use visible, increasing the precision of basic unit values, and sustainably improving basic unit management.

Company	Basic Unit (based on production volume etc.)			FY ended Dec. 2017 Evaluation
	FY ended Dec. 2017 Results	FY ended Dec. 2018 Target	FY ended Dec. 2018 Results	
Nissha Co., Ltd. (Global Headquarters, Tokyo and others)	1.00	0.99 or less	0.94	Satisfactory
Nitec Industries, Inc., Koka	1.00	0.99 or less	0.94	Satisfactory
Nitec Precision and Technologies, Inc., Himeji	1.00	0.99 or less	1.21	Poor
Nitec Precision and Technologies, Inc., Kaga	1.00	0.99 or less	1.00	Poor
Nitec Precision and Technologies, Inc., Kyoto	1.00	0.99 or less	2.42	Poor
Nitec Printing Co., Ltd.,	1.00	0.99 or less	0.93	Satisfactory

Note: Evaluations are based on April–December 2017 results

## Initiative in Scope 3 Management

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In line with the move in recent years to report indirect emissions from companies through their supply chain, defined by the Carbon Disclosure Project (CDP) as Scope 3 sources, and to promote reductions toward improving the company's ESG rating\*, the Environmental, Safety and Health Subcommittee continues to lead efforts at Nissha to survey Scope 3 emissions and improve our ESG rating.

CO<sub>2</sub> emissions during the period January – December 2018 amounted to 2,423t-CO<sub>2</sub> from employee commuting, 1,528t-CO<sub>2</sub> from business travel (excluding gasoline), 3,242t-CO<sub>2</sub> from major logistics suppliers in Japan, and 10,969t-CO<sub>2</sub> from major materials suppliers in Japan.

We plan to continue our efforts in Scope 3 management in cooperation with our suppliers.

Scopes 1, 2, 3: Scopes of GHG emissions

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

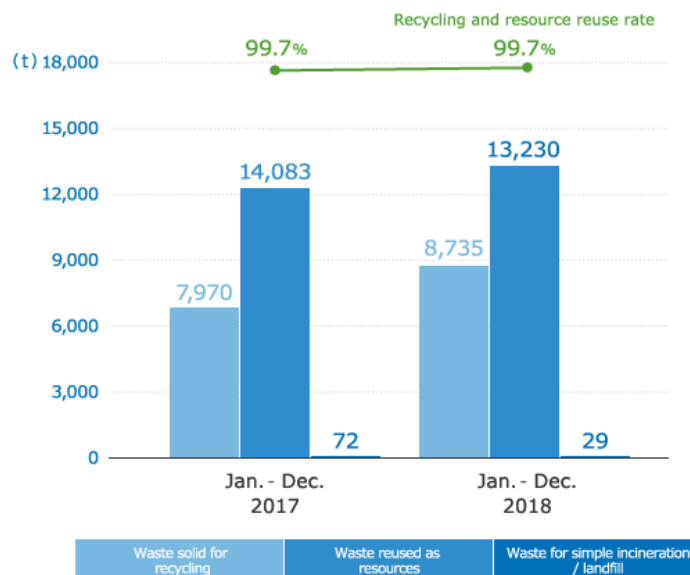
\* ESG rating: A method of evaluating companies based on environmental, social, and governance criteria

## Waste Management

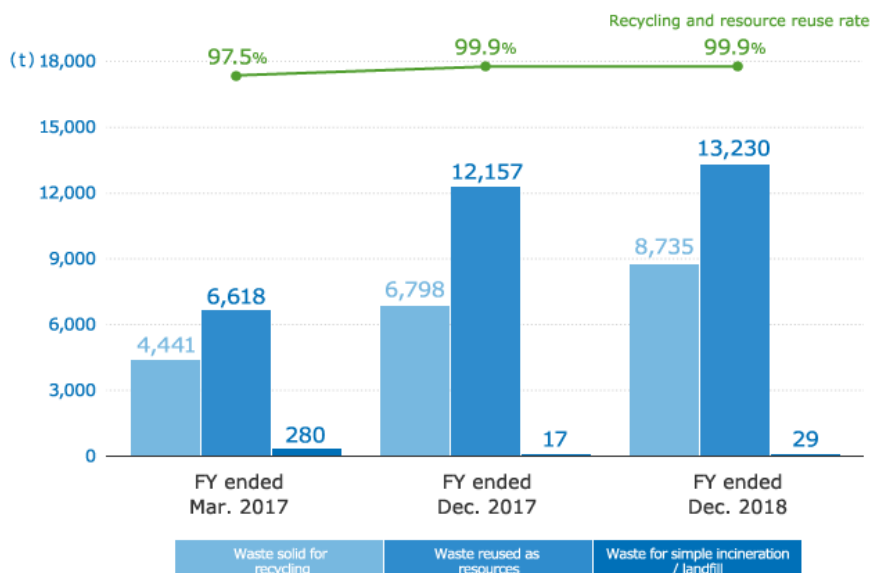
In the fiscal year ended December 2018, the Nissha Group in Japan generated a total of 21,994 tons of waste, including waste reused as resources, waste solid for recycling and waste for simple incineration/landfill. Compared with the 22,125 tons generated over the twelve months from January to December 2017, this is largely the same.

In addition, emissions from incineration and landfill waste accounted for 29 tons. This is about a 60% reduction from the 72 tons generated from January to December 2017. The main reason is improvements to the production process quality practiced at each factory, such as reducing the number of defects. As a result, our recycling and resource reuse rate was 99.9%, the same as last year, and we are maintaining our zero emissions (recycling and resource reuse rates of 99.5% or above) levels.

### Comparison of Jan.-Dec. 2017 with Jan.-Dec. 2018 (Nissha Group in Japan)



### Trends in Fiscal Years



### All waste generated in Asian production bases (Guangzhou Nissha, Nissha Kunshan, Nissha Precision Technologies Malaysia)

	FY ended March 2017	FY ended December 2017	FY ended December 2018
All waste generated (tons)	222	238	231

### Recycling and resource reuse rates in Asian production bases (FY ended December 2018)

	Targets	Results	Evaluation
Guangzhou Nissha	72% or more	79%	Satisfactory
Nissha Kunshan	89% or more	100%	Satisfactory
Nissha Precision Technologies Malaysia	90% or more	97%	Satisfactory

## Risk Management Related to Waste and Waste Converted in Valuable Resources

We recognize largely three types of waste-related risk:

- 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

Based on laws and customer demand, we have created a set of Nissha Group Waste Management Regulations that enables all bases of the Nissha Group to manage waste safely under the same set of standards. In line with these regulations, each base has drawn up its own Waste Management Manual and makes efforts toward thorough waste separation and management. Whether a small amount of substance or a spray can, the properties of waste are checked meticulously and monitored so as to prevent spillage during transportation and accidents at treatment facilities. The regulations also stipulate the criteria for selecting waste treatment contractors and for regularly inspecting treatment facilities using a checklist original to Nissha. In addition, we have in place standards for managing waste and waste converted into valuable resources that contain confidential information, and promote management in association with our information security management system (ISMS).

During the fiscal year ended December 2018, restrictions on disposal of waste plastics came into force at some of our sites in Japan due to restrictions on the import of plastic waste in China and Southeast Asian nations. As we foresee a risk of waste plastic disposal costs rapidly growing in future, we are moving ahead with ensuring strategic recycling, such as the selection of multiple disposal companies.

## Status of Waste Generation at Bases

### Status of Waste Generation at Major Production Bases (December 2018 Results)

#### Nitec Industries, Inc. (NII) Koka Factory



Location: Koka City, Shiga Prefecture  
 Acquisition of ISO14001 Certification: June 2007  
 Production items: Transfer foils (the Industrial Materials business)

Recycling and resource reuse rate: 100.0%

Waste items	Ratio
Waste Plastic	41.9%
Waste ink	35.4%
Waste Alkali and waste acid	9.1%
Aluminum,tin,waste cans,and copper scrap (valuable materials)	8.4%
Waste cloth and waste filters	2.6%
Sludge,crucible,and woodchips	1.6%
Recycled paper and cardboards (valuable materials)	0.8%
Non-industrial waste	0.2%
Simple incineration and landfill	0.0%
<b>Recycling and resource reuse rate</b>	<b>100.0%</b>

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



Location: Himeji City, Hyogo Prefecture  
 Acquisition of ISO14001 Certification: March 2014  
 Production items: Touch sensors (the Devices business)

Recycling and resource reuse rate: 99.9%

Waste items	Ratio
Waste acid, waste alkali and waste oil	34.5%
Waste plastic (valuable materials)	33.8%
Sludge	19.7%
Waste plastic	9.3%
Recycled paper and cardboards (valuable materials)	2.3%
Wood chips and glass waste	0.2%
Metal-bearing waste (valuable materials)	0.1%
Waste oil (valuable materials)	0.0%
Simple incineration and landfill	0.1%
<b>Recycling and resource reuse rate</b>	<b>99.9%</b>

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



Location: Kaga City, Ishikawa Prefecture  
 Acquisition of ISO14001 Certification: March 2014  
 Production items: Touch sensors (the Devices business)

Recycling and resource reuse rate: 99.8%

Waste items	Ratio
Waste plastic (valuable materials)	33.2%
Waste acid and waste alkali	30.3%
Sludge	14.7%
Waste oil	9.8%
Waste plastic	9.6%
Recycled paper and cardboards (valuable materials)	2.1%
Metal-bearing waste (valuable materials)	0.1%
Simple incineration and landfill	0.2%
<b>Recycling and resource reuse rate</b>	<b>99.8%</b>

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



Location: Tsu City, Mie Prefecture  
 Production items: Touch sensors (the Devices business)

Recycling and resource reuse rate: 100.0%

Waste items	Ratio
Waste acid and waste alkali	40.7%
Waste plastic (valuable materials)	30.6%
Waste plastic	18.4%
Sludge	7.8%
Recycled paper and cardboards (valuable materials)	2.4%
Wood chips and glass waste	0.1%
Metal (valuable materials)	0.1%
Waste oil (valuable materials)	0.0%
Simple incineration and landfill	0.0%
<b>Recycling and resource reuse rate</b>	<b>100.0%</b>



## Management of Chemical Substances and Environmental Risks

The Nissha Group in Japan is working to understand and minimize the environmental risks its business activities have on the local community, and is developing a system that can promptly deal with problems when they arise. We publish Sustainability Reports and similar to help our stakeholders understand how Nissha is working to protect the environment, and do our best to make public the status of our voluntary chemical substance management and environmental risk information.

### Avoiding environmental risk (preventing environmental accidents or pollution)

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

#### Examples of responses

- **Emergency cutoff devices**

Sites for deliveries of liquid chemicals via tanker truck or waste liquid collection are constructed so that they can be blocked off to prevent any substances from escaping outside the site if a leak occurs.

- **Leak response training**

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



Drill for liquid chemicals leakage from tanker truck

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

Note that in the fiscal year ended December 2018, we had no serious environmental accidents or violations of environmental laws or regulations, and paid no fines or penalties.

## Responses to local complaints and environment communication

In addition to minimizing environmental risks and prompt responses when they do happen, we feel that communication with local residents is very important.

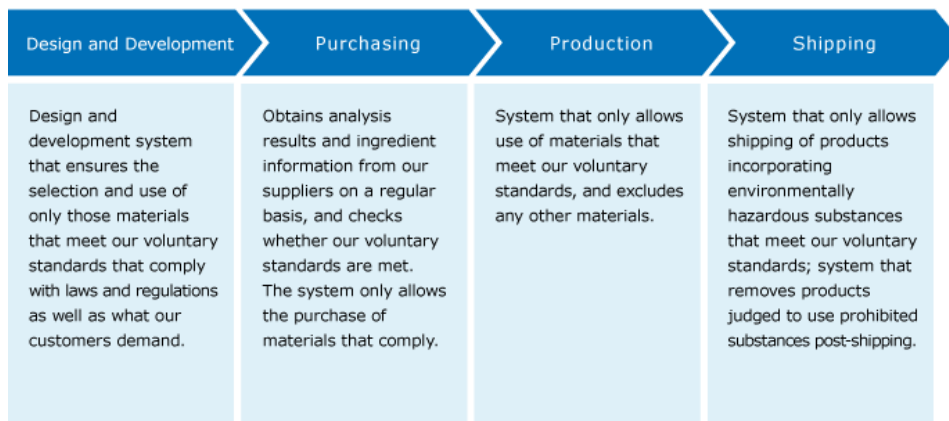
In the fiscal year ended December 2018, we have no environment-related complaints such as loud noises at our core factories in Japan. When we do receive a complaint, we set out procedures to quickly come up with a way to resolve the issue and a way to prevent it from recurring, as a way to deal with it appropriately.

In addition, we work on communication with the community to ensure locals understand that we are actively engaged in protecting the environment. This communication includes holding classes on the environment in local elementary schools and preschools.

## Management of chemical substances

The Nissha Group in Japan is working to ensure the safety of its products and to provide products with low global environmental impacts in order to construct a sustainable society. In addition to laws, regulations, and standards such as the RoHS Directive and the REACH Regulations, we set our own voluntary standards to satisfy the environmentally hazardous substance standards of all our customers and manage the environmentally hazardous substances we use in our products.

