

Nissha Sustainability Report 2022

English

NISSHA

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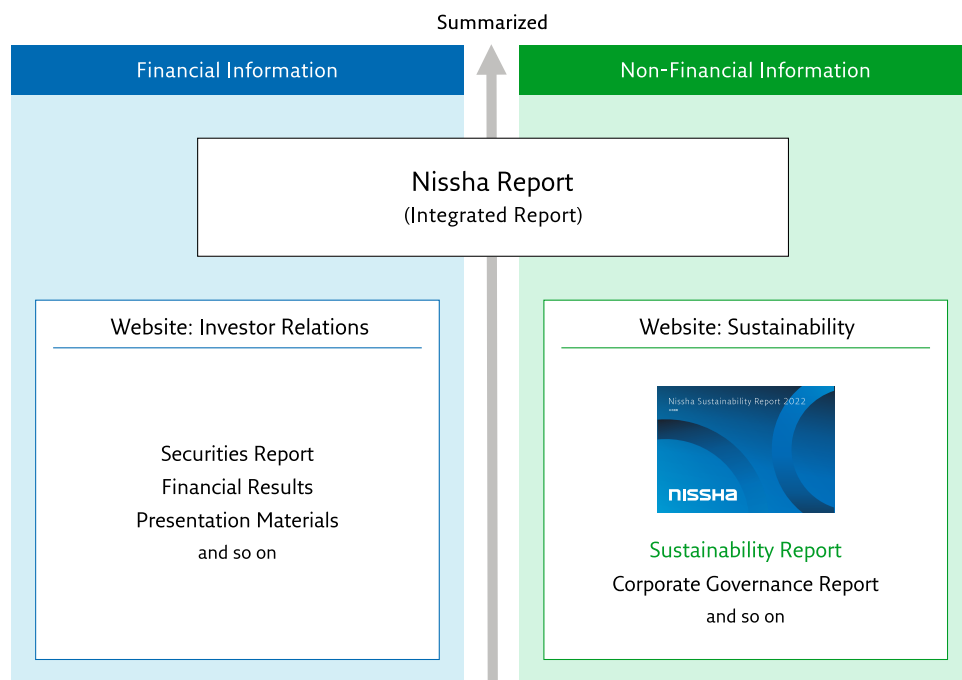
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1. Editorial Policy

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

Sustainability Report 2022 covers our initiatives and performance in the fiscal year ended December 2021 (January–December 2021), following the editorial policy given below.

The Role of Nissha Sustainability Report



1-1 Guidelines Used as Reference

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

1-2 Period Covered

From January 2021 to December 2021

1-3 Publication Dates

Current issue: June 2022 for Japanese, August 2022 for English

Last issue: June 2021 for Japanese, August 2021 for English

Next issue: June 2023 for Japanese, August 2023 for English (planned)

1-4 Scope of Reporting

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

1-5 Major Affiliated Companies and Businesses

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

1-6 Major Changes in Reporting Scope

No major changes.

1-7 Publishing Division and Contact for Inquiries

Nissha Co., Ltd.

ESG / Corporate Strategy Planning

Contact: <https://www.nissha.com/english/inquiry.html>

TEL: +81 75 811 8111

2. CEO Message

Nissha Group is a forward thinking global company. Our Mission is 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. Nissha Group is developing the 3 businesses segments of "Industrial Materials", "Devices", "Medical Technologies", and also developing various businesses such as "Information and Communication", "Pharmaceutical".

The Group views sustainability as initiatives toward the achieve-



ment of sustainable growth and development for both the company and society. Based on this approach, we consider social issues to be business opportunities. We strive not only to leverage our strengths to provide products and services that help resolve these on an ongoing basis, but also to strengthen the management foundation underpinning our business activities, reduce risks that could hamper business continuance, and promote governance to ensure these are all carried out appropriately. These activities will create the economic and social values stated in our Mission, allowing us to realize the enrichment of people's lives.

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

In January 2022, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we have analyzed the financial impact of climate change-related risks and opportunities on our business. This report analyses and reports on the risks and opportunities associated with the transition to a decarbonized society and the risks and opportunities posed by changes in the natural environment, based on the recommendation of the TCFD.

We look forward to your continued guidance and encouragement.

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

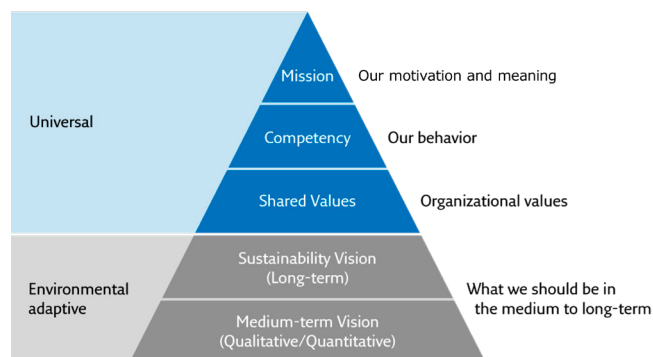


Nissha Co., Ltd. support the United Nations Global Compact since April 2012. We have in place various targets and work actively based on the 10 principles of the Global Compact in the area of human rights, labor, the environment, and anti-corruption.

3. Nissha Group Sustainability

3-1 Nissha Philosophy

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



Mission

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

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

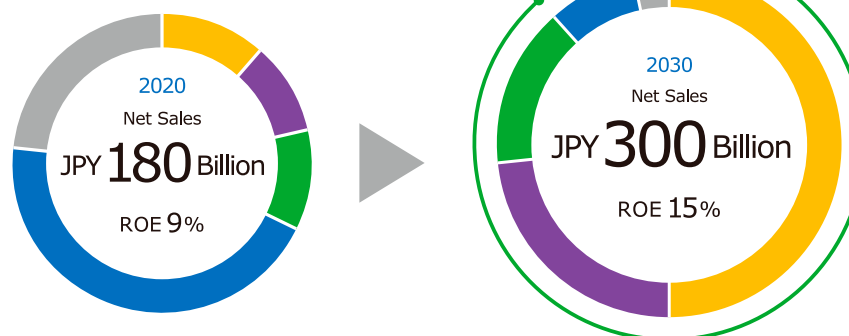
From our inception onward, throughout our 90-plus year history, we have grown by evolving and expanding our core technologies and reorganizing our target markets. Under our Mission, we have analyzed the magnitude of social issues and the sustainability of market growth for the next 10 years, and relatively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

Up to Present

We have so far promoted business expansion in the IT devices market, which has grown dramatically, while enhancing our ability to respond on a global basis in both quality and quantity. At the same time, primarily through M&A activities, we have been able to strengthen our strategy of reorganizing our business portfolio by acquiring and developing business platforms in Medical Devices, Mobility, and Sustainable Materials. We have made inroads into markets with stable growth prospects.

Sustainability Vision (Long-term vision for 2030)

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



Social value

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

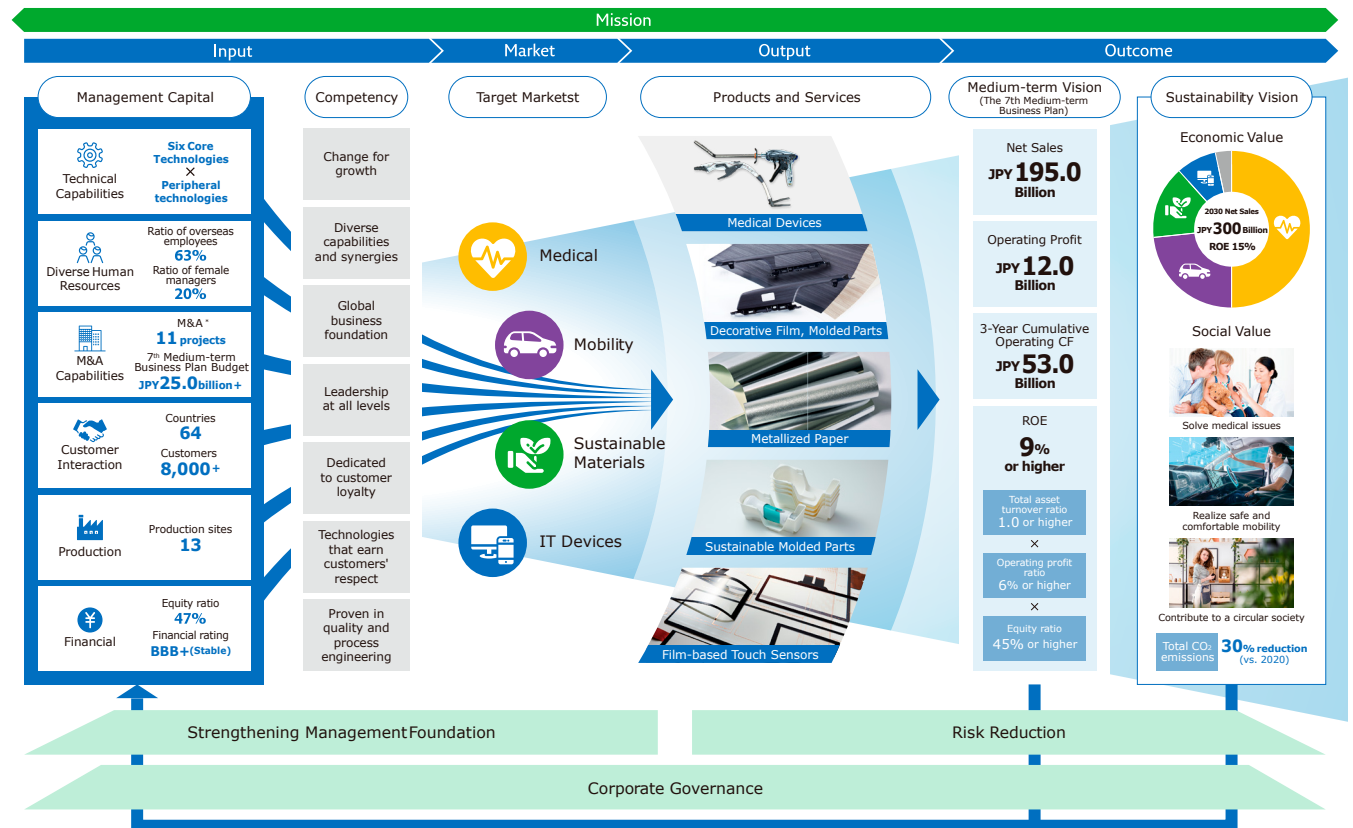
Economic value

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

IT Devices	Medical	Mobility	Sustainable Materials
Contributing to solving social issues through our capabilities cultivated for IT devices <ul style="list-style-type: none"> • Penetrate IT technology into society through advancement of digital transformation 	Solve medical issues <ul style="list-style-type: none"> • Reduce patient burden (QOL improvement) • Efficiency and labor saving in diagnosis and treatment • Promote telemedicine (consultation and treatment) 	Realize safe and comfortable mobility <ul style="list-style-type: none"> • Comfort: More comfort in interior space • Safety and Convenience: Improve communication between people and cars • Sustainability: Reduce environmental impact 	Contribute to a circular society <ul style="list-style-type: none"> • Achieve carbon neutrality • Protection of the natural environment • Provision of petroleum-based plastic alternative

3-3 Nissha's Value Creation Process

Nissha creates social and economic value that contributes to the sustainable growth of both our company and society. We do so by leveraging our diverse management capital and delivering products and services based on our competencies, focusing on our priority markets.



* Beginning with the 5th Medium-term Business Plan

3-4 Promotion Framework for Sustainability

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

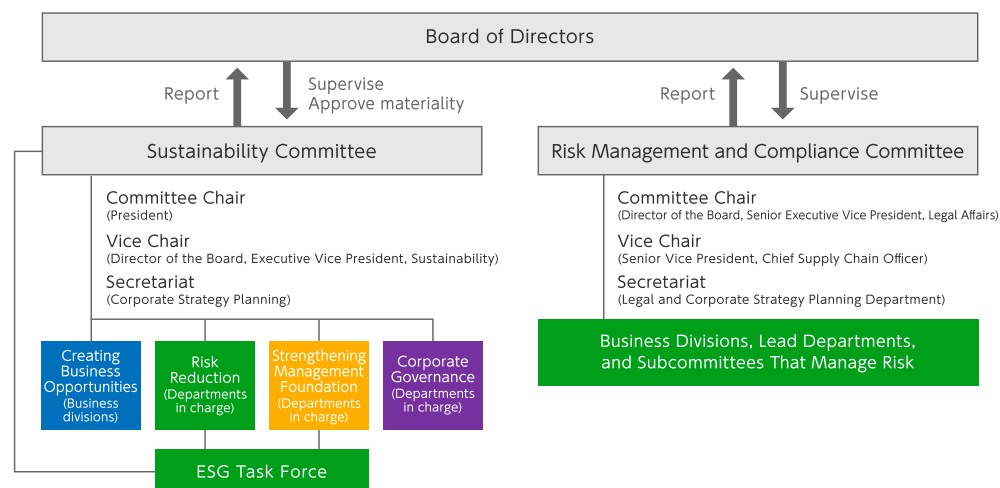
The ESG task force has been established to address the themes of "Utilizing diverse human resources and improving human resource capabilities," "Respect for human rights," and "Responding to climate change". These are considered to be particularly important from an ESG perspective, and the task force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

The Sustainability Committee holds a general assembly once per year, in which it authorizes the key performance indicators (KPI) and action items set by the main related business organizations, divisions, and the ESG task force based on the materialities determined through resolutions at the Board of Directors. In addition, monthly business reviews and quarterly progress confirmation meetings are held to confirm whether or not the set KPIs and action items are progressing as planned. Each business organization, division, and the ESG task force oversee the management of respective strategy items, KPIs, and action items. In the fiscal year ended December 2021, we held one Sustainability Committee meeting and two Progress Review Meetings.

Note that in the fiscal year ending December 2022, the materialities that the Sustainability Committee had overseen until the fiscal year ended December 2021, including particularly important risk items for smooth business operation such as "Promotion of Compliance," "Promotion of Health and Productivity Management," "Occupational Health and Safety," "Advancement of Quality Control," "Continuity of Business Activities," and "Protection and Utilization of Information Assets," were passed to the Risk Management and Compliance Committee, which was newly installed in the fiscal year ending December 2022. The new Committee is promoting activities to reduce risk.

Refer to 21. Risk Management and Compliance

Structure

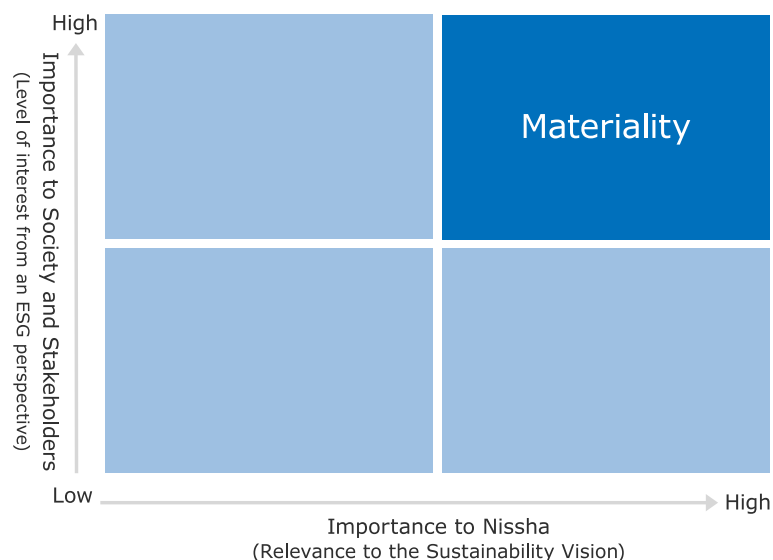


3-5 Materialities (Key Issues) and KPIs

3-5-1 Materiality Identification

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

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



Materiality Identification Process

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

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

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

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

3-5-2 Materialities of Nissha Group / KPIs and Action Items







Nissha Group reviewed its materialities in January 2022. As sustainability becomes increasingly important worldwide, we have taken into account changes in the environment that may affect our business. We then narrowed our focus to those items that are of particular importance to the realization of our Sustainability Vision.