### System to ensure compatibility with our voluntary standards



## Management of Environmental Pollutants

The Nissha Group in Japan is constructing a database of chemical substances used in its business sites, and building a system to allow us to understand and manage how these substances are used at each site. We use this system even for the calculation of emission and transfer amounts which the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) requires reporting on. In the fiscal year ended December 2018, substances which were transferred or emitted in excess of one tonne were ethylbenzene, xylene, 1,2,4-trimethylbenzene, toluene, and n-hexane.

We also take great care with management when it comes to handling chemical substances. 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.

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

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

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

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

## Controlling atmospheric emissions

The Nissha Group in Japan carries out voluntary activities to control the emission of volatile organic compounds (VOC), one of the causes of atmospheric pollution. The NII Koka Factory, which emits VOCs, uses a catalytic deodorizer and a direct combustion deodorizer to scrub or reduce VOCs.

We also regularly measure smoke from our boilers to ensure it complies with the various laws, regulations, and regulatory standards.

## Surveys of soil and groundwater contamination

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

## Prevention of Pollution

We undertake monitoring and measuring activities to prevent pollution. Based on our strict voluntary standards, we conduct periodic testing the level of atmospheric pollutants, wastewater quality, noise, and foul odor.

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

Items measured	Regulatory value (Water Pollution Control Act)	Agreement value (Law Concerning Special Measures for Conservation of the Environment of the Seto Inland Sea)	Voluntary standard	Unit	FY ended March 2017		FY ended December 2017		FY ended December 2018	
					Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5,200	5,000	5,000	m <sup>3</sup>	4,969	○	4,976	○	4,934	○
pH	5.8~8.6	5.8~8.6	6.5~8		6.9~7.6	○	6.8~8.0	○	6.9~7.6	○
BOD	120.0	10.0	9.0	mg/L	3.5	○	1.4	○	2.9	○
COD	120.0	10.0	9.0	mg/L	4.8	○	4.6	○	4.6	○
SS	150.0	5.0	4.5	mg/L	0.9	○	3.0	○	3.7	○
n-hexane derived substances	Mineral oil 5 Vegetable oil 30	1.0	0.9	mg/L	0.8	○	0.6	○	0.6	○
Phenol	5.0	0.1	0.08	mg/L	< 0.005	○	< 0.005	○	< 0.005	○
Copper	3.00	0.50	0.40	mg/L	0.05	○	0.03	○	0.04	○
Zinc	2.00	1.50	1.20	mg/L	0.02	○	<0.01	○	< 0.01	○
Soluble iron	10.00	0.15	0.08	mg/L	0.02	○	<0.01	○	< 0.01	○
Soluble manganese	10.000	0.050	0.045	mg/L	0.050	△	0.050	△	0.050	△
Chromium	2.00	0.02	0.02	mg/L	< 0.02	○	< 0.02	○	< 0.02	○
Nitrogen	60.0	10.0	9.0	mg/L	4.2	△	5.4	○	4.8	○
Phosphorus	8.00	1.00	0.45	mg/L	0.02	○	0.14	○	0.05	○

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

Items measured	Regulatory value (Prefecture)	Voluntary standard	Unit	FY ended March 2017				FY ended December 2017				FY ended December 2018			
				Final effluent (Average)		Final effluent (Maximum)		Final effluent (Average)		Final effluent (Maximum)		Final effluent (Average)		Final effluent (Maximum)	
pH	5.8~8.6	6.2~8.2		7.4	○	7.7	○	7.5	○	7.6	○	7.4	○	7.7	○
BOD	160 or less	40 or less	mg/L	7.5	○	27	○	31.5	○	47	-	32.6	○	56	-
COD	160 or less	80 or less	mg/L	9.1	○	26	○	35.4	○	63	○	55.3	○	93	-
SS	200 or less	20 or less	mg/L	2.6	○	4.2	○	15.6	○	26	-	28.2	-	63	-
n-hexane derived substances	30.0	15 or less	mg/L	0.5	○	0.5	○	0.5	○	0.5	○	0.5	○	0.5	○

\*Final effluent from Fab 3 and Fab 5 was integrated since FY 2016.

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

Items measured	Regulatory value (Water Pollution Control Act)	Agreement value of Tsu City environmental conservation	Voluntary standard	Unit	FY ended March 2017				FY ended December 2017				FY ended December 2018			
					Jun.		Dec.		Jun.		Dec.		Jun.		Dec.	
pH	5.8~8.6	5.8~8.6	5.8~8.6		-	-	-	-	8.0	○	7.8	○	7.9	○	8.3	○
BOD	120.0	≤20.0	≤20.0	mg/L	-	-	-	-	9.4	○	<5.0	○	<5.0	○	< 5.0	○
COD	120.0	≤20.0	≤20.0	mg/L	-	-	-	-	6.1	○	3.6	○	0.8	○	5.1	○
SS	150.0	≤70.0	≤70.0	mg/L	-	-	-	-	<1.0	○	<2.0	○	< 2.0	○	< 2.0	○
N-hexane	5.0	≤5.0	≤5.0	mg/L	-	-	-	-	<1.0	○	<2.0	○	< 2.0	○	< 2.0	○
Phenol	5.0		5.0	mg/L	-	-	-	-	<0.025	○	<0.5	○	< 0.5	○	< 0.5	○
Copper	3.0	≤3.0	≤3.0	mg/L	-	-	-	-	<0.01	○	<0.1	○	< 0.1	○	< 0.1	○
Zinc	2.0	≤2.0	≤2.0	mg/L	-	-	-	-	<0.01	○	<0.1	○	< 0.1	○	< 0.1	○
Soluble iron	10.0	≤10.0	≤10.0	mg/L	-	-	-	-	0.2	○	0.3	○	0.4	○	<0.1	○
Soluble manganese	10.0		10.0	mg/L	-	-	-	-	<0.1	○	<0.1	○	< 0.1	○	< 0.1	○
Chromium	2.0		2.0	mg/L	-	-	-	-	<0.04	○	<0.1	○	< 0.1	○	< 0.1	○
Coliform bacteria	3,000	≤3,000	≤3,000	unt/mL	-	-	-	-	<30.0	○	58	○	100	○	100	○
Nitrogen	60.0	≤10.0	≤10.0	mg/L	-	-	-	-	7.1	○	1.0	○	0.8	○	1.2	○
Phosphorus	8.0	≤1.0	≤1.0	mg/L	-	-	-	-	0.03	○	<0.1	○	<0.1	○	< 0.1	○
Fluorine	8.0		8.0	mg/L	-	-	-	-	0.1	○	-	-	<0.8	○	-	
Cadmium	0.03		0.03	mg/L	-	-	-	-	<0.005	○	-	-	< 0.001	○	-	
Cyanide	1.0		1.0	mg/L	-	-	-	-	<0.1	○	-	-	< 0.1	○	-	

Lead	0.1		0.1	mg/L	-	-	-	-	<0.02	o	-	-	< 0.01	o	-
Hexavalent chromium	0.5		0.5	mg/L	-	-	-	-	<0.04	o	-	-	< 0.05	o	-
Arsenic	0.1		0.1	mg/L	-	-	-	-	<0.01	o	-	-	< 0.01	o	-
Total mercury	0.005		0.005	mg/L	-	-	-	-	<0.0005	o	-	-	< 0.0005	o	-

## Management of Chemical Substances

For the fiscal year ended December 2018, we reported the use of nine PRTR-designated chemical substances. The tables below show the results of our main production bases.

### Nitec Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY ended March 2017			FY ended December 2017			FY ended December 2018		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
53	Ethylbenzene	4,279	1,028	o	2,109	530	o	1,444	587	o
80	Xylene	25,191	6,414	o	16,261	4,219	o	9,904	4,026	o
88	Hexavalent chromium compounds	0.1	0.0	o	0.1	0.0	o	0.1	0.0	o
296	1,2,4-Trimethylbenzend	1,284	538	o	2,258	1,114	o	299	107	o
300	Toluene	83,162	48,381	o	66,399	39,970	o	83,927	36,831	o
392	N-hexane	5,275	3,080	o	5,261	3,227	o	8,371	2,375	o

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

Unit: kg

PRTR No.	Name of chemical substance	FY ended March 2017			FY ended December 2017			FY ended December 2018		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
71	Ferric chloride	0.0	0.0	o	0.0	0.0	o	0.0	0.0	o
272	Water-soluble copper salts	0.0	331.8	o	0.0	1,857.0	o	0.0	2,023.1	o

	(excluding complex salt)									
453	Molybdenum and its compounds	-	-	-	0.0	0.0	○	0.0	0.0	○

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

Unit: kg

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

**Nitec Industries, Inc. (NPT) Tsu Factory**

Unit: kg

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

\*Added to scope of reporting in the fiscal year ended December 2017

## Fair Operating Practices

We address various challenges not only in-house but also in cooperation with our suppliers, with the aim of enhancing our corporate value and being a Nissha that our customers will feel safe in choosing.





## Initiatives Related to Information Security

### Information Security Policy

The spread of the Internet and the broad use of devices such as smartphones have ushered in a convenient era in which anyone can connect with the online community easily at all times. On the other hand, with cyberattacks, email spoofing, and other crimes against information security growing rampant and ever more advanced, the risks are increasing of everyone becoming either a victim or perpetrator of information leakage.

Information handled by the Nissha Group regarding our customers and suppliers, and our employees, is of vital importance. In particular, it is unforgivable to allow information on new products, state-of-the-art technologies, personal information and other highly confidential information assets to leak outside the company or beyond related parties. To ensure this does not happen, we aim to build a highly reliable and safe information security management system (ISMS). To that end, in 2005 we drew up our Information Security Policy, which all employees are required to be familiar with.

#### Information Security Policy

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

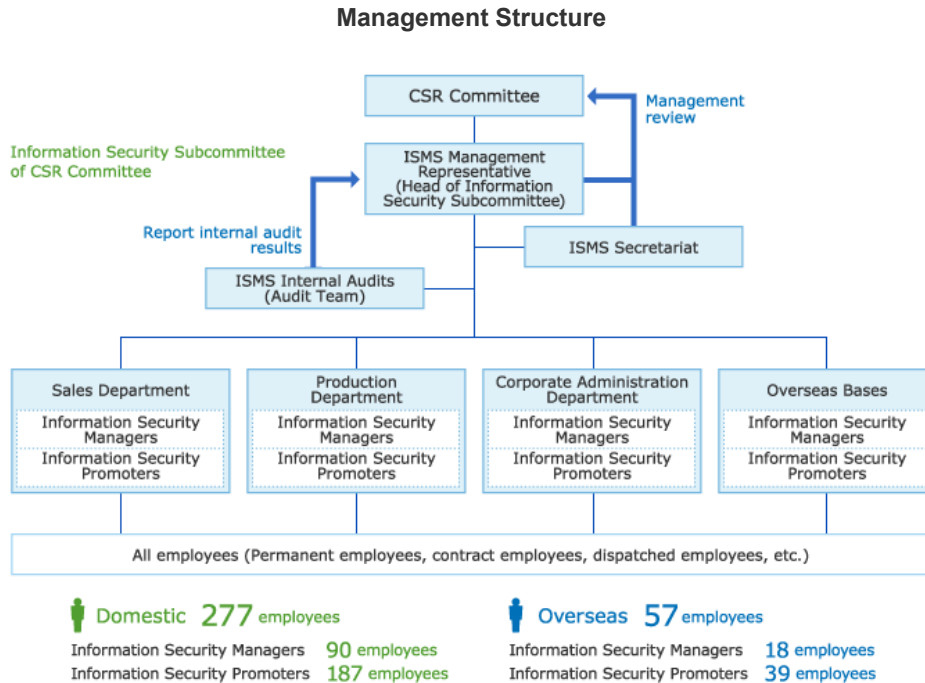
1. We continually improve an Information security management system by establishing, implementing, and reviewing the information security objectives, so that the confidentiality, integrity, and availability of information can be maintained and improved.
2. We comply with legal and regulatory requirements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

July 1, 2013

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

## Information Security Management Structure

We have in place an Information Security Subcommittee of the CSR Committee to serve as a center for the promotion of information security in Nissha Group. The subcommittee is run by an ISMS management representative (the Chief Information Officer, or CIO) and comprises information security managers and promoters selected from each department. An ISMS secretariat set up within the IT Department functions as the subcommittee secretariat. The subcommittee plays an important role in the promotion of our ISMS by addressing issues that have become evident as well as reporting and sharing the results and challenges of initiatives related to information security.



## Initiatives in Information Security Management

Rapid advances in information technology and the diversification and spread of IT devices pose not only conventional security risks such as information leakage and tampering caused by virus infection and cyberattacks, but also the risks of casual posts, tweets, rumors, and reviews on social media harming a company's image and its brand value. Companies today are required to address such risks to their trust from society. Moreover, with the swift global popularization of bring-your-own-device (BYOD), companies are required to manage a broader range of information appliances, beyond company-issued computers to personally owned devices used at work. Dealing with these risks appropriately and promptly is considered a corporate social responsibility. (Nissha supports BYOD since December 16, 2013.) At the Nissha Group, we work to maintain and improve our ISMS by naming the Chief Information Officer (CIO) as ISMS management representative of an ISMS secretariat established within the IT Department.