Items of high importance that were handled by the Sustainability Committee as materialities until 2021 included promotion of compliance, promotion of health and productivity management, occupational health and safety, advancement of quality control, continuity of business activities, and protection and utilization of information assets. These items are now handled by the Risk Management and Compliance Committee, which was newly established in 2022 to ensure smooth business operations and promote risk reduction activities.

Refer to 21. Risk Management and Compliance







■ Creating Business Opportunities (Resolution of social issues through business)

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

	Materialities	Strategy Items	KPIs (2023)	Related SDGs
Creating Business Opportunities	Solving medical problems	Expansion of business for Medical Devices / Healthcare market <ul style="list-style-type: none"> Contribution to medical care centered on minimally invasive (heart disease) and acute care fields 	Net sales of Medical Technologies segment	
	Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact	Expansion of business for Mobility market <ul style="list-style-type: none"> Providing mobility products that contribute to safety, comfort, and reduction of environmental impact 	Net sales of Mobility segment	 
	Promotion of circular economy	Expansion of business for Sustainable Materials market <ul style="list-style-type: none"> Promotion of circular economy Solving marine plastic pollution issues Contribution to improving resource utilization efficiency Biodiversity conservation considerations 	Net sales of Sustainable Materials segment	  







■ Risk Reduction (Reducing environmental and social risks that impede business continuity)

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

	Materialities	Strategy Items	KPIs and Action Items (2023)	Related SDGs
Risk Reduction	Respect for human rights	Reduction of labor and human rights risks	<ul style="list-style-type: none"> Number of child labor and forced labor cases of primary suppliers in areas with high labor and human rights risks (Latin America, Southeast Asia, China): 0 	
	Responding to climate change	Reduction of total CO ₂ emissions by 30% by 2030 (compared to 2020)	<ul style="list-style-type: none"> Reduction of total CO₂ emissions by 9% (compared to 2020) 	
	Providing responsible medical products and services	Establishment of management systems for quality and safety of products and services Strengthening the legal compliance system by thoroughly ensuring that employees understand medical-related laws and regulation <ul style="list-style-type: none"> Appropriate disclosure of information about products and services 	<ul style="list-style-type: none"> Continuation and expansion of ISO 13485 certification (number of certifications obtained and maintained as planned): 11 Continuous implementation of education for management and all employees Compliance with laws and regulations related to information disclosure (Pharmaceutical Machinery Law Enforcement Regulations, Appropriate Advertising Standards for Pharmaceuticals, etc.): 0 	
	Sustainable procurement	Establishment and operationalization of stable procurement <ul style="list-style-type: none"> Suppliers: Build appropriate supplier network and healthy relationships Procurement of goods: Ensure stable procurement of environmentally friendly goods at reasonable prices, while preserving quality. Risk: Reduce procurement risk and strengthen risk management capabilities Procurement process: Establish and maintain an appropriate procurement process Buyers: Improve and maintain buyers' expertise 	<ul style="list-style-type: none"> 100% implementation rate of risk reduction measures for major components (number of risk reduction measures implemented / number of key components with high procurement risk) 	  

■ Strengthening Management Foundation (Initiatives to support the creation of business opportunities and the reduction of risks) / Corporate Governance

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

	Materialities	Strategy Items	KPIs and Action Items (2023)	Related SDGs
Strengthening Management Foundation	Utilizing diverse human resources and improving human resource capabilities	Promote activities for women	<ul style="list-style-type: none"> Female manager ratio Global consolidated: 21% Nissha: 8% 	  
		Enhancement of trainings for management / strategic human resources, and rotation	<ul style="list-style-type: none"> Selection rate of leadership candidates Nissha: 36% 	
	Efficiency and productivity improvement	Digitization of value creation process	<ul style="list-style-type: none"> Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / year Business flow digitization (total number of projects developed from 2021 to 2023): 100 	
	Ongoing technology creation	<ul style="list-style-type: none"> Establishment of a management system based on a technology roadmap Promote three technological synergies: inter-business, inter-regional, and inter-generational 	<ul style="list-style-type: none"> Number of verified new technologies consistent with business strategy: 5 (per year) 	
Corporate Governance	Global governance	Establish an internal control framework along the business axis (vertical) and a cooperative framework (RCC) along the regional axis (horizontal)	<ul style="list-style-type: none"> Expansion of RCC coverage (Expansion to regions outside of Europe, the U.S. and China) 	

■ Boundaries of Materialities (risk reduction, strengthening management foundation, corporate governance)

Materialities	Boundaries	
	Inside Nissha Group	Outside Nissha Group
Respect for human rights	●	●
Responding to climate change	●	●
Providing responsible medical products and services	●	●
Sustainable procurement	●	●
Utilizing diverse human resources and improving human resource capabilities	●	
Efficiency and productivity improvement	●	
Ongoing technology creation	●	
Global governance	●	

3-5-3 FY2021.12 Initiatives and Achievement Status

■ Creating Business Opportunities

Materialities	Strategy Items	KPIs	Achievement Status*
Solving medical problems	Expansion of business for Medical Devices / Healthcare market <ul style="list-style-type: none"> Contribution to medical care centered on minimally invasive (heart disease) and acute care fields 	Net sales of Medical Technologies business	○
Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact	Expansion of business for Mobility market <ul style="list-style-type: none"> Providing mobility products that contribute to safety, comfort, and reduction of environmental impact 	Net sales of Mobility segment	○
Promotion of circular economy	Expansion of business for the sustainable materials market <ul style="list-style-type: none"> Promotion of Circular Economy Solving marine plastic pollution issues Contribution to improving resource utilization efficiency 	Net sales of Sustainable Materials segment in Industrial Materials business	○
Solving social issues by applying and integrating technologies	Creation of new products that lead to the solution of social issues	Net sales of New Business Development Office	△

* This shows the level of achievement of net sales plans for each segment in FY2021.12.

■ Risk Reduction

Materialities	Strategy Items	KPIs and Action Items (2023)	Achievement Status*	Initiatives in FY2021
Promotion of compliance	Enhancement of the internal reporting system	Set up an optimal contact point for the entire company and establish an operational flow	○	<ul style="list-style-type: none"> Draft operation proposals for internal reporting systems taking into consideration surveys of laws and case examples from other companies
	Responding to domestic and foreign legal risks	Understanding the risks of individual laws and regulations; education and retention.	○	<ul style="list-style-type: none"> Implement training concerning the Whistleblower Protection Act revisions for Corporate Ethics and Compliance Promotion Managers and Representatives Implement classes for medical devices, which are an important market
Respect for human rights	Reduction of labor and human rights risks	Number of child labor and forced labor cases of primary suppliers in areas with high labor and human rights risks (Latin America, Southeast Asia, China): 0	○	<ul style="list-style-type: none"> Using survey forms, survey Nissha Group companies both inside and outside of Japan and make sure the number of forced labor and child labor cases is zero Targeting all Nissha Group suppliers, check risk levels across factors including region, purchase prices, and business field, and complete survey target refining and identifying
Promotion of health and productivity management	Creating a workplace where employees are physically and mentally healthy, highly motivated, and able to work lively (improvement of employee engagement)	Raising health awareness: Hold a wellness day for employees once a month	○	<ul style="list-style-type: none"> Implement once monthly from July to December 2021

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

Materialities	Strategy Items	KPIs and Action Items (2023)	Achievement Status*	Initiatives in FY2021
Promotion of health and productivity management	Creating a workplace where employees are physically and mentally healthy, highly motivated, and able to work lively (improvement of employee engagement)	Early detection and treatment of illness: Improvement of the rate of detailed health examinations (examination rate of 50% or more)	○	<ul style="list-style-type: none"> As a result of implementing awareness raising activities through Nissha Group intranet usage and campaigns, the examination participation rate was 55.4%
		Workplace support in stress checks: 100% attendance and participation of sub-committee members in workplace care interviews	○	<ul style="list-style-type: none"> 100% participation. Implement medical treatment guidance and advice for each workplace by clinical psychologists and health staff Select divisions randomly and implement follow-up meeting meetings
Response to a decarbonized society	Reduce our total CO ₂ emissions by 30% (versus 2020), with a view to becoming carbon-neutral by 2050.	Develop a plan to reduce total CO ₂ emissions toward the 2030 target, and reduce the prescribed CO ₂ emissions by 2023.	○	<ul style="list-style-type: none"> Upwardly revise total July 2021 CO₂ emissions reduction rate from 20% to 30% Plan concrete measures for energy conservation and energy reuse For overseas production bases, implement awareness raising actions concerning climate change response measures Start surveying for Scope 3 Management
Occupational health and safety	Reduction of occupational accidents	Number of occupational accidents 7 or less	×	<ul style="list-style-type: none"> In FY2021.12, 15 labor accidents occurred. Analyze causes, correct conditions for identified causes, and implement reoccurrence prevention measures
	Understand and reduce the health and safety burden of newly acquired companies through M&A	Expand scope	○	<ul style="list-style-type: none"> For health and safety at the hubs of the US Medical Technologies business acquired in FY2020.12, implement assessment, construct systems, and establish monitoring methods

Materialities	Strategy Items	KPIs and Action Items (2023)	Achievement Status*	Initiatives in FY2021
Advancement of quality control	Reduction of quality cost ratio	Quality cost ratio target: 3.0%	×	<ul style="list-style-type: none"> Quality cost ratio: Not achieved Quality costs rose due to launches for unrealized and new products, etc. Analyze and respond to quality cost details
	Improvement of quality assurance system that gains customers reliability	Continuation and expansion of QMS certification	○	<ul style="list-style-type: none"> Maintain and expand ISO9001 certification Targeting all domestic Japan production centers, check quality control status focusing on workplaces and the related objects
		Pointing out and support through internal audit	○	<ul style="list-style-type: none"> Implement internal auditing concerning international standards for import markets (ISO13485 and IATF16949)
	Support for strengthening quality system in strategic priority areas (Medical, Mobility)	Implementation of quality education	○	<ul style="list-style-type: none"> Implement training for curriculum as planned, including applied training, basic training, specialist training, etc.
		Improvement support for business divisions such as small group activities	○	<ul style="list-style-type: none"> Check progress and give assistance to small scale groups engaging in production progress improvement, with a focus on factories
	Support for strengthening quality system in strategic priority areas (Medical, Mobility)	Support for strengthening quality system in strategic priority areas	○	<ul style="list-style-type: none"> Implement quality training: Targeting all domestic Japanese production bases, check quality control status, focusing on workplaces and related objects. Execute field surveys by management

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

Materialities	Strategy Items	KPIs and Action Items (2023)	Achievement Status*	Initiatives in FY2021
Providing responsible medical products and services	Strengthening the legal compliance system by thoroughly ensuring that employees understand medical-related laws and regulation • Ensuring the quality and safety of products and services • Appropriate disclosure of information about products and services	Continuous implementation of education for management and all employees	○	• Implement training for management and all employees as planned • Launch skill training for important markets
		Continuation and expansion of ISO13485 certification	○	• The FY2021.12 periodic review is over (No feedback points)
		Compliance with laws and regulations related to information disclosure (Pharmaceutical Machinery Law Enforcement Regulations, Appropriate Advertising Standards for Pharmaceuticals, etc.)	○	• Construct legal compliance systems for domestic and foreign medical related business areas
Continuity of business activities	Execute business continuity basic plan in case of emergency	Response to infectious diseases	○	• Revise internal company COVID-19 response guidelines based on infection spreading status and disseminate internally
		Implementation of management BCP training and BCP training at major domestic bases	○	• Implement BCP training targeting affiliated company (Nissha FIS, Inc.) and check the adequacy of BCP
		Understanding the BCP operation and management status of important bases	○	• Implement BIA analysis targeting affiliated company (Zonnebodo Pharmaceutical Co., Ltd.) and prepare manual concerning important duties
Protection and utilization of information assets	• Strengthening security in response to new work styles • Strengthening and establishing ISMS	Attendance rate of information security education for all employees	○	• E-learning class attendance rate for maintaining information security promoter capacity: 100%

Materialities	Strategy Items	KPIs and Action Items (2023)	Achievement Status*	Initiatives in FY2021
Protection and utilization of information assets	• Strengthening security in response to new work styles • Strengthening and establishing ISMS	Number of information security incidents	○	• Compared to FY2020.12: 20% decrease
		Expansion of ISMS application range to overseas undeveloped departments	△	• Prioritized security authentication acquisition for important market (mobility), did not implement entire plan
Improving human resource capabilities, and utilizing diverse human resources	Enhancement of trainings for management / strategic human resources, and rotation	Selection rate of leadership candidates Nissha: 36%	○	Achieved FY2021.12 targets • Leader candidate selection rates Nissha: 31% (actual), 30% (target)
	Promote activities for women	Female manager ratios Global consolidated: 21% Nissha: 8%	○	• Female manager ratios Global consolidated: 20% (actual), 19% (target) Nissha: 6% (actual), 5% (target)
Productivity improvement	Digitization of value creation process	Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / year	○	Achieved FY2021.12 target of 30,000 hours (30,544 hours) • Introduce RPA on a global basis • Execute move to digital work flow for assorted internal company requests
		Company-wide development of digitization of value creation process	○	• As one form of training to cultivate the next generation of management, hold classes on DX (digital transformation) and AI, an essential technology • Complete digitalization of the design process for the Industry Materials business as planned

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

3-6 Initiatives in which Nissha Participate and External Evaluation

3-6-1 Initiatives in which Nissha participate

■ United Nations Global Compact



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

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 voluntarily as good citizens 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 sustainability reports, published on the Nissha Group website.

The Ten Principles of the UN Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

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

United Nations Global Compact

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



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

The TCFD is an organization established by the Financial Stability Board (FSB). It strives for expansion in the disclosure of information by companies related to climate change.

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

■ Japan Clean Ocean Material Alliance (CLOMA)



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

3-6-2 External evaluation

■ CDP

In December 2021, we received a "B" rating in the Climate Change Report 2021 published by the CDP, an international non-profit environmental organization. This is the third of the eight levels from the top, indicating we are at a management level in addressing climate change.



■ FTSE Blossom Japan Index

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



■ FTSE Blossom Japan Sector Relative Index

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



■ S&P/JPX Carbon Efficient Index

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



■ SOMPO Sustainability Index

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



■ Certified Health and Productivity Management Outstanding Organizations

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



■ Kurumin Certification

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



■ DX (Digital Transformation) Certification

In August 2021, we have certified as a “DX-Certified Operator” based on the DX (Digital Transformation) certification system established by the Ministry of Economy, Trade and Industry (METI).