We select information security managers and promoters from each department to promote thorough operation of our ISMS. And we organize regular reviews by top management, ISMS internal audits, and ISO 27001 screenings by an outside examination institute, recognizing these as good opportunities for improving our ISMS.

## Information Security Education

Preventing the occurrence of information security incidents and accidents requires the formulation of policies and regulations, and more importantly, that all employees take disciplined action with sufficient awareness of information security.

We provide education to the Nissha Group based on the Information Security Compliance Manual, a teaching material that reflects the information security policies and other matters

established within Nissha, working to deepen the understanding of all Nissha People regarding information security. In the fiscal year ended December 2018, we used e-learning to ensure all employees follow our policies.

## ISO27001 Certification

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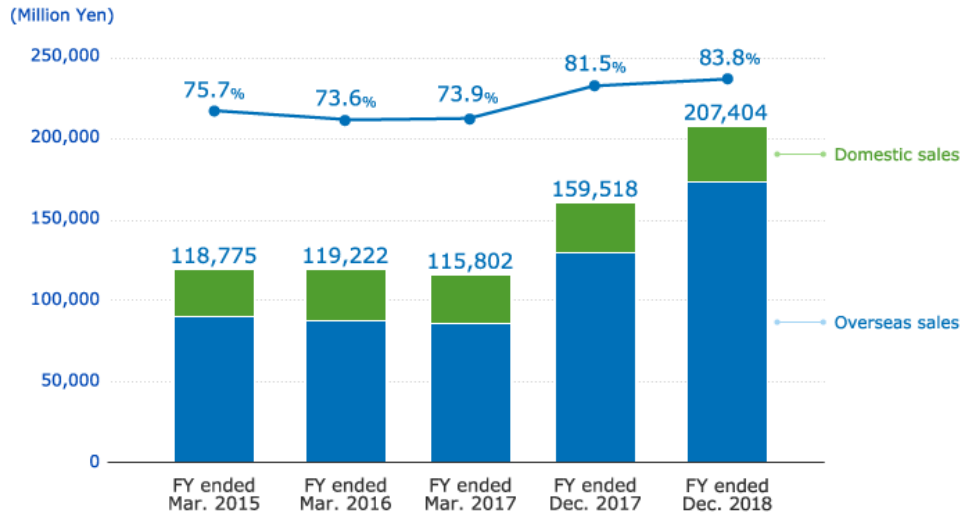
The Nissha Group has obtained ISO27001 certification, a global standard for ISMS, and is working to expand its scope of application to all bases and divisions. In the fiscal year ended December 2018, Nitec Precision and Technologies' (NPT) Tsu Factory obtained certification for the first time. In addition, our current focus is a global expansion of compliance with ISO27001 requirements.



## Trade Management

We at the Nissha Group earned 83.8% of our sales outside Japan in the fiscal year ended December 2018. With overseas operations expanding each year, efforts in trade management are essential from the perspective of business continuity.

**Net sales and percentage of overseas sales**



### Trade Management Policy and Management Structure

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

#### Trade Management Policy

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

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

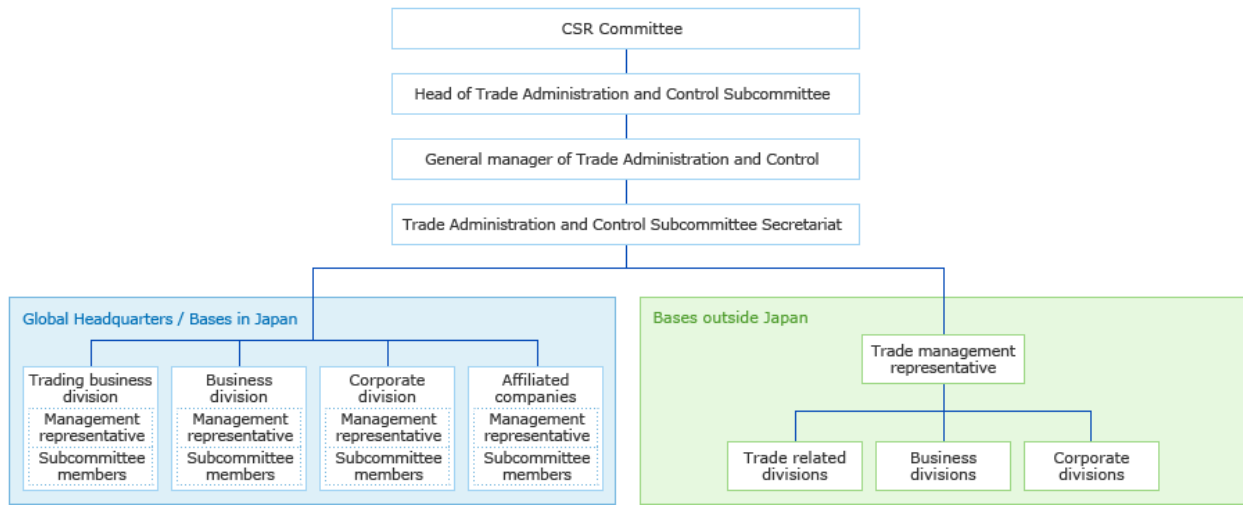
Established on October 1, 2016  
Revised on January 1, 2018

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

Full-scale trade management at the Nissha Group in Japan started with the launch of the Trade Administration and Control Committee in 2011. Initiatives were passed on in 2016 to the Trade Administration and Control Subcommittee, under the framework of the CSR Committee.

The Trade Administration and Control Subcommittee, headed by the corporate officer responsible for Corporate Supply Chain Management, oversees the entire Nissha Group. In Japan, thorough management in daily operations is assigned to subcommittee members and division managers at each business division, corporate division, and affiliated company. Outside Japan, where legal systems and business practices vary by country and region, oversight is assigned to trade management representatives at each base.

### Trade Administration and Control Subcommittee



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

### Trade Management Documents System Chart



## Initiatives on FY ended December 2018

In the fiscal year ended December 2018, "Trade Management Education" was provided to all NISSHA Group employees in Japan based on the education system developed in the previous fiscal year, and approximately 2,800 people attended. And they were informed that even for employees who are not directly involved in trade management, there are laws and company regulations related to trade that should be observed, and that compliance leads to smooth trade and is essential to our business activities.

We also conduct regular internal audits in order to check and evaluate the status of our trade management operations. Divisions at which concerns or findings have surfaced are retrained to ensure that proper export and import procedures are implemented and employee security awareness is raised. We will strive to expand the scope of management and enhance its contents so that appropriate trade business can continue, and contribute to the improvement of corporate value.

## AEO Approval

Nissha Co., Ltd. obtained approval as an AEO Exporter in June 2014, and as an AEO Importer in June 2015. Following the post-audit of AEO Exporters in May 2016, the approval of AEO Importers is maintained after the post-audit conducted in May 2017. Nissha Precision Technologies Malaysia Sdn. Bhd., based in Malaysia, obtained approval as both an AEO Exporter and an AEO Importer in October 2014.

As of the end of 2018, 59 companies in Japan are approved as both AEO Importer and AEO Exporter. Being one of these companies with dual approval, we have in place a system for safe and smooth international logistics.



### Authorized Economic Operator (AEO) Program

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

## Initiatives Related to Intellectual Property

### Approach to Intellectual Property

Under the core policy regarding the protection of intellectual property with the aim of expanding our performance and ensuring a competitive advantage for new businesses, the Nissha Group works to establish intellectual property strategies and meet internal needs for securing intellectual property rights for the Nissha Group as a whole, led by Intellectual Property Management. In addition, the protection of intellectual property is one of the key items of our Guideline of the Corporate Ethics and Compliance, and we are actively promoting establishing rights and uses for our intellectual property, along with respecting the intellectual property of third parties.

#### Basic policy for protection of intellectual property

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

### Contents of Initiatives

#### Promotion of Patent Application

We aim to file for patent application and obtain rights for new technologies developed in our development divisions. To respond to the increasing globalization of our business activities, this requires us to file for application not only in Japan but also abroad. The promotion of technology development and the obtaining of patent rights help to differentiate Nissha Group products, made with our own distinctive technologies, from other companies' products. This in turn puts a check on the inappropriate use of other companies' technologies, helping also to reduce intellectual property-related risks in connection with Nissha Group products for our customers.

#### Monitoring of Other Companies' Patents

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

#### Intellectual Property Training Programs

We organize intellectual property training programs conducted by outside specialists to ensure employees can deepen their understanding of intellectual property and learn to properly protect Nissha's. In the fiscal year ended December 2018, we held two courses—basic and advanced—which were attended by thirteen people. Employees in technical fields were required to take the course as a way to learn skills and knowledge related to intellectual property. The course contents cover a wide range of areas, including intellectual property systems, how to research other companies' patents, understanding inventions, brushing up previously-learned content, and detecting infringement.

In addition, we also provide numerous training sessions taught by a member of Intellectual Property Management that covers patents, devising inventions, design, trademarks, and copyright.



Intellectual property training program  
Instructor: Mr. Tatsushi Gocho, Patent Attorney, Associate Professor of Osaka Institute of Technology  
Commissioned organizer: CKS Corporation



## Partnership with Our Suppliers

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

### Basic Purchasing Policy

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

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

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

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

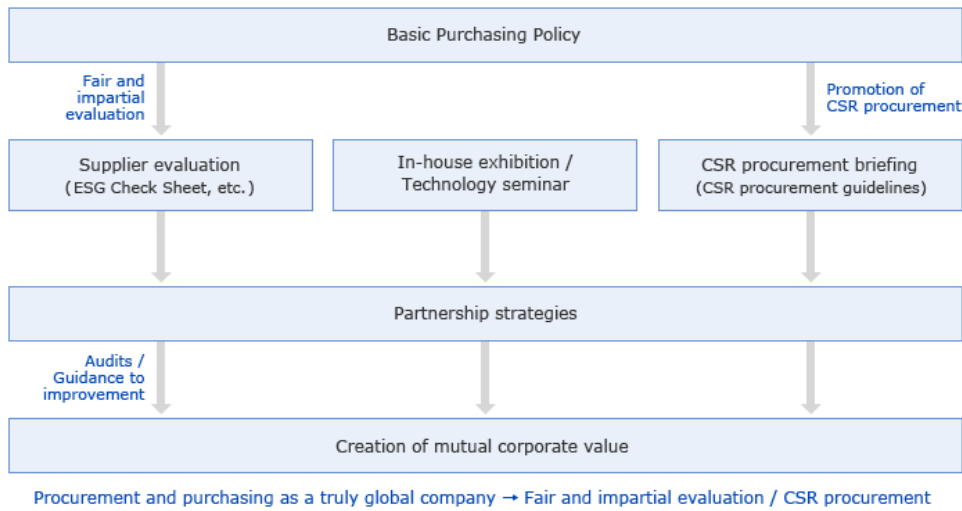
1. Labor and human rights
2. Health and safety
3. Environment
4. Ethics
5. Information security

Established on April 2, 2009

Revised on January 1, 2018

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

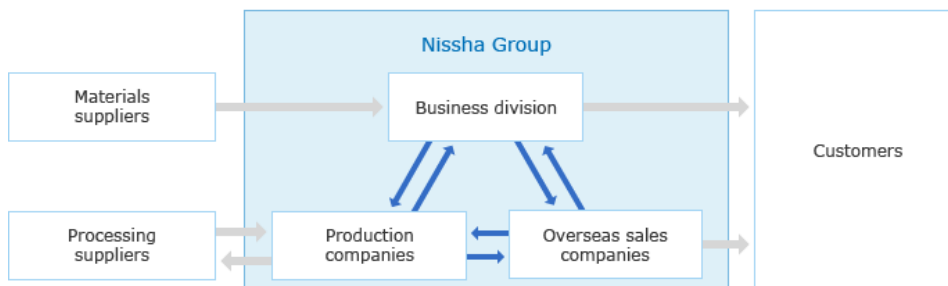
## Basic Approach to CSR Procurement Promotion



## Expansion of Our Supply Chain

We collaborate with various suppliers in conducting our business activities. And its supply chain is expanding globally.

### Supply Chain of the Industrial Materials and Devices Businesses



## CSR Supplier Audits

We conduct CSR audits on our suppliers. Many of these audits cover five areas— labor, health and safety, environmental, ethics, and management system—drawing on the global code of conduct provided by RBA (Responsible Business Alliance) and on our customers' own code of conduct based on this RBA template. Prior to auditing, we organize a briefing to explain the background, purpose, standards, and flow of the CSR audit. The audit process consists of an inspection of the supplier's employment regulations and time cards, tours of the site premises including the clean room, and interviews with employees. In the event the audit uncovers any instances of noncompliance, the supplier is required to establish corrective action (CA) and preventive action (PA) on the findings. Roughly three months later, auditors checked that CA and PA have been taken and the noncompliance has been remedied, bringing the CSR audit to completion.

From fiscal year 2015 onward, we carry out audits focusing on particularly important suppliers and new suppliers. In the fiscal year ended December 2018, with the start of full-scale mass

production at Nitec Precision and Technologies, Inc. (NPT) prompting recognition of the high risk of human rights issues, we conducted audits at one supplier of temporary employment agencies. This combined with the 18 companies audited to date brings the total to 19. The audits detected 187 instances of noncompliance (88 related to labor and human rights, 53 to safety and health, 29 to the environment, 12 to ethics, and 5 to management system). Working hours management and retirement process were among the main findings.