It was evaluated that our DX efforts and appropriate information disclosure to stakeholders meet the standards required by METI.

3-7 Nissha Group Stakeholders

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



Nissha's Circle of Trust

■ Customer

Industrial Materials, Devices, and Medical Technologies—we at the Nissha Group operate three businesses on a global basis, using our core technologies to provide various products and services that satisfy market needs. While seeking to resolve social issues through our businesses operations, we also promote fair operating practices, efforts in labor and human rights, and the building of environment-conscious production systems so that our customers can feel safe about entrusting us with work.

Communication

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

■ Shareholder

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

Communication

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

■ Employee

We at the Nissha Group respect our employees' human rights and diversity from a global perspective. To this end, we promote the creation of safe, comfortable workplace environments and offer support for diverse work styles so that our employees can live up to their full potential. We believe our employees are our most important management resources, and aim to achieve growth for both the company and our employees.

Communication

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

■ Supplier

We procure the raw materials, components, equipment, and services necessary for making our products from suppliers in various regions. We work fairly and equally with all suppliers to promote sustainable procurement in order to share awareness of our social responsibility and enhance mutual corporate value.

Communication

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

■ Society

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

Communication

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

3-8 Along with Local Communities

3-8-1 Policy

Nissha Group will continue to contribute to the resolution of social issues through our business activities toward the realization of our Mission. Furthermore, we also clarify the main fields of our support and engage in social contribution activities.

Social Contribution Policy

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

Main fields of our support:

- Environment
- Arts and Culture
- Medical and wellness

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

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

3-8-2 Initiatives in FY2021

The Nissha Group deploys business activities globally. As such, we promote action to respond to global needs through communication with all of our stakeholders in each region. As a company with its headquarters based in Kyoto, we engaged in the following kinds of actions in the fiscal year ended December 2021. Moving forward, along with efforts to expand our support to future generations, we are considering actions in the fields of the environment, medical treatment, and health as well.

Environment / support for future generation

- Participated in the activities for company's environmental workshops at elementary schools organized by the Kyoto Chamber of Commerce and Industry's environmental measures special committee
Carried out the workshop at Kyoto Municipal Utano Elementary School

Support for future generation

- Participated in Children's Monodzukuri Project run by the Kyoto City Board of Education
Exhibited a corporate booth at the Kyoto Monodzukuri Hall of Fame, Kyoto City Inquiry Learning Center for Career Education
Provided materials for learning programs for elementary school students
Supported the "Making Supreme Moving Toys" Toy Contest Grand Prix in Kyoto
- Collaborated with NPO Kids Meet Artists
Carried out the Machikusa Mikke workshop at Kyoto Municipal Suzaku Daishichi Elementary School

Promotion and support of arts and culture

- Sponsorship of arts and crafts exhibitions
Priest Gyōnen 700th Memorial Special Exhibition The Buddhist Legacy of Jianzhen (Ganjin) and His Successors (Kyoto National Museum)
ISHIMOTO Sho : A Centennial Retrospective (SHIMANE ART MUSEUM)
Celebrating the 160th Anniversary of Her Birth GRANDMA MOSES A Retrospective Exhibition (ABENO HARUKAS ART MUSEUM)
The 1400th Memorial for Prince Shōtoku Hōryūji Prince Shōtoku and Treasures of Early Buddhist Faith in Japan (Nara National Museum)
KYOTOGRAPHIE international photography festival (The Museum of Kyoto and various locations in Kyoto)
Commemorating the 1200th Anniversary of Saichō's Death Buddhist Art of the Tendai School (Tokyo National Museum)
100 Years of Mingei : The Folk Crafts Movement (The National Museum of Modern Art, Tokyo)
- Participation as a museum partner
Kyoto National Museum

3-8-3 Membership in Community Organizations (Nissha)

Nissha participate in various activities in the region.

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

Support for Ukraine

In April 2022, Nissha Group launched a fundraising program to support the people of Ukraine in collaboration with the European non-profit organization "SERMIG" and solicited donations from employees on a global scale. Nissha Co., Ltd. donated the same amount of donations from Nissha People all over the world as a matching gift through SERMIG.

In addition, Nissha Group in Japan produced stickers expressing support for Ukraine and sold them in-house, and donated the entire amount of the sales.

Sticker expressing support for Ukraine



4. Environmental Policy and Management Structures

4-1 Policy and Principles

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

Environment Policy

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

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

The Environment Principles

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

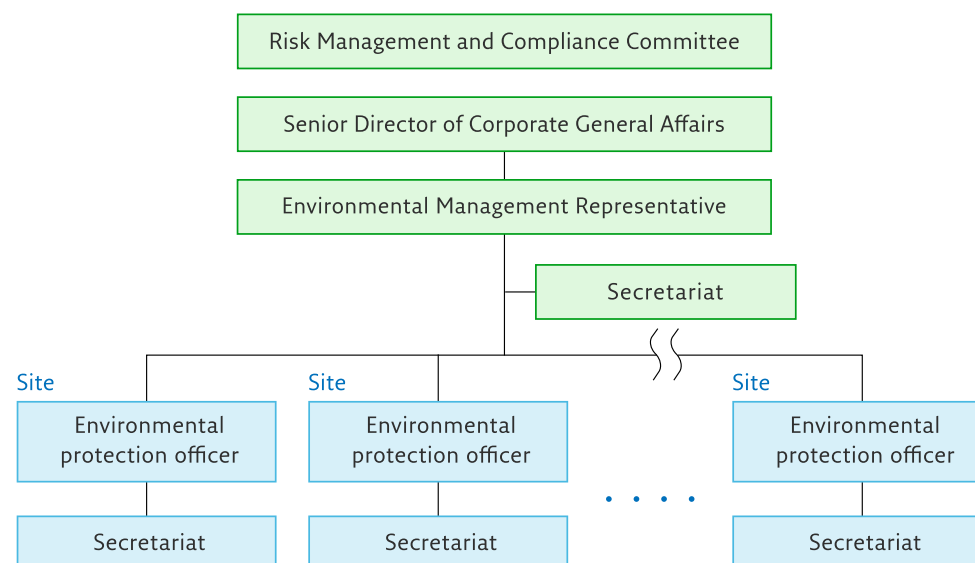
Daisuke Inoue
Director of the Board, Senior Executive Vice President, General Affairs
Nissha Co., Ltd.

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

4-2 Management Structures

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

Environmental Management Structure



4-3 Environmental Management System (EMS)

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

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

In our currently active 7th Medium-term Business Plan (FY2021.12 – FY2023.12), we set medical devices, mobility, sustainable materials, etc. as the priority markets, and aim for growth via product lineups and services that contribute to resolving social issues. As positive environment contributions, our development and product technology divisions set development themes at the product design and development stage from the societal issue resolution perspective of SDGs and lifecycles. Additionally, these efforts are set as one environmental objective and reflected in concrete action.

Moreover, the EMS for the Nissha Group covers all our bases, not

only major production bases, but also small production bases and sales bases with little impact on the environment. They are classified into ISO14001-certified bases and noncertified bases and set their priority management items as appropriate. The effectiveness of our EMS has ensured a high level of performance by engaging in confirmation, correction, and improvement through initiatives including once-a-year periodic internal auditing and support for responding to law and regulation revisions. The management review conducted at the end of the fiscal year includes confirmation on the response to points stipulated by Directors (responsible for corporate general affairs) and Environment Management Representatives and the sharing of major environmental risks and action examples that may be useful as reference. As such, it links to continued improvement.