In the fiscal year ending December 2019, we are carrying out CSR surveys using SAQ (Self-Assessed Questionnaires) based on the RBA codes of conduct. This is positioned as a regular annual assessment targeting all suppliers who underwent CSR audits in the past. If we find anything of concern after checking the responses, we intend to carry out a CSR audit locally using auditors who have in-house qualifications.

## Items of CSR Procurement Guideline

### 1. Labor and human rights

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

### 2. Health and safety

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

### 3. The environment

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

### 4. Ethics

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

### 5. Information Security

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

## Fields of ESG check sheet

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

## Development of Procurement Personnel

We make continuous efforts to educate procurement personnel and promote transactions with our suppliers based on fairness, impartiality, and integrity in line with our Basic Purchasing Policy.

### Initiatives on FY ended December 2018

#### Training for new procurement personnel

We conducted training for new hires in and transferees to procurement divisions of the Nissha Group in Japan, covering the basic knowledge needed by employees engaging in procurement operations.



#### Program Participation

Lecture/Training	Participants in FY2018
Training for new procurement personnel Procurement program	11 (100% attendance)
Basic course (e-learning)	333 (100% attendance)

## Initiatives Related to Conflict Minerals

The major conflict minerals used in Nissha Group products include tin used in some decoration films and in ITO film\*<sup>1</sup> for touch panels, and gold used in FPC\*<sup>2</sup> plating. When checking whether we use any of these minerals, we use a Safety Data Sheet (SDS) or other methods to check all materials used in our products to identify those that contain conflict minerals. We also ask our suppliers, who procure the materials for our products, not to use any conflict minerals produced by smelters not identified as conflict-free.\*<sup>3</sup> We also investigate compliance using Conflict Minerals Reporting Templates (CMRT) issued by the Responsible Minerals Initiative (RMI).

Nissha has established our Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement, which expresses our stance towards conflict minerals. We sincerely intend to continue our efforts to become conflict-free in line with these principles.

### Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement

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

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

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

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

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

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

\*1. ITO film: Film with a transparent conducting coating of indium tin oxide (ITO).

\*2. FPC: Flexible printed circuits (FPC) that maintain their electrical properties when flexed.

\*3. Conflict free: Not sourced from a conflict zone.

## Initiatives Related to Anti-corruption

The United Nations Global Compact to which Nissha Co., Ltd. is a signatory lists anti-corruption as its 10th principle. And in recent years, global society has seen a tightening of controls pursuant to anti-corruption legislation including the United States' Foreign Corrupt Practices Act and the United Kingdom's Bribery Act. We at Nissha have also seen a rise in demand to follow anti-corruption provisions set forth in the codes of conduct provided both by our customers and by Responsible Business Alliance (RBA).

The Nissha Group cites prohibition of corrupt practices as an important point of our Guideline of the Corporate Ethics and Compliance. We formulated Nissha Group Anti-Corruption Guidelines on, and are working to promote the background and purpose to bases in and outside Japan. At overseas bases, particularly in Asia, we conducted interviews and training about initiatives in the prohibition of corrupt practices. The interviews turned up no significant issue within the Nissha Group; however, we will continue to keep an eye on certain regions in which bribery and corruption are rife.

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

### Nissha Group Anti-Corruption Guidelines

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

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

Established on April 1, 2017

Revised on January 1, 2018

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

## Tax Policy

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

### Nissha Group Tax Policy

■ Basic policy

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

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

1. Nissha Group's approach to tax planning

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

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

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

Nissha Group's tax policy is to minimize tax risks wherever possible when undertaking tax matters. We will work to identify, evaluate, and manage tax risks in each country and region to reduce such risks, and where there is significant uncertainty or complexity in relation to tax risks, we will ask for advice from third parties.

3. The approach of Nissha Group towards its dealings with Tax authorities in each country and region  
Nissha Group believe that we can build and maintain good relationship with tax authorities in each country and region corresponding with them and disclosing necessary information in a sincere and appropriate manner.

Therefore, We will strive to provide necessary information appropriately and cooperatively in response to requests from tax authorities in each country and region while issuing tax returns properly and paying appropriate amount of tax according to tax laws and regulations in each country and region. If tax authorities inform us of tax adjustments, we will immediately take appropriate measures to prevent similar issues happen unless we file a petition of objection against their action or interpretation.

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

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

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

5. UK content

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

Nissha Group's tax policy also meets their requirement.

December 25, 2017

## Consumer Issues

With the aim of providing products and services that satisfy and meet the needs of our customers, we make active efforts to improve quality following our Quality Policy.





## Consumer Issues

### Responsibility to Our Customers / Quality-related Initiatives

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

#### Quality Policy

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

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

April 1, 2011

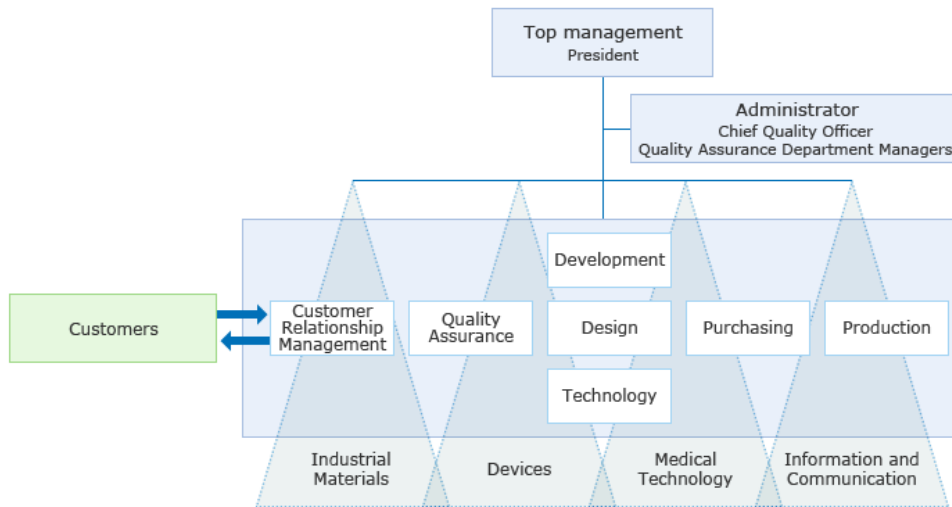
Junya Suzuki  
Chairman of the Board  
President and CEO  
Nissha Co., Ltd.

### Quality Management System (QMS)

We operate a quality management system that meets the requirements of international standard ISO 9001:2008, and promote improvements in quality under our comprehensive quality assurance initiative Nissha Group Total Quality Management (NTQM). NTQM also complies with IATF 16949, a quality management system for the automotive industry. The Nitec Precision and Technologies, Inc. (NPT) Kyoto Factory, which manufactures touch sensor modules, was one of several bases which obtained IATF 16949 certification.

Overseas subsidiaries that handle medical devices have obtained ISO13485 certification, a quality management system specialized to the medical devices industry. In Japan, Nissha Co., Ltd. obtained a Class 2 medical devices marketing license and manufacturing license, and a manufacturing license, and Nissha FIS Inc. became a registered medical device manufacturer. In addition, we operate a quality management system that complies with ISO13485 (which we expect to obtain in 2019), and are making steady efforts to build a quality assurance structure that fits our new business segments.

## Quality Assurance Structure



## Nissha Group Total Quality Management (NTQM)

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

## Five Musts for the Systematization of Work

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

### Five Musts for the Systematization of Work

1. Standardize work.  
Standardization clarifies the required input, as well as the work you have to perform.
2. First of all, check the input.  
Begin your work by checking for any fault in input.
3. Incorporate the customer viewpoint into the output.  
Not only customers for the Company, but your immediate customers, internal and external. In your work, you must aim at an output that meets QCDS from all your customers.
4. Reinforce the system using human factors.  
Human factors should be used to cover those areas of work which cannot be covered by the system alone. Your communication and teamwork will reinforce the system.
5. Make continuous efforts to improve the system.  
The system must be established and implemented continuously. Continuous implementation results in further improvement of the system, as well as that of the quality of our work and the Company.

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

## Quality Slogan



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

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

## Company-wide Optimization

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

## Continuous Improvement

The accumulation of bits of insight and ingenuity from all employees is the source of great improvements in work processes. This approach forms the foundation of Nissha Group's small-group activities and improvement proposal system. We recognize these as important mechanisms to work on and develop across the Nissha Group. Moreover, based on the idea that the quality of people plus the quality of work equals the quality of the company, and employees are our most important management resource, we are actively engaging in the development of human resources, such as through the continuous planning and implementation of a range of education. Through these activities, we are implanting the concepts of (1) always interweaving ingenuity into your work, (2) judging based on data (facts), and (3) using the PDCA (Plan, Do, Check, Act) Cycle to continuously improve, so that we can further improve our customers' satisfaction.

Training	<ul style="list-style-type: none"> <li>1) General quality training (for first-, second-, and third-year employees, new managerial staff, managers, and overseas transferees)</li> <li>2) Management system training (ISO 9001:2008, ISO/TS 16949:2009, and core tools)</li> <li>3) Quality control training (QC Exam levels 3 and 4)</li> <li>4) Quality methodology training (statistical methods, experimental design, Taguchi methods, etc.)</li> <li>5) Other training (equipment maintenance, etc.)</li> </ul>
Practical education	<ul style="list-style-type: none"> <li>1) Support for small-group activities</li> <li>2) Nissha Academy (Monozukuri School etc.)</li> </ul>
Information sharing / reciprocal learning	Company-wide Presentation Meeting of Small-group Activities

## Quality and Safety of Products

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

Up to fiscal year ended December 2018, the number of instances in which we organized a CPL committee or violated laws was zero, resulting in a fine of 0 yen. We will strive to maintain our zero violation record in the future.

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

## Management of Chemical Substances in Products

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

When selecting new materials in the design and development stages, we conduct design reviews related to materials and assess compliance with our criteria. Our factories are building a mechanism for accepting materials that meet our criteria, ensuring traceability, identifying and separating noncompliant substances, and responding to issues swiftly such as through reporting in efforts to prevent misuse and contamination.

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

## Along with Local Communities

With the aim of being a company that is needed by society,  
we promote active communication with local communities and conduct activities  
in line with our Basic Social Contribution Policy.



## Along with Local Communities

### Promoting Communication with Local Communities

Nissha Group's brand statement "Empowering Your Vision" expresses the relationship of co-existence between Nissha and our stakeholders. Both we and our customers, shareholders, employees, suppliers, and society have visions, and we mutually affect each other toward realizing it. Through various forms of communication, we aim to be a corporate group that is trusted by local communities and needed by society.

\*Nissha Philosophy: Our Mission and Brand Statement can be viewed [here](#).

We promote communication in various ways such as by disclosing information about Nissha Group companies and business activities widely on our website, and by enhancing mutual understanding between production bases and local communities through briefing sessions on factory activities, factory tours, and social events. Our efforts also extend to cleanup activities near production sites, environmental workshops by Nissha Group employees at local elementary schools and nursery schools, and next generation support in collaboration with NPOs, all with the aim of realizing the "Co-existence" cited in our corporate mission.

### Basic Social Contribution Policy

We at Nissha Group set forth our approach to social contribution in the Basic Social Contribution Policy. We devote our management resources to four fields we recognize as important: environmental protection, next generation support, promotion and support of arts and culture, and human support activities.

#### Basic Social Contribution Policy

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

Main fields of contribution: "environmental protection", "next generation support", "promotion and support of arts and culture", and "human support activities".

### Initiatives for Next Generation Support

#### Presentation of Nissha Award at 13rd Supreme Moving Toy Contest in Kyoto

Nissha Co., Ltd. is a sponsor of the Children's Monodzukuri Project run by the Kyoto City Board of Education. In a show of support for its basic ideas, as a manufacturing (monodzukuri) company that aims for a sustainable society, we host a corporate booth at the Monodzukuri Hall of Fame in the Kyoto City Inquiry Learning Center for Career Education, and provide teaching materials and programs for elementary school pupils.

As part of these activities, Nissha supported the 13th Supreme Moving Toy Contest in Kyoto (hereafter, "Toy Contest") held on January 20, 2019, at Kyoto Kogakuin Senior High School by providing teaching materials, and exhibited at a corporate booth. Some 500 elementary school pupils from a hundred schools, mainly from Kyoto, took part.

The Toy Contest is a competition, sponsored by the Kyoto Children's Monozukuri Project Promotion Committee and Kyoto City Board of Education, in which 3rd to 6th grade elementary school pupils in Kyoto are participating to make their own rubber-powered toy and join the competition. By working on "making moving toys", it aims to cultivate creativity, independence and sociality by raising familiarity with manufacturing by "coexistence of tradition and innovation", which is a characteristic of Kyoto. We provided a racing car assembly kit and original stickers for the beginners' category targeting third and fourth graders, and presented the Nissha Award to the top racers.

At our corporate booth, we set up a corner to answer the quiz on the technology hidden in our products through a tablet under the theme of "Find the 5 Mysteries!". Many elementary school students visited the booth and enjoyed.



### **“Let’s Make a Safari Park” Workshop at Kyoto Prefectural Tanba Special-Needs School**

Nissha Co., Ltd. holds workshops in collaboration with the NPO Kids Meet Artists (Director Haruka Idegami). On December 7, 2018, we held the “Let’s Create a Safari Park” workshop at Kyoto Prefectural Tanba Special-Needs School (Nantan City, Kyoto), which was attended by 15 pupils from the middle school class.

The workshop invited artist duo HANA★JOSS, based in Osaka Prefecture, to introduce participants about the traditional Indonesian music form gamelan and shadow puppet theater wayang. The junior high school students then tried their hand at making puppets around the theme of a safari park. A lion, a snake, a ghost, and so on—having created unique characters, the students put on a wayang show to the accompaniment of gamelan by HANA★JOSS, taking in a fun moment of fusion between musical and performing arts.

For this session, Nissha provided disposable electrocardiogram (ECG) electrodes as a material for making puppets. The product of the Medical Technologies business segment designed for one-time use offered students the opportunity to explore a medical device through the filter of their own worldview.



### **Environmental Workshops at Local Elementary Schools**

Employees at the Nissha Group in Japan, especially at production bases, visit local elementary schools to conduct environmental workshops. Participants in this initiative, which started in the fiscal year ended March 2008, number about 4,600 children at 94 schools to date.

The Nitec Precision and Technologies Co., Ltd. Kaga Factory has carried this out in its home city of Kaga, Ishikawa Prefecture, every year since 2008. Along with learning about the environment such as how global warming works or how to separate garbage, we teach them about how touch panels, which are related to our business, work, aiming to spark an interest in “monozukuri,” or manufacturing and local companies. In the fiscal year ended December 2018, employees visited Kaga Municipal Bungyo Elementary School and Kohoku Elementary School. Employees have now visited all elementary schools in Kaga City, a total of 36 schools.



## Sponsorship of Museum Exhibitions and Art Events

As part of our efforts in “promotion and support of arts and culture” cited in our Basic Social Contribution Policy, we cosponsor museum exhibitions and art events held throughout Japan.

[FY2019]

Exhibition / event	Schedule	Venue
Unrivaled Calligraphy: Yan Zhenqing and His Legacy	January 16 to February 24, 2019	Heiseikan, Tokyo National Museum (Ueno Park)
Special Exhibition "National Treasures of To-ji Temple: Kukai and the Sculpture Mandala"	March 26 to June 2, 2019	Heiseikan, Tokyo National Museum (Ueno Park)
MOOMIN: The art and The story	April 9 to June 16, 2019	Mori Arts Center Gallery
	June 29 to September 1, 2019	Oita Prefectural Art Museum
	*The schedule of other traveling exhibitions are undecided.	21st Century Museum of Contemporary Art, Kanazawa and others
KYOTOGRAPHIE International Photography Festival 2019	April 13 to May 12, 2019	the Museum of Kyoto etc.
Matsukata Collection	June 11 to September 23, 2019	The National Museum Art of Western Art

[FY2018]

Exhibition / event	Schedule	Venue
The 6th KYOTOGRAPHIE International Photography Festival	April 13 to May 13, 2018	the Museum of Kyoto etc.
200 Years Special Exhibition After Death, Daimyo and a master of tea ceremony, Matsudaira Fumai -Lord's Aesthetic eye-	April 21 to June 17, 2018	Mitsui Memorial Museum
	September 21 to November 4, 2018	SHIMANE ART MUSEUM
TV-U Fukushima, Inc. Opening 35th anniversary "Masterpieces of POLA MUSEUM OF ART from Monet and Renoir to Picasso"	April 28 to June 24, 2018	Fukushima Prefectural Museum of Art
	July 6 to August 26, 2018	OKAYAMA PREFECTURAL MUSEUM OF ART
	September 4 to November 18, 2018	The Museum of Modern Art, Ibaraki
NHK Historical Drama "Segodon" Special Exhibition	May 26 to July 16, 2018	THE UNIVERSITY ART MUSEUM, TOKYO UNIVERSITY OF THE ARTS



	July 28 to September 17, 2018	Osaka Museum of History
	September 27 to November 18, 2018	Reimeikan, Kagoshima Prefectural Center for Historical Material
Daigoji Temple: A Shingon Esoteric Buddhist Universe in Kyoto	September 19 to November 11, 2018	Suntory Museum of Art
	January 29 to March 24, 2019	KYUSHU NATIONAL MUSEUM
Making the Difference: Vermeer and Dutch Art	October 5, 2018 to February 3, 2019	The Ueno Royal Museum
	February 16 to May 12, 2019	Osaka City Museum of Fine Arts
Rubens and the Birth of the Baroque	October 16, 2018 to January 20, 2019	The National Museum of Western Art

[FY2017]

Exhibition / event	Schedule	Venue
Kyoto National Museum 120th Anniversary Commemorative Special Exhibition "Kaiho Yusho"	April 11 to May 21, 2017	Kyoto National Museum , Heisei Chishinkan Wing
Chanoyu - The Arts of Tea Ceremony, The Essence of Japan	April 11 to June 4, 2017	Tokyo National Museum Heiseikan
The 5th KYOTOGRAPHIE International Photography Festival	April 15 to May 14, 2017	TORAYA Kyoto Gallery, Kyoto Municipal Museum of Art Annex, etc.
Alberto Giacometti	June 14 to September 4, 2017	The National Art Center, Tokyo
2017 NHK Historical Drama "Naotora: The Lady warlord" "Sengoku! from Ii Naotora to Naomasa" Special Exhibition	July 4 to August 6, 2017	Edo-Tokyo Museum
Wonderland of Buddhist Hell Scenes	July 15 to September 3, 2017	Mitsui Memorial Museum
Kyoto National Museum 120th Anniversary Commemorative Special Exhibition "National Treasures: Masterpieces of Japan"	October 3 to November 26, 2017	Kyoto National Museum , Heisei Chishinkan Wing

## Membership in Community Organizations

We participate in various community activities with the aim of being a company that is needed by society.

Organization / host	Position / membership status	Company registered
Kyoto Chamber of Commerce and Industry	Permanent member	Nissha Co., Ltd.
Kyoto Employers' Association	Executive director	Nissha Co., Ltd.
Kyoto Association of Corporate Executives	Special secretary	Nissha Co., Ltd.
Kyoto Industrial Association	Director	Nissha Co., Ltd.

The Japan Kanji Aptitude Testing Foundation	Director	Nissha Co., Ltd.
Kyoto Institute of Technology	Joint management council member	Nissha Co., Ltd.
Ritsumeikan University Business School	Advisory board member	Nissha Co., Ltd.
Nissha Foundation for Printing Culture and Technology	Representative director	Nissha Co., Ltd.

## Editorial Policy

The Sustainability Report is published annually to serve as a communication tool between the Nissha Group and our stakeholders. Sustainability Report 2019 covers our initiatives and performance in the fiscal year ended December 2018 (January–December 2018), following the editorial policy given below.

### Guidelines Used as Reference

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

### Period Covered

The information contained in this report, in principle, covers the period from January 2018 to December 2018. Some reporting is also done regarding activities carried out after January 2019.

### Publication Dates

Current issue: May 2019 for Japanese, July 2019 for English  
 Next issue: May 2020 for Japanese, July 2020 for English (planned)  
 Last issue: March 2018

### Scope of Reporting

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

### Major Affiliated Companies and Businesses

Companies	Major Businesses
Nitec Industries, Inc.	Industrial Materials
Nitec Precision and Technologies, Inc.	Devices
Nissha FIS, Inc.	Devices
Nissha SiMICS, Inc.	Devices
Nissha Printing Communications, Inc.	Information and Communication
Nissha F8, Inc.	Information and Communication
M crossing Co., Ltd.	Others
Nissha Business Service, Inc.	Others

Nissha USA, Inc.	Industrial Materials, Devices
Eimo Technologies, Inc.	Industrial Materials
Nissha Si-Cal Technologies, Inc.	Industrial Materials
Nissha PMX Technologies, S.A. de C.V.	Industrial Materials
Graphic Controls Acquisition Corp.	Medical Technologies
Lead-Lok, Inc.	Medical Technologies
CEA Medical Manufacturing Inc.	Medical Technologies
Sequel Special Products, LLC	Medical Technologies
Nissha Medical Technologies Ltd.	Medical Technologies
Integral Process SAS	Medical Technologies
Tyrolmed GmbH	Medical Technologies
CEA Global Dominicana, S.R.L.	Medical Technologies
Nissha Europe GmbH	Industrial Materials, Devices
Nissha Schuster Kunststofftechnik	Industrial Materials
Nissha Back Stickers	Industrial Materials
AR Metallizing N.V.	Industrial Materials
AR Metallizing S.r.l.	Industrial Materials
AR Metallizing Ltd.	Industrial Materials
AR Metallizing Produtos Metalizados Ltda.	Industrial Materials
Nissha Korea, Inc.	Industrial Materials, Devices
Nissha Industrial and Trading (Shenzhen) Co., Ltd.	Industrial Materials
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	Industrial Materials, Devices
Guangzhou Nissha High Precision Plastics Co., Ltd.	Industrial Materials
Hong Kong Nissha Co., Ltd.	Industrial Materials
Nissha Industrial and Trading Malaysia Sdn. Bhd.	Industrial Materials
Nissha Precision Technologies Malaysia Sdn. Bhd.	Industrial Materials
Nissha Vietnam Co., Ltd.	Devices

## Variations in Scope of Reporting

Date	Contents	Impact on scope of reporting
May 2018	Nissha Co., Ltd. acquired assets of Heart Sync, Inc., a U.S.-based medical devices manufacturer specializing in defibrillation electrodes <sup>*1</sup> , through its consolidated subsidiary, Graphic Controls Group.	The content of the 2019 Sustainability Report has not been affected.

Date	Contents	Impact on scope of reporting
June 2018	Nissha Co., Ltd. acquires Sequel Special Products, LLC, engaging in contract manufacturing of medical devices, and its affiliated company RSS Design, LLC, engaging in the development and design of medical devices, through its consolidated subsidiary, Graphic Controls Group.	The content of the 2019 Sustainability Report has not been affected.

\*1. Defibrillation electrode: A conductor that transmits a controlled electric shock from the defibrillator to the patient for recovery of normal heart rate. It also functions as an electrocardiogram electrode to determine whether to deliver an electric shock

## Publishing Division and Contact for Inquiries

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## GRI Standards Content Index

Nissha Group Sustainability Report 2019 conforms to the core option of the GRI Sustainability Reporting Standards. The comparison table of GRI Standards and Nissha reporting are given below.

GRI Content Index	Disclosure		Location in Sustainability Report	Pages on PDF	
General Disclosures					
1. Organizational profile					
GRI 102 : General Disclosures 2016	102-1	Name of the organization	a. Name of the organization.	Company Outline	
	102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	Nissha's Business	
	102-3	Location of headquarters	a. Location of the organization's headquarters.	Company Outline	
	102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Nissha Group	
	102-5	Ownership and legal form	a. Nature of ownership and legal form.	Company Outline	
	102-6	Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	Nissha's Business	
	102-7	Scale of the organization	a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	Company Outline Nissha's Business	
	102-8	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a	Respect for Diversity > Composition of "Nissha People"	50-52

			description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.		
102-9	Supply chain		a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	<a href="#">Partnership with Our Suppliers</a> >Expansion of Our Supply Chain	106
102-10	Significant changes to the organization and its supply chain		a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	<a href="#">Editorial Policy</a>	123-125
102-11	Precautionary Principle or approach		a. Whether and how the organization applies the Precautionary Principle or approach.	<a href="#">Corporate Governance</a> > Risk Management  <a href="#">The Environment</a> > <a href="#">Environmental Policy and Management Structures</a> > Continuous Improvements in the Environmental Management System (EMS)	34-35  70-71
102-12	External initiatives		a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	<a href="#">CEO Message</a>  <a href="#">Nissha Group's Sustainability</a> > United Nations Global Compact	2  13
102-13	Membership of associations		a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	<a href="#">Along with Local Communities</a> >Membership in Community Organizations	121-122

## 2. Strategy

102-14	Statement from senior decision-maker		a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	<a href="#">CEO Message</a>	2
102-15	Key impacts, risks, and opportunities		a. A description of key impacts, risks, and opportunities.	<a href="#">CEO Message</a>  <a href="#">Nissha Group's Sustainability</a> > Materiality in risk management	2  4-8

## 3. Ethics and integrity

102-16	Values, principles, standards, and norms of behavior		a. A description of the organization's values, principles, standards, and norms of behavior.	<a href="#">Nissha Group's Sustainability</a> > Approach to CSR	3
102-17	Mechanisms for advice and concerns about ethics		a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity;	<a href="#">Human Rights</a> > Hotline	42-43

			ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.		
4. Governance					
	102-18	Governance structure	a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	<a href="#">Corporate Governance &gt;</a> Overview of Corporate Governance  <a href="#">Nissha Group's Sustainability &gt;</a> CSR Management	25-31  3-4
	102-19	Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	<a href="#">Nissha Group's Sustainability &gt;</a> CSR Management	3-4
	102-20	Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics. b. Whether post holders report directly to the highest governance body.	<a href="#">Nissha Group's Sustainability &gt;</a> CSR Management	3-4
	102-21	Consulting stakeholders on economic, environmental, and social topics	a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	<a href="#">Corporate Governance &gt;</a> Overview of Corporate Governance  <a href="#">Nissha Group's Sustainability &gt;</a> CSR Management  <a href="#">Human Rights &gt;</a> Freedom of Association and Collective Bargaining, Relationship with Labor Union	25-31  3-4  44-45
	102-22	Composition of the highest governance body and its committees	a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	<a href="#">Corporate Governance &gt;</a> Overview of Corporate Governance  <a href="#">Respect for Diversity &gt;</a> Composition of "Nissha People"	25-31  50-52
	102-23	Chair of the highest governance body	a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	<a href="#">Corporate Governance &gt;</a> Overview of Corporate Governance > Role of the Board of Directors	27
	102-24	Nominating and selecting the highest governance body	a. Nomination and selection processes for the highest governance body and its committees. b. Criteria used for nominating and selecting highest governance body members, including whether and how: i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered;	<a href="#">Corporate Governance &gt;</a> Overview of Corporate Governance	25-31



			iv. expertise and experience relating to economic, environmental, and social topics are considered.		
	102-25	Conflicts of interest	<p>a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed.</p> <p>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <p>i. Cross-board membership;</p> <p>ii. Cross-shareholding with suppliers and other stakeholders;</p> <p>iii. Existence of controlling shareholder;</p> <p>iv. Related party disclosures.</p>	<a href="#">Corporate Governance</a> > Overview of Corporate Governance > Role of the Board of Directors	27
	102-26	Role of highest governance body in setting purpose, values, and strategy	<p>a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</p>	<a href="#">Nissha Group's Sustainability</a> > Approach to CSR  <a href="#">Nissha Group's Sustainability</a> > CSR Management  <a href="#">Corporate Governance</a> > Internal Control System	3  3-4  32-34
	102-27	Collective knowledge of highest governance body	<p>a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.</p>		
	102-28	Evaluating the highest governance body's performance	<p>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.</p> <p>b. Whether such evaluation is independent or not, and its frequency.</p> <p>c. Whether such evaluation is a self-assessment.</p> <p>d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.</p>		
	102-29	Identifying and managing economic, environmental, and social impacts	<p>a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</p> <p>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<a href="#">Nissha Group's Sustainability</a> > Approach to CSR  <a href="#">Nissha Group's Sustainability</a> > CSR Management  <a href="#">Corporate Governance</a> > Internal Control System	3  3-4  32-34
	102-30	Effectiveness of risk management processes	<p>a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.</p>	<a href="#">Nissha Group's Sustainability</a> > Approach to CSR  <a href="#">Nissha Group's Sustainability</a> > CSR Management  <a href="#">Corporate Governance</a> > Internal Control System	3  3-4  32-34
	102-31	Review of economic, environmental, and social topics	<p>a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<a href="#">Nissha Group's Sustainability</a> > Approach to CSR  <a href="#">Nissha Group's Sustainability</a> > CSR Management  <a href="#">Corporate Governance</a> > Internal Control System	3  3-4  32-34
	102-32	Highest governance	<p>a. The highest committee or position that formally</p>	<a href="#">Nissha Group's Sustainability</a> >	

		body's role in sustainability reporting	reviews and approves the organization's sustainability report and ensures that all material topics are covered.	CSR Management	3-4
	102-33	Communicating critical concerns	a. Process for communicating critical concerns to the highest governance body.	<a href="#">Nissha Group's Sustainability &gt; Approach to CSR</a> <a href="#">Nissha Group's Sustainability &gt; CSR Management</a> <a href="#">Corporate Governance &gt; Internal Control System</a>	3 3-4 32-34
	102-34	Nature and total number of critical concerns	a. Total number and nature of critical concerns that were communicated to the highest governance body. b. Mechanism(s) used to address and resolve critical concerns.	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4
	102-35	Remuneration policies	a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.	<a href="#">Corporate Governance &gt; Overview of Corporate Governance &gt; Nomination and Remuneration Committee, Policy on Determining Remuneration of Directors, Members of the Board and Audit and Supervisory Board Members</a>	28-30
	102-36	Process for determining remuneration	a. Process for determining remuneration. b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c. Any other relationships that the remuneration consultants have with the organization.	<a href="#">Corporate Governance &gt; Overview of Corporate Governance &gt; Nomination and Remuneration Committee, Policy on Determining Remuneration of Directors, Members of the Board and Audit and Supervisory Board Members</a>	28-30
	102-37	Stakeholders' involvement in remuneration	a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.		
	102-38	Annual total compensation ratio	a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
	102-39	Percentage increase in annual total compensation ratio	a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.		
5. Stakeholder engagement					

	102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	<a href="#">Nissha Group's Sustainability</a> > Nissha Group's Stakeholders	9-12
	102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	<a href="#">Human Rights</a> > Relationship with Labor Union	44-45
	102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	<a href="#">Nissha Group's Sustainability</a> > Nissha Group's Stakeholders	9-12
	102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<a href="#">Nissha Group's Sustainability</a> > Nissha Group's Stakeholders	9-12
	102-44	Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	<a href="#">Nissha Group's Sustainability</a> > Nissha Group's Stakeholders <a href="#">Partnership with Our Suppliers</a> > CSR Supplier Audits <a href="#">Human Rights</a> > Building and Operation of a Management System, Freedom of Association and Collective Bargaining	9-12 106-108 42-44

## 6. Reporting practice

	102-45	Entities included in the consolidated financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	<a href="#">Editorial Policy</a> > Scope of Reporting <a href="#">Nissha Group</a>	123
	102-46	Defining report content and topic Boundaries	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	<a href="#">Nissha Group's Sustainability</a> > Materiality in risk management	4-8
	102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	<a href="#">Nissha Group's Sustainability</a> > Materiality in risk management	4-8
	102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.		
	102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	<a href="#">Editorial Policy</a> > Period Covered > Variations in Scope of Reporting	124-125
	102-50	Reporting period	a. Reporting period for the information provided.	<a href="#">Editorial Policy</a> > Period Covered	123
	102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	<a href="#">Editorial Policy</a> > Period Covered	123
	102-52	Reporting cycle	a. Reporting cycle.	<a href="#">Editorial Policy</a> > Period Covered	123
	102-53	Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.	<a href="#">Editorial Policy</a> > Publishing Division and Contact for Inquiries	125
	102-54	Claims of reporting in accordance with the	a. The claim made by the organization, if it has prepared a report in accordance with the GRI	<a href="#">GRI Content Index</a>	126-166

		GRI Standards	Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	<a href="#">Editorial Policy</a>	123-125
	102-55	GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	<a href="#">GRI Content Index</a>	126-166
	102-56	External assurance	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.		

## Material topics

### Economic

#### Economic Performance

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources		

			<ul style="list-style-type: none"> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>a. An explanation of how the organization evaluates the management approach, including: <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul> </li> </ul>		
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>a. Direct economic value generated and distributed (EVG&amp;D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: <ul style="list-style-type: none"> <li>i. Direct economic value generated: revenues;</li> <li>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</li> <li>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</li> </ul> </li> <li>b. Where significant, report EVG&amp;D separately at country, regional, or market levels, and the criteria used for defining significance.</li> </ul>	Distribution of Added Value to Stakeholders	39
	201-2	Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> <li>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: <ul style="list-style-type: none"> <li>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</li> <li>ii. a description of the impact associated with the risk or opportunity;</li> <li>iii. the financial implications of the risk or opportunity before action is taken;</li> <li>iv. the methods used to manage the risk or opportunity;</li> <li>v. the costs of actions taken to manage the risk or opportunity.</li> </ul> </li> </ul>		
	201-3	Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> <li>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</li> <li>b. If a separate fund exists to pay the plan's pension liabilities: <ul style="list-style-type: none"> <li>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</li> <li>ii. the basis on which that estimate has been arrived at;</li> <li>iii. when that estimate was made.</li> </ul> </li> <li>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</li> <li>d. Percentage of salary contributed by employee or employer.</li> <li>e. Level of participation in retirement plans, such</li> </ul>	Adaptation to Climate Change	78-84

			as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.		
	201-4	Financial assistance received from government	<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <ul style="list-style-type: none"> <li>i. tax relief and tax credits;</li> <li>ii. subsidies;</li> <li>iii. investment grants, research and development grants, and other relevant types of grant;</li> <li>iv. awards;</li> <li>v. royalty holidays;</li> <li>vi. financial assistance from Export Credit Agencies (ECAs);</li> <li>vii. financial incentives;</li> <li>viii. other financial benefits received or receivable from any government for any operation.</li> </ul> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>		
Market Presence					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers</p>		

			(excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage. c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used. d. The definition used for 'significant locations of operation'.		
	202-2	Proportion of senior management hired from the local community	a. Percentage of senior management at significant locations of operation that are hired from the local community. b. The definition used for 'senior management'. c. The organization's geographical definition of 'local'. d. The definition used for 'significant locations of operation'.	Respect for Diversity > Composition of "Nissha People"	50-52
Indirect Economic Impacts					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives		
	103-3	Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.		
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements.		

	203-2	Significant indirect economic impacts	<p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>		
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**Procurement Practices**

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		

GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	<p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>		
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**Anti-corruption \***

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
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			c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ol style="list-style-type: none"> <li>Policies</li> <li>Commitments</li> <li>Goals and targets</li> <li>Responsibilities</li> <li>Resources</li> <li>Grievance mechanisms</li> <li>Specific actions, such as processes, projects, programs and initiatives</li> </ol>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">Corporate Ethics and Compliance &gt; Guideline of the Corporate Ethics and Compliance, Promotion Structure and Initiatives</a></p> <p><a href="#">Initiatives Related to Anti-corruption</a></p>	<p>3-4</p> <p>4-8</p> <p>42-43</p> <p>37-38</p> <p>110</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ol style="list-style-type: none"> <li>the mechanisms for evaluating the effectiveness of the management approach;</li> <li>the results of the evaluation of the management approach;</li> <li>any related adjustments to the management approach.</li> </ol>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	<p>a. Total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Significant risks related to corruption identified through the risk assessment.</p>		
	205-2	Communication and training about anti-corruption policies and procedures	<p>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<p><a href="#">Corporate Ethics and Compliance &gt; Promotion Structure and Initiatives</a></p> <p><a href="#">Initiatives Related to Anti-corruption</a></p>	<p>37-38</p> <p>110</p>
	205-3	Confirmed incidents of corruption and actions taken	<p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during</p>	<p><a href="#">Initiatives Related to Anti-corruption</a></p>	<p>110</p>

			the reporting period and the outcomes of such cases.		
Anti-competitive Behavior					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">Corporate Ethics and Compliance &gt; Guideline of the Corporate Ethics and Compliance, Promotion Structure and Initiatives</a></p>	<p>3-4</p> <p>4-8</p> <p>42-43</p> <p>37-38</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<p>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgments.</p>		
Environmental					
Materials					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management</p>		

			<p>approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>		
GRI 301 : Materials 2016	301-1	Materials used by weight or volume	<p>a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:</p> <p>i. non-renewable materials used;</p> <p>ii. renewable materials used.</p>	The Environment > <a href="#">Environmental Impact as a Result of Business Operations</a>	76-77
	301-2	Recycled input materials used	<p>a. Percentage of recycled input materials used to manufacture the organization's primary products and services.</p>		
	301-3	Reclaimed products and their packaging materials	<p>a. Percentage of reclaimed products and their packaging materials for each product category.</p> <p>b. How the data for this disclosure have been collected.</p>		
<b>Energy *</b>					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Editorial Policy</a>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>  <a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Human Rights &gt; Hotline</a>  The Environment > <a href="#">Environmental Policy and Management Structures</a>  The Environment > <a href="#">Environmental Objectives and Status of Achievement</a>	<p>3-4</p> <p>4-8</p> <p>42-43</p> <p>69-71</p> <p>72-75</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4

			<ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	<ul style="list-style-type: none"> <li>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</li> <li>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</li> <li>c. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> <li>i. electricity consumption</li> <li>ii. heating consumption</li> <li>iii. cooling consumption</li> <li>iv. steam consumption</li> </ul> </li> <li>d. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> <li>i. electricity sold</li> <li>ii. heating sold</li> <li>iii. cooling sold</li> <li>iv. steam sold</li> </ul> </li> <li>e. Total energy consumption within the organization, in joules or multiples.</li> <li>f. Standards, methodologies, assumptions, and/or calculation tools used.</li> <li>g. Source of the conversion factors used.</li> </ul>	<p>The Environment &gt;  <a href="#">Environmental Impact as a Result of Business Operations</a></p> <p>The Environment &gt;  <a href="#">Adaptation to Climate Change</a></p>	<p>76-77</p> <p>78-84</p>
	302-2	Energy consumption outside of the organization	<ul style="list-style-type: none"> <li>a. Energy consumption outside of the organization, in joules or multiples.</li> <li>b. Standards, methodologies, assumptions, and/or calculation tools used.</li> <li>c. Source of the conversion factors used.</li> </ul>		
	302-3	Energy intensity	<ul style="list-style-type: none"> <li>a. Energy intensity ratio for the organization.</li> <li>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</li> <li>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</li> <li>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</li> </ul>	<p>The Environment &gt;  <a href="#">Adaptation to Climate Change</a></p>	78-84
	302-4	Reduction of energy consumption	<ul style="list-style-type: none"> <li>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</li> <li>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</li> <li>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</li> <li>d. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>		
	302-5	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> <li>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</li> <li>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</li> <li>c. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>		
Water					
GRI 103 :	103-1	Explanation of the	a. An explanation of why the topic is material.	<a href="#">Nissha Group's Sustainability &gt;</a>	