In the fiscal year ended December 2021, we established a system to regularly and accurately collect information on the environmental impact of our key overseas bases, employed the information gathered from locations, and promoted actions designed to reduce risk.

5. Impact on the Environment out of Our Business Operations

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

The amount of major raw materials used at the Nissha Group in the fiscal year ended December 2021 was approximately 127,430t, an increase of approximately 11% from the previous fiscal year. Of the total amount of major raw materials used, approximately 82% was used at our overseas production bases. Of this amount, Nissha Metallizing Solutions' metallized paper products accounted for approximately 84%. At domestic production bases, the amount used by the Industrial Materials business, the Devices business, and others increased. Starting in this fiscal year, we added input data from the domestic Japanese Medical Technologies business.

The amount of energy used by the Nissha Group was 264,973MWh of electricity, an increase of approximately 3% from the previous fiscal year, and 10,558,000m³ of gas, an increase of approximately 16% from the previous year. From the fiscal year ended December 2020, CO₂ emissions are calculated using the market-based method for bases in Japan and the location-based method for overseas bases.

The overall Nissha Group waste material gross emissions were 30,587t, an approximate 2% increase from the previous fiscal year. The domestic Japanese Nissha Group company waste material gross emissions were 17,465t, an approximate 6% reduction compared to the previous fiscal year. The overseas Nissha Group company waste material gross emissions were 13,122t, an approximate 15% increase.

INPUT



OUTPUT

Production bases in Japan		
Industrial Materials	PET/acryl film	1,165t
	Solvents	843t
	Gravure ink	742t
	Resin	117t
	Others	103t
Devices	Materials used in product manufacturing processes	13,729t
	Metallic materials	2t
	Resin materials	2t
	Half-finished goods	57t
	Others	1,589t
	Product materials	55t
	Resin materials	33t
Medical Technologies	PET film	3t
	Aluminum	4t
	Packing materials	29t
Others*1	Paper	4,424t
	Ink	47t
	Others	37t
Total for production bases in Japan		22,981t

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

Overseas production bases		
	Resin/plastic	4,506t
	Film	1,491t
	Molds and molding materials	120t
	Touch sensors	0t
	Packing materials	161t
	Paper	88,131t
	Cardboards	1,073t
	Aluminum	2,218t
	Metal	74t
	Chemical substances	6,105t
	Others	568t
Total for overseas production bases		104,449t

Total for Nissha Group	127,430t
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Including production bases in Japan and overseas		
Energy	Electricity	264,973MWh
	Gas	10,558,000m ³
Water	Tap water	1,249,000m ³
	Underground water	46,000m ³
	Industrial water	1,670,000m ³

Production bases in Japan		
Recyclable resources (items sold for recycling)	Waste containing noble metals	5,743t
	Metal waste	
	Resin waste	
Recyclable resources (industrial waste)	Paper waste	11,697t
	Waste plastic	
	Iron scrap, waste cans	
	Waste solvents, waste ink, waste cloth	
	Waste acid, alkali	
Waste for simple incineration/landfill	Sludge, others	25t
	General business waste	
	Others (industrial waste)	
Total for production bases in Japan		17,465t

Overseas production bases		
Recyclable resources (items sold for recycling)	Waste containing noble metals	9,838t
	Metal waste	
	Resin waste	
	Paper waste	
Recyclable resources (industrial waste)	Others	1,335t
	Waste plastic	
	Waste solvents, waste ink, waste cloth	
	Others	
Non-recyclable waste	Incineration/landfill	1,948t
Total for overseas production bases		13,122t

Total for Nissha Group	30,587t
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Including production bases in Japan and overseas		
Emissions	CO ₂	125,244t
	VOC*2	826t
Wastewater		2,594,000m ³

*2. Detoxified by activated carbon adsorption, catalyst deodorization, etc.

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

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

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

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



6-1 Governance

The Nissha Group views climate change issues from both a long-term perspective (backcasting from 2030) and a short- to medium-term perspective, and manages them using the following system.

■ Management from a long-term perspective

The Nissha Group has defined Sustainability Vision (long-term vision) that shows where we want to be by the year 2030. We aim to create social value by providing products and services that contribute to solving social issues and to achieve a 30% reduction in total CO₂ emissions by 2030 (compared to 2020) with a view of becoming carbon-neutral by 2050.

To accelerate this initiative, the Group has established a Sustainability Committee, chaired by the President and CEO and vice-chaired by the Director of the Board, Executive Vice President in charge

of Sustainability. The Sustainability Committee manages the material issues (materialities) resolved by the Board of Directors. The Committee monitors progress by receiving quarterly reports on material issues from business organizations and divisions and the ESG Task Force, and reports annually to the Board of Directors. The Board of Directors discusses the content of the report and makes observations as necessary.

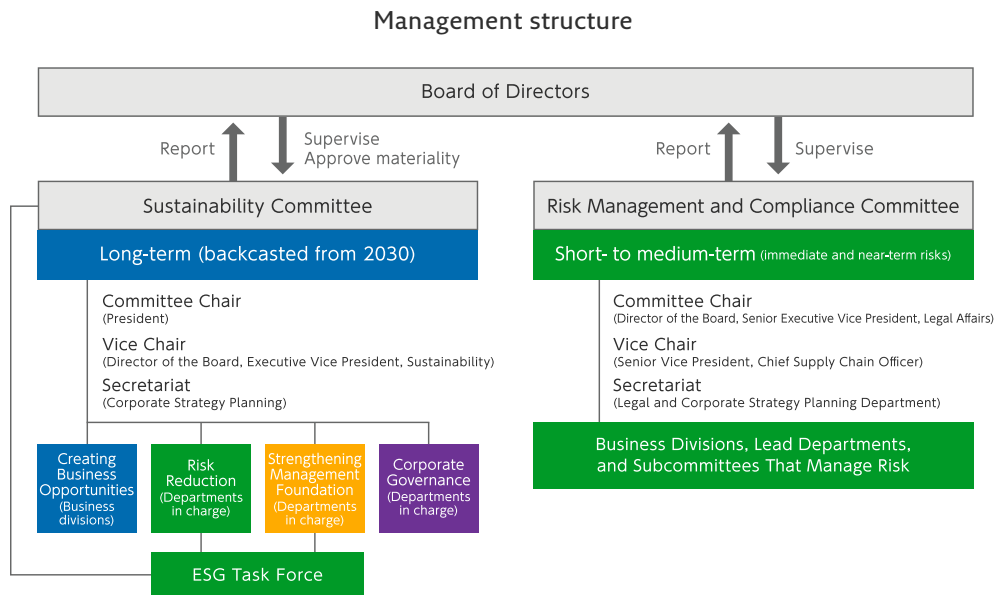
In addition to reporting progress to the Sustainability Committee, the ESG Task Force, which handles particularly important material issues, discusses the company's response to climate change with the President and CEO and the Director of the Board, Executive Vice President in charge of sustainability on a quarterly basis.

Important strategic and financial decisions concerning our response to climate change are made by the President and CEO within the scope of his authority.