Management Approach 2016		material topic and its Boundary	<p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p>Materiality in risk management</p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">The Environment &gt; Environmental Policy and Management Structures</a></p> <p><a href="#">The Environment &gt; Environmental Objectives and Status of Achievement</a></p>	<p>3-4</p> <p>4-8</p> <p>42-43</p> <p>69-71</p> <p>72-75</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 303 : Water 2016	303-1	Water withdrawal by source	<p>a. Total volume of water withdrawn, with a breakdown by the following sources:</p> <p>i. Surface water, including water from wetlands, rivers, lakes, and oceans;</p> <p>ii. Ground water;</p> <p>iii. Rainwater collected directly and stored by the organization;</p> <p>iv. Waste water from another organization;</p> <p>v. Municipal water supplies or other public or private water utilities.</p> <p>b. Standards, methodologies, and assumptions used.</p>	<p><a href="#">The Environment &gt; Environmental Impact as a Result of Business Operations</a></p>	<p>76-77</p>
	303-2	Water sources significantly affected by withdrawal of water	<p>a. Total number of water sources significantly affected by withdrawal by type:</p> <p>i. Size of the water source;</p> <p>ii. Whether the source is designated as a nationally or internationally protected area;</p> <p>iii. Biodiversity value (such as species diversity and endemism, and total number of protected species);</p> <p>iv. Value or importance of the water source to local communities and indigenous peoples.</p> <p>b. Standards, methodologies, and assumptions used.</p>		
	303-3	Water recycled and reused	<p>a. Total volume of water recycled and reused by the organization.</p> <p>b. Total volume of water recycled and reused as a percentage of the total water withdrawal as specified in Disclosure 303-1.</p>		

			c. Standards, methodologies, and assumptions used.		
Biodiversity					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 304 : Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <ul style="list-style-type: none"> <li>i. Geographic location;</li> <li>ii. Subsurface and underground land that may be owned, leased, or managed by the organization;</li> <li>iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas;</li> <li>iv. Type of operation (office, manufacturing or production, or extractive);</li> <li>v. Size of operational site in km2 (or another unit, if appropriate);</li> <li>vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem);</li> <li>vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).</li> </ul>		
	304-2	Significant impacts of activities, products, and	<p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of</p>		

		services on biodiversity	<p>the following:</p> <ul style="list-style-type: none"> <li>i. Construction or use of manufacturing plants, mines, and transport infrastructure;</li> <li>ii. Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources);</li> <li>iii. Introduction of invasive species, pests, and pathogens;</li> <li>iv. Reduction of species;</li> <li>v. Habitat conversion;</li> <li>vi. Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).</li> </ul> <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <ul style="list-style-type: none"> <li>i. Species affected;</li> <li>ii. Extent of areas impacted;</li> <li>iii. Duration of impacts;</li> <li>iv. Reversibility or irreversibility of the impacts.</li> </ul>		
	304-3	Habitats protected or restored	<ul style="list-style-type: none"> <li>a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.</li> <li>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</li> <li>c. Status of each area based on its condition at the close of the reporting period.</li> <li>d. Standards, methodologies, and assumptions used.</li> </ul>		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"> <li>a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: <ul style="list-style-type: none"> <li>i. Critically endangered</li> <li>ii. Endangered</li> <li>iii. Vulnerable</li> <li>iv. Near threatened</li> <li>v. Least concern</li> </ul> </li> </ul>		

Emissions \*

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> </li> <li>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>	<a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Editorial Policy</a>  The Environment > <a href="#">Adaptation to Climate Change</a>	4-8  123-125  78-84
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> </ul> </li> </ul>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>  <a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Nissha Group's Sustainability &gt; Nissha Group's Stakeholders &gt; External Assessment</a>  <a href="#">Human Rights &gt; Hotline</a>	3-4  4-8  11-12  42-43

			<p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p>The Environment &gt; <a href="#">Environmental Policy and Management Structures</a></p> <p>The Environment &gt; <a href="#">Environmental Objectives and Status of Achievement</a></p> <p>The Environment &gt; <a href="#">Adaptation to Climate Change</a></p>	<p>69-71</p> <p>72-75</p> <p>78-84</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	<p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>The Environment &gt; <a href="#">Environmental Impact as a Result of Business Operations</a></p> <p>The Environment &gt; <a href="#">Adaptation to Climate Change</a></p>	<p>76-77</p> <p>78-84</p>
	305-2	Energy indirect (Scope 2) GHG emissions	<p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>		
	305-3	Other indirect (Scope 3)	The reporting organization shall report the	The Environment > <a href="#">Adaptation</a>	



	GHG emissions	<p>following information:</p> <p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <p>i. the rationale for choosing it;</p> <p>ii. emissions in the base year;</p> <p>iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<a href="#">to Climate Change</a> > Initiative in Scope 3 Management	84
305-4	GHG emissions intensity	<p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p>	<a href="#">The Environment</a> > <a href="#">Adaptation to Climate Change</a>	78-84
305-5	Reduction of GHG emissions	<p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<a href="#">The Environment</a> > <a href="#">Adaptation to Climate Change</a> > Comparison of CO <sub>2</sub> Emissions in 2017 and 2018	81-83
305-6	Emissions of ozone-depleting substances (ODS)	<p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <p>i. NOX</p> <p>ii. SOX</p> <p>iii. Persistent organic pollutants (POP)</p> <p>iv. Volatile organic compounds (VOC)</p> <p>v. Hazardous air pollutants (HAP)</p> <p>vi. Particulate matter (PM)</p> <p>vii. Other standard categories of air emissions identified in relevant regulations</p> <p>b. Source of the emission factors used.</p>	<a href="#">The Environment</a> > <a href="#">Environmental Impact as a Result of Business Operations</a>  <a href="#">The Environment</a> > <a href="#">Management of Chemical Substances and Environmental Risks</a>	76-77  89-95

			c. Standards, methodologies, assumptions, and/or calculation tools used.		
Effluents and Waste *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Nissha Group's Stakeholders &gt; External Assessment</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">The Environment &gt; Environmental Policy and Management Structures</a></p> <p><a href="#">The Environment &gt; Environmental Objectives and Status of Achievement</a></p> <p><a href="#">The Environment &gt; Adaptation to Climate Change</a></p>	<p>3-4</p> <p>4-8</p> <p>11-12</p> <p>42-43</p> <p>69-71</p> <p>72-75</p> <p>78-84</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 306 : Effluents and Waste 2016	306-1	Water discharge by quality and destination	<p>a. Total volume of planned and unplanned water discharges by:</p> <p>i. destination;</p> <p>ii. quality of the water, including treatment method;</p> <p>iii. whether the water was reused by another organization.</p> <p>b. Standards, methodologies, and assumptions used.</p>	<p><a href="#">The Environment &gt; Environmental Impact as a Result of Business Operations</a></p>	<p>76-77</p>
	306-2	Waste by type and disposal method	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <p>i. Reuse</p> <p>ii. Recycling</p> <p>iii. Composting</p> <p>iv. Recovery, including energy recovery</p> <p>v. Incineration (mass burn)</p> <p>vi. Deep well injection</p> <p>vii. Landfill</p> <p>viii. On-site storage</p> <p>ix. Other (to be specified by the organization)</p>	<p><a href="#">The Environment &gt; Environmental Impact as a Result of Business Operations</a></p> <p><a href="#">The Environment &gt; Waste Management &gt; Status of Waste Generation at Bases</a></p>	<p>76-77</p> <p>87-88</p>

			<p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> <li>i. Reuse</li> <li>ii. Recycling</li> <li>iii. Composting</li> <li>iv. Recovery, including energy recovery</li> <li>v. Incineration (mass burn)</li> <li>vi. Deep well injection</li> <li>vii. Landfill</li> <li>viii. On-site storage</li> <li>ix. Other (to be specified by the organization)</li> </ul> <p>c. How the waste disposal method has been determined:</p> <ul style="list-style-type: none"> <li>i. Disposed of directly by the organization, or otherwise directly confirmed</li> <li>ii. Information provided by the waste disposal contractor</li> <li>iii. Organizational defaults of the waste disposal contractor</li> </ul>		
	306-3	Significant spills	<p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <ul style="list-style-type: none"> <li>i. Location of spill;</li> <li>ii. Volume of spill;</li> <li>iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization).</li> </ul> <p>c. Impacts of significant spills.</p>		
	306-4	Transport of hazardous waste	<p>a. Total weight for each of the following:</p> <ul style="list-style-type: none"> <li>i. Hazardous waste transported</li> <li>ii. Hazardous waste imported</li> <li>iii. Hazardous waste exported</li> <li>iv. Hazardous waste treated</li> </ul> <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methodologies, and assumptions used.</p>		
	306-5	Water bodies affected by water discharges and/or runoff	<p>a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on:</p> <ul style="list-style-type: none"> <li>i. the size of the water body and related habitat;</li> <li>ii. whether the water body and related habitat is designated as a nationally or internationally protected area;</li> <li>iii. the biodiversity value, such as total number of protected species.</li> </ul>		

Environmental Compliance

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p>		
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			c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Corporate Ethics and Compliance &gt; Guideline of the Corporate Ethics and Compliance, Promotion Structure and Initiatives</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p>The Environment &gt; <a href="#">Environmental Policy and Management Structures</a></p> <p>The Environment &gt; <a href="#">Management of Chemical Substances and Environmental Risks &gt; Responses to local complaints and environment communication</a></p>	<p>3-4</p> <p>4-8</p> <p>37-38</p> <p>42-43</p> <p>69-71</p> <p>90</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 307 : Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	<p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <p>i. total monetary value of significant fines;</p> <p>ii. total number of non-monetary sanctions;</p> <p>iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	<p>The Environment &gt; <a href="#">Environmental Objectives and Status of Achievement</a></p> <p>The Environment &gt; <a href="#">Management of Chemical Substances and Environmental Risks &gt; Avoiding environmental risk (preventing environmental accidents or pollution)</a></p>	<p>72-75</p> <p>89-90</p>
Supplier Environmental Assessment *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p>	<p>3-4</p> <p>4-8</p> <p>42-43</p>

			<ul style="list-style-type: none"> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<p>The Environment &gt; <a href="#">Environmental Policy and Management Structures</a></p> <p>The Environment &gt; <a href="#">Environmental Objectives and Status of Achievement</a></p> <p><a href="#">Partnership with Our Suppliers</a> &gt;Basic Purchasing Policy, CSR Supplier Audits</p>	<p>69-71</p> <p>72-75</p> <p>105-108</p>
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>a. An explanation of how the organization evaluates the management approach, including: <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul> </li> </ul>	<p><a href="#">Nissha Group's Sustainability</a> &gt; CSR Management</p>	3-4
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> <li>a. Percentage of new suppliers that were screened using environmental criteria.</li> </ul>	<p><a href="#">Partnership with Our Suppliers</a> &gt;Basic Purchasing Policy, CSR Supplier Audits</p>	105-108
	308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> <li>a. Number of suppliers assessed for environmental impacts.</li> <li>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</li> <li>c. Significant actual and potential negative environmental impacts identified in the supply chain.</li> <li>d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.</li> <li>e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</li> </ul>	<p><a href="#">Partnership with Our Suppliers</a> &gt;Basic Purchasing Policy, CSR Supplier Audits</p> <p>The Environment &gt; <a href="#">Environmental Objectives and Status of Achievement</a></p>	<p>105-108</p> <p>72-75</p>

Social

Employment \*

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> </li> <li>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>		
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> </ul> </li> </ul>	<p><a href="#">Nissha Group's Sustainability</a> &gt; CSR Management</p> <p><a href="#">Nissha Group's Sustainability</a> &gt; Materiality in risk management</p> <p><a href="#">Human Rights</a> &gt;Hotline</p> <p><a href="#">Respect for Diversity</a> &gt; Enhancement of Systems and Communication Tools</p>	<p>3-4</p> <p>4-8</p> <p>42-43</p> <p>54</p>

			<p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt;</a> CSR Management</p>	3-4
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	<p><a href="#">Respect for Diversity &gt;</a> Composition of "Nissha People"</p>	50-52
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <p>i. life insurance;</p> <p>ii. health care;</p> <p>iii. disability and invalidity coverage;</p> <p>iv. parental leave;</p> <p>v. retirement provision;</p> <p>vi. stock ownership;</p> <p>vii. others.</p> <p>b. The definition used for 'significant locations of operation'.</p>		
	401-3	Parental leave	<p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>	<p><a href="#">Support for Diverse Work Styles &gt;</a> Child-rearing and Family Care Support</p>	56-57
Labor/Management Relations					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts.</p> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p>		