■ Management from a short- to medium-term perspective

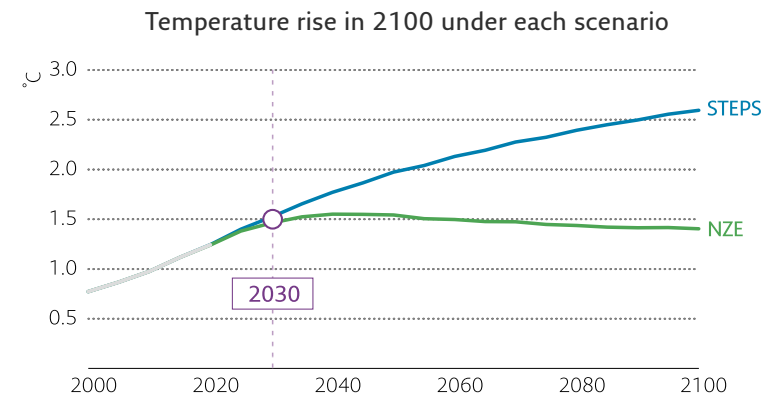
The Group has established a Risk Management and Compliance Committee, chaired by the Director of the Board, Senior Executive Vice President in charge of legal affairs and vice-chaired by the Senior Vice President, Chief Supply Chain Officer, in order to centrally manage risks that may jeopardize business operations from a short- to medium-term perspective. The Risk Management and Compliance Committee manages important risks that are identified, evaluated, and selected from a company-wide perspective. The Committee monitors progress on a quarterly basis based on reports from the subcommittees and divisions that manage such risks, and reports on its activities to the Board of Directors once a year. The Board of Directors discusses the content of the reports and makes observations as necessary.

We have selected "Continuity of Business Activities" as one of the significant climate change risks. The Business Continuity Management Subcommittee, which manages such risks, formulates and updates emergency preparedness based on the most recent potential natural disasters and response plans for when a disaster occurs, and reports its activities to the Risk Management and Compliance Committee. The President and CEO and the Senior Executive Vice President in charge of legal affairs monitor the content of such reports and give instructions as necessary.



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

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



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

6-2 Strategy

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

This year's analysis targets the Devices business, which accounts for about half of the Group's net sales.

(1) Scenario analysis assumptions

- Scenario analysis time horizon: consider transition and physical risks and opportunities as of 2030
- Scenario analysis target business: Devices business
- Assumed scenario: referred to two scenarios from the International Energy Agency (IEA), the "Net Zero Emissions by 2050 (NZE)"^{*1} scenario (1.5 °C scenario) and the "Stated Policies scenario (STEPS)"^{*2} (3 °C scenario)

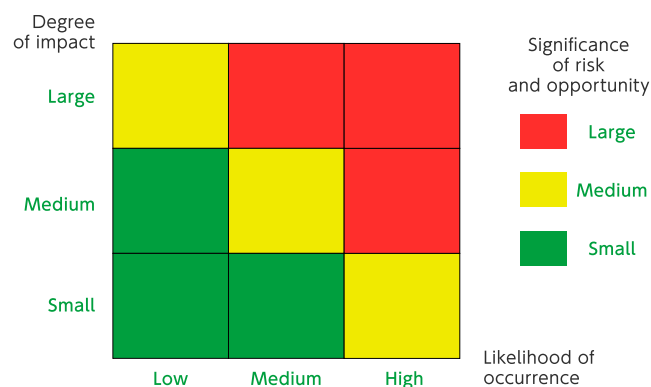
We believe that we can visualize many climate change-related risks and opportunities by using the 1.5 °C scenario in which regulations are tightened and zero CO₂ emissions are achieved by 2050, and the 3 °C scenario in which no additional policies are introduced and climate change measures do not progress.

Under the two scenarios referenced from the IEA, the physical risks in 2030 are assumed to be the same for both the 1.5 °C and 3 °C scenarios, since the temperature increase in 2030 is about 1.5 °C in both scenarios and there is no significant difference between the two. Therefore the size of the risk between the two scenarios is not distinguished.

(2) Scenario analysis process

Scenario analysis was conducted using the following process:

- Consider significant climate-related risks and opportunities for the Devices business
- Consider and create scenarios
- Assess risks and opportunities based on the scenarios (Risks and opportunities are assessed on the two axes of "likelihood of occurrence" and "degree of financial impact," and the results are described below as "magnitude of risk" and "magnitude of the opportunity.")
- Consider countermeasures



(3) Results of risk analysis

Major risks related to climate change, our response to those risks, and the magnitude of the risks in each scenario are analyzed in the table on the right.

Based on the above analysis, we have concluded that the following three climate change risks will have a large impact on our business.

Results of risk analysis

Type	Changes in the external environment	Risks to Nissha	Risk magnitude		Countermeasures
			3°C	1.5°C	
Transition risks	Policies and regulations	Introduction or strengthening of carbon taxes	Small	Large	- Reduce CO ₂ emissions by conserve energy through improved productivity and introduction of renewable energy - Investigate and study alternatives to raw materials that contribute to reducing our environmental impact
		Establishment of carbon emission quotas	Small	Medium	- Reduce electricity consumption through energy conservation by productivity improvement
		Cost of reducing CO ₂ emissions in logistics (procurement and shipping) increases	Small	Small	- Study trends in the logistics industry and consider shifting to transportation methods that emit less CO ₂
	Technologies	Tightening restrictions on the use of specific substances and technologies	Medium	Medium	- Research technology trends to enable compliance with regulations
		Transition to materials and technologies with lower environmental impact	Small	Small	- Investigate alternative materials that can reduce costs while maintaining the quality of packaging materials
		Net sales decrease due to replacement of our products for competitor low-carbon products	Medium	Medium	- Develop low-carbon products with lower environmental impact
	Markets	Net sales decline due to lost business opportunities resulting from delays in development of low-carbon technologies	Medium	Medium	- Promote the development of low-carbon technologies
		Increase in requests from customers to reduce CO ₂ emissions	Medium	Large	- Conserve energy through improved productivity and reduce CO ₂ emissions through the introduction of renewable energy
Physical risks	Reputation	Growing importance of ESG evaluation in customers' supplier selection	Small	Medium	- Enhance climate change initiatives
		ESG evaluation declines due to delays in addressing climate-related issues, etc. and we are not chosen as a supplier resulting in a decline in net sales	Small	Medium	- Enhance climate change initiatives
	Acute	Suspension of factory operations caused by the flooding affects shipments resulting in a decrease in net sales	Medium		- Improve and strengthen BCP
		Costs increase as a result of damage to own assets such as buildings, equipment, and inventories due to flooding	Large		- Establish a system to support affected sites
		Suspension of supply of raw materials and parts due to disasters at suppliers impact our factory operations and shipments, resulting in a decrease in our net sales	Medium		- Improve and strengthen BCP - Rebuild supply chain

[Transition risks]

- (i) Increase in energy use at production bases and raw material procurement costs due to the introduction or strengthening of carbon taxes (1.5° C scenario)
- (ii) Loss of business opportunities caused by insufficient responses to customer requests to reduce CO₂ emissions (1.5° C scenario)

[Physical risks]

- (iii) Costs increase as a result of damage to own assets such as buildings, equipment, and inventories due to flooding (both 3° C scenario and 1.5° C scenario)

As measures to address (i) and (ii), we are reducing power consumption by streamlining production at our production bases and improving the energy efficiency of our production and infrastructure facilities, and we are gradually switching to renewable energy for electricity supplied by power companies. We will continue to promote reductions in emissions while verifying the cost and effectiveness of such reductions.

As a countermeasure for (iii), the Group has established a Business Continuity Plan (BCP) to prepare for emergencies such as natural disasters and pandemics, and to respond should such emergencies occur. We regularly conduct BCP drills in which management participates, to verify the effectiveness and prepare for disaster risks, including weather disasters, so that we are able to put the safety of human life first and foremost, minimize damage, and promptly restart our businesses.

Based on our analysis using the above scenarios, our Devices business has taken measures to address risks we believe will have a significant impact with respect to climate change and we believe that the business is resilient to climate change.