			<p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 402 : Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	<p>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>	Human Rights > Relationship with Labor Union	44-45
Occupational Health and Safety *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>	<p><a href="#">Nissha Group's Sustainability</a> &gt; Materiality in risk management</p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<p><a href="#">Nissha Group's Sustainability</a> &gt; CSR Management</p> <p><a href="#">Nissha Group's Sustainability</a> &gt; Materiality in risk management</p> <p><a href="#">Nissha Group's Sustainability</a> &gt; Nissha Group's Stakeholders &gt; External Assessment</p> <p><a href="#">Human Rights</a> &gt; Hotline</p> <p><a href="#">Labor Practices</a> &gt; <a href="#">Safety and Health</a> &gt; Health declaration</p> <p><a href="#">Labor Practices</a> &gt; <a href="#">Safety and Health</a> &gt; Occupational Safety and Health Policy / Safety and Health Objectives Safety and Health Management System / Safety and Health Subcommittee</p> <p><a href="#">The Environment</a> &gt; Environmental Policy and Management Structures</p>	<p>3-4</p> <p>4-8</p> <p>11-12</p> <p>42-43</p> <p>65</p> <p>62-63</p> <p>69-71</p>

	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4
GRI 403 : Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	<p>a. The level at which each formal joint management-worker health and safety committee typically operates within the organization.</p> <p>b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.</p>	<p>Labor Practices &gt; <a href="#">Safety and Health</a> &gt; Safety and Health Management System / Safety and Health Subcommittee</p> <p><a href="#">Human Rights</a> &gt; Relationship with Labor Union</p>	62-63 44-45
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by:</p> <p>i. region;</p> <p>ii. gender.</p> <p>b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by:</p> <p>i. region;</p> <p>ii. gender.</p> <p>c. The system of rules applied in recording and reporting accident statistics.</p>	Labor Practices > <a href="#">Safety and Health</a> > Occurrence of Work-related Accidents	63
	403-3	Workers with high incidence or high risk of diseases related to their occupation	a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.		
	403-4	Health and safety topics covered in formal agreements with trade unions	<p>a. Whether formal agreements (either local or global) with trade unions cover health and safety.</p> <p>b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.</p>		

Training and Education \*

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts.</p> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline, Building and Operation of a Management System</a></p> <p>Labor Practices &gt; <a href="#">Human</a></p>	3-4 4-8 42



			<ul style="list-style-type: none"> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<a href="#">Resources Development</a> > Human Resources Development Policy, Approach to Human Resources Development	47
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>a. An explanation of how the organization evaluates the management approach, including: <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul> </li> </ul>	<a href="#">Nissha Group's Sustainability</a> > CSR Management	3-4
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> <li>a. Average hours of training that the organization's employees have undertaken during the reporting period, by: <ul style="list-style-type: none"> <li>i. gender;</li> <li>ii. employee category.</li> </ul> </li> </ul>	Labor Practices > <a href="#">Human Resources Development</a> > Training Records	49
	404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> <li>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</li> <li>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</li> </ul>	Labor Practices > <a href="#">Human Resources Development</a> > Training System, Selective Human Resource Development, Programs to Support Employees' Will to Learn and Grow  <a href="#">Initiatives Related to Intellectual Property</a> > Intellectual Property Training Programs  <a href="#">Respect for Diversity</a> > Practical Training for Women Employees  Fair Operating Practices > <a href="#">Trade Management</a> > Initiatives on FY ended December 2018	48-49  103-104  53-54  102
	404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> <li>a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.</li> </ul>	<a href="#">Human Rights</a> > Fair Evaluation and Treatment	44
	Diversity and Equal Opportunity *				
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> </li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>		
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> </ul> </li> </ul>	<a href="#">Nissha Group's Sustainability</a> > CSR Management  <a href="#">Nissha Group's Sustainability</a> > Materiality in risk management  <a href="#">Human Rights</a> > Hotline, Building and Operation of a Management System	3-4  4-8  42

			<ul style="list-style-type: none"> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<a href="#">Respect for Diversity</a>	50-55
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> <li>a. An explanation of how the organization evaluates the management approach, including: <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul> </li> </ul>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul> </li> <li>b. Percentage of employees per employee category in each of the following diversity categories: <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul> </li> </ul>	<a href="#">Respect for Diversity &gt; Composition of "Nissha People"</a>	50-52
	405-2	Ratio of basic salary and remuneration of women to men	<ul style="list-style-type: none"> <li>a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</li> <li>b. The definition used for 'significant locations of operation'.</li> </ul>	<a href="#">Human Rights &gt; Wage Management</a>	44
Non-discrimination *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> </li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>	<a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Editorial Policy</a>	4-8  123-125
	103-2	The management approach and its components	<ul style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul> </li> </ul>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>  <a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Human Rights &gt; Hotline, Basic Policy on Labor and Human Rights, Building and Operation of a Management System</a>	3-4  4-8  41-42
	103-3	Evaluation of the	<ul style="list-style-type: none"> <li>a. An explanation of how the organization</li> </ul>	<a href="#">Nissha Group's Sustainability &gt;</a>	

		management approach	evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	CSR Management	3-4
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	Not applicable	
Freedom of Association and Collective Bargaining					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	Human Rights > Freedom of Association and Collective Bargaining	44
	103-3	Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.		
GRI 407 : Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to	Human Rights > Freedom of Association and Collective Bargaining  Partnership with Our Suppliers > Basic Purchasing Policy, CSR Supplier Audits	44  105-108

			exercise freedom of association and collective bargaining.		
Child Labor					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">Human Rights &gt; Basic Policy on Labor and Human Rights, Building and Operation of a Management System</a></p>	<p>3-4</p> <p>4-8</p> <p>42-43</p> <p>41-42</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	<p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <p>i. child labor;</p> <p>ii. young workers exposed to hazardous work.</p> <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <p>i. type of operation (such as manufacturing plant) and supplier;</p> <p>ii. countries or geographic areas with operations and suppliers considered at risk.</p> <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	<p><a href="#">Human Rights &gt; Basic Policy on Labor and Human Rights</a></p> <p><a href="#">Partnership with Our Suppliers &gt; Basic Purchasing Policy, CSR Supplier Audits</a></p>	<p>41</p> <p>105-108</p>
Forced or Compulsory Labor *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>

			c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline, Basic Policy on Labor and Human Rights, Building and Operation of a Management System</a></p>	<p>3-4</p> <p>4-8</p> <p>41-42</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:</p> <ul style="list-style-type: none"> <li>i. type of operation (such as manufacturing plant) and supplier;</li> <li>ii. countries or geographic areas with operations and suppliers considered at risk.</li> </ul> <p>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.</p>	<p><a href="#">Human Rights &gt; Basic Policy on Labor and Human Rights</a></p> <p><a href="#">Partnership with Our Suppliers &gt; Basic Purchasing Policy, CSR Supplier Audits</a></p>	<p>41</p> <p>105-108</p>
Security Practices					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		

	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 410 : Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	<p>a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Whether training requirements also apply to third-party organizations providing security personnel.</p>		

Rights of Indigenous Peoples

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> </ul> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 411 : Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	<p>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <ul style="list-style-type: none"> <li>i. Incident reviewed by the organization;</li> <li>ii. Remediation plans being implemented;</li> <li>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</li> <li>iv. Incident no longer subject to action.</li> </ul>		

Human Rights Assessment

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts.</p> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Human Rights &gt; Hotline, Building and Operation of a Management System</a></p>	<p>3-4</p> <p>4-8</p> <p>42</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>
GRI 412 : Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	<p>a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.</p>	<p><a href="#">Human Rights &gt; Building and Operation of a Management System</a></p>	<p>42</p>
	412-2	Employee training on human rights policies or procedures	<p>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p>		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</p> <p>b. The definition used for 'significant investment agreements'.</p>		
Local Communities					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts.</p> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business</p>		

			relationships. c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives		
	103-3	Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.		
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes.		
	413-2	Operations with significant actual and potential negative impacts on local communities	a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.		
Supplier Social Assessment *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly		



			linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a> <a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a> <a href="#">Human Rights &gt; Hotline</a> <a href="#">Partnership with Our Suppliers &gt; Basic Purchasing Policy, CSR Supplier Audits</a>	3-4 4-8 42-43 105-108
	103-3	Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	<a href="#">Partnership with Our Suppliers &gt; Basic Purchasing Policy, CSR Supplier Audits</a>	105-108
	414-2	Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	<a href="#">Partnership with Our Suppliers &gt; Basic Purchasing Policy, CSR Supplier Audits</a>	105-108
Public Policy					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.		
	103-2	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the		

			<p>management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>		
GRI 415 : Public Policy 2016	415-1	Political contributions	<p>a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.</p> <p>b. If applicable, how the monetary value of in-kind contributions was estimated.</p>		

**Customer Health and Safety**

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts.</li> </ul> <p>For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Nissha Group's Stakeholders &gt; External Assessment</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">Corporate Ethics and Compliance &gt; Guideline of the Corporate Ethics and Compliance, Promotion Structure and Initiatives</a></p> <p><a href="#">Consumer Issues &gt; Quality Slogan, Quality and Safety of Products</a></p>	<p>3-4</p> <p>4-8</p> <p>11-12</p> <p>42-43</p> <p>37-38</p> <p>115-116</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <ul style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ul>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p>	<p>3-4</p>

GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:</p> <p>i. incidents of non-compliance with regulations resulting in a fine or penalty;</p> <p>ii. incidents of non-compliance with regulations resulting in a warning;</p> <p>iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	Consumer Issues > Quality and Safety of Products	116
Marketing and Labeling					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>		
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>		
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>		
GRI 417 : Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	<p>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling:</p> <p>i. The sourcing of components of the product or service;</p> <p>ii. Content, particularly with regard to substances that might produce an environmental or social impact;</p>		

			<ul style="list-style-type: none"> <li>iii. Safe use of the product or service;</li> <li>iv. Disposal of the product and environmental or social impacts;</li> <li>v. Other (explain).</li> </ul> <p>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>		
417-2	Incidents of non-compliance concerning product and service information and labeling		<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:</p> <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>		
417-3	Incidents of non-compliance concerning marketing communications		<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>		

Customer Privacy \*

GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> </ul> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul>	<p><a href="#">Nissha Group's Sustainability &gt; CSR Management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a></p> <p><a href="#">Nissha Group's Sustainability &gt; Nissha Group's Stakeholders &gt; External Assessment</a></p> <p><a href="#">Human Rights &gt; Hotline</a></p> <p><a href="#">Initiatives Related to Information Security</a></p> <p><a href="#">The Environment &gt; Waste Management &gt; Risk Management Related to Waste</a></p>	<p>3-4</p> <p>4-8</p> <p>11-12</p> <p>42-43</p> <p>97-99</p> <p>86</p>

				and Waste Converted in Valuable Resources	
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <p>i. complaints received from outside parties and substantiated by the organization;</p> <p>ii. complaints from regulatory bodies.</p> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	No complaint has been reported.	
Socioeconomic Compliance *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Editorial Policy</a>	4-8  123-125
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>  <a href="#">Nissha Group's Sustainability &gt; Materiality in risk management</a>  <a href="#">Human Rights &gt; Hotline</a>  <a href="#">Corporate Ethics and Compliance &gt; Guideline of the Corporate Ethics and Compliance, Promotion Structure and Initiatives</a>  <a href="#">Fair Operating Practices &gt; Tax Policy</a>	3-4  4-8  42-43  37-38  111
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<a href="#">Nissha Group's Sustainability &gt; CSR Management</a>	3-4
GRI 419 : Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	<p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <p>i. total monetary value of significant fines;</p> <p>ii. total number of non-monetary sanctions;</p>	<a href="#">Consumer Issues &gt; Quality and Safety of Products</a>	116

			<p>iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>		
Material topics specific in Nissha					
Business Continuity Plan *					
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<p>a. An explanation of why the topic is material.</p> <p>b. The Boundary for the material topic, which includes a description of:</p> <p>i. where the impacts occur;</p> <p>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</p> <p>c. Any specific limitation regarding the topic Boundary.</p>	<p><a href="#">Nissha Group's Sustainability</a> &gt; Materiality in risk management</p> <p><a href="#">Editorial Policy</a></p>	<p>4-8</p> <p>123-125</p>
	103-2	The management approach and its components	<p>a. An explanation of how the organization manages the topic.</p> <p>b. A statement of the purpose of the management approach.</p> <p>c. A description of the following, if the management approach includes that component:</p> <p>i. Policies</p> <p>ii. Commitments</p> <p>iii. Goals and targets</p> <p>iv. Responsibilities</p> <p>v. Resources</p> <p>vi. Grievance mechanisms</p> <p>vii. Specific actions, such as processes, projects, programs and initiatives</p>	<p><a href="#">Nissha Group's Sustainability</a> &gt; CSR Management</p> <p><a href="#">Nissha Group's Sustainability</a> &gt; Materiality in risk management</p> <p><a href="#">Human Rights</a> &gt; Hotline</p>	<p>3-4</p> <p>4-8</p> <p>42-43</p>
	103-3	Evaluation of the management approach	<p>a. An explanation of how the organization evaluates the management approach, including:</p> <p>i. the mechanisms for evaluating the effectiveness of the management approach;</p> <p>ii. the results of the evaluation of the management approach;</p> <p>iii. any related adjustments to the management approach.</p>	<p><a href="#">Nissha Group's Sustainability</a> &gt; CSR Management</p>	<p>3-4</p>
Index				<p><a href="#">Nissha Group's Sustainability</a> &gt; Materiality in risk management</p> <p><a href="#">Corporate Governance</a> &gt; Risk Management</p>	<p>4-8</p> <p>34-35</p>