Results of opportunity analysis

Type	Changes into the external environment	Opportunities to Nissha	Opportunity magnitude		Countermeasures
			3°C	1.5°C	
Market	New markets and growing needs due to climate change Arrival of a hydrogen-based society	Demand for Fuel Cell Vehicles (FCVs) expands	Medium	Medium	- Develop and expand sales of products for the mobility market (such as hydrogen detectors ^{*1}) that contribute to reducing the environmental impact
	Changes in the automobile market Increase in Electric Vehicles (EV) sales	Growing demand for EVs equipped with touch sensors ^{*2}	Small	Large	- Develop and expand sales of touch sensors for vehicles
Products and services	Increased demand for products that contribute to reducing GHG emissions	Increase in sales opportunities for gas sensor modules for refrigerant detection ^{*3} that contribute to reducing GHG emissions	Large	Large	- Develop and expand sales of gas sensor modules for refrigerant detection

*1 Hydrogen Detector

A device produced by Nissha FIS, a member of our group, to detect hydrogen gas leaks. In addition to the installation in fuel cell vehicles, demand is expected to grow in areas such as household fuel cell systems and infrastructures such as hydrogen pipelines and hydrogen stations.

*2. Touch sensor for automobiles

Our touch sensors are used in industrial devices and automobiles as well as mobile phones and game consoles. Film-based material provides high visibility and a narrow frame while being thin, light, unbreakable, and bendable. These features enable us to provide touch sensors for curved surfaces and large displays that meet next-generation automotive design demands.

*3. Gas sensor modules for refrigerant detection

A gas sensor produced by Nissha FIS. Refrigerants widely used in household air conditioning units today have low ozone depletion potential and global warming potential, but leak detection is necessary as they are slightly flammable. We believe that our Group's gas sensors can contribute to both safety and the prevention of global warming.

(4) Results of opportunity analysis

Based on our awareness that responding appropriately to the impact of climate change will create business opportunities, we have analyzed the magnitude of the opportunities in each scenario as shown in the table on the above.

Based on the above analysis, we have concluded that the following two items will have a large impact on our climate change opportunities.

- (i) Increase in net sales of automotive products due to expansion of EV market (1.5° C scenario)
- (ii) Increase in sales opportunities for gas sensor modules for

refrigerant detection due to the increase in demand for products that contribute to reductions in GHG emissions (both 3° C scenario and 1.5° C scenario)

We have identified the expansion of our business targeting the mobility market as one of the priority markets for achieving our Sustainability Vision, and we are working to enhance products that contribute to reducing our environmental impact as a strategy to expand our business.

We intend to reflect the growing demand for products that contribute to reducing our environmental impact in our business strategy obtained from our scenario analysis results, such as EV market expansion and reduction of GHG emissions.

6-3 Risk Management







The Group's Sustainability Committee and Risk Management and Compliance Committee each assess and manage risks related to climate change from a long-term perspective and a short- to medium-term perspective, through the following process.

■ Risk Management by the Sustainability Committee

To realize our Sustainability Vision (long-term vision), we have identified items of particular importance as materialities, which we are working on by setting specific strategy items, key performance indicators, and action items backcasting from 2030 as a starting point.

Materialities are evaluated from the 4 perspectives of, Creating Business Opportunities, Risk Reduction, Strengthening Management Foundation, and Corporate Governance, using the two axes of "importance to society and stakeholders", and "importance to Nissha". The identified issues and their positioning within the Group are discussed by the Sustainability Committee, and materialities are identified through deliberations and resolutions by the Board of Directors.

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

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

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

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

The Sustainability Committee discusses the formulation of the Medium-term Business Plan and the Rolling Plan and reports its activities annually to the Board of Directors, and utilizes these in the formulation of these plans as necessary.

Refer to 3-4 Promotion Framework for Sustainability / 3-5 Materialities (Key Issues) and KPIs

■ Risk Management by the Risk Management and Compliance Committee

The Risk Management and Compliance Committee selects risks by carrying out risk assessments over the entire Group and selecting from both a business activity perspective and a company-wide perspective. From the business activity perspective, hearings are held with related departments and subcommittees, and, after assessing them based on the frequency of these risks occurring and the severity of their impact, an assessment is made that also takes into account control activities to suppress them happening. Then, assessing them from a company-wide perspective in order to work to integrate the risks selected from a business activities perspective with management strategies, the significant risks are selected.

In principle, the Committee holds a general meeting once a year to select significant risks.

The Committee has selected "business continuity plans" as a key climate change risk. The Business Continuity Management Subcommittee, which manages such risks, works to mitigate risks based on key performance indicators and action items approved by the Risk Management and Compliance Committee, and reports the state of its activities to the Risk Management and Compliance Committee.

6-4 Indicators and Targets

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

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

Nissha Group CO₂ Emissions Volumes (Scope 1, 2)

(Unit: t-CO₂)

	FY2019 ^{*1}	FY2020	FY2021
Scope 1	26,603	20,853	24,206
Scope 2	152,399	103,351	101,048
Scope 1 + 2	179,002	124,204	125,244

* We are currently in the process of calculating Scope 3 and we will continue to monitor and disclose major emissions.

*1. CO₂ emissions calculations up until the fiscal year ended December 2019 are calculated using a fixed emission coefficient. We have adopted the GHG Protocol "Scope 2 Guidance" in the fiscal year ended December 2020 and we calculate emissions using market criteria for domestic bases and location criteria for overseas bases.

6-5 Finally

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

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

Our analysis based on the TCFD recommendations was conducted on the Devices business, which currently accounts for half of the Group's net sales. Going forward we will expand the scope of our analysis to include more businesses.

7. CO₂ Emissions and Reduction Efforts

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

7-1 CO₂ Emissions Reduction Target

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

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

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

*Upwardly revised in July 2021 from the previous 20% reduction (compared to 2020)

7-2 Summary of Emission

	Energy type	Reference year (FY2020)	Results of FY2021	
		CO ₂ emission (t-CO ₂)	CO ₂ emission (t-CO ₂)	year-to-year comparison
Scope 1	Mains gas	20,853	24,196	0.16
Scope 2	Electricity	103,351	101,048	-0.02
Total		124,204	125,244	0.8

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

In the fiscal year ended December 2021, CO₂ emissions remained almost flat compared to the fiscal year ended December 2020. Furthermore, in the fiscal year ended December 2021, the Scope 1 ratio increased by 2.5%. This was due to increased consumption at the Nitec Industries, Inc. (NII) Koka Factory and Nissha Metallizing Solutions, which use mains gas.

Refer to 27. Third Party Verification

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

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

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

About the following tables

- CO₂ emission factors for electricity are calculated based on data calculated using the market-based method for Japan and the location-based method for overseas.
- The company names listed in the tables are as follows.
Nissha and others: Nissha Co., Ltd. and affiliated companies
NII: Nitec Industries, Inc.
NPT: Nitec Precision and Technologies, Inc.
NCI (NPC): Nissha Printing Communications, Inc. (In January 2019, NCI merged with NPC (Nitec Printing Co., Ltd.) and they are shown together here.)

■ CO₂ Emissions Volumes and Basic Unit

(unit: t-CO₂, excluding basic unit)

Company	FY2019	FY2020	FY2021
Nissha and others	4,662	3,721	3,925
NII	13,959	11,507	13,253
NPT	87,177	69,572	65,604
NCI (NPC)	990	770	870
Overseas production bases	40,478	38,634	41,592
Total	147,266	124,204	125,244
Basic Unit*	0.85	0.69	0.66

*CO₂ emissions / Net sales (Millions of JPY)

■ Energy Consumption and Basic Unit

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

Company	FY2019	FY2020	FY2021
Nissha and others	108	102	104
NII	309	271	322
NPT	1,768	1,603	1,590
NCI (NPC)	24	23	25
Overseas production bases	1,058	967	1,084
Total	3,266	2,966	3,124
Basic Unit*	0.0189	0.0165	0.0165

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

■ Electricity Consumption

(unit: MWh)

Company	FY2019	FY2020	FY2021
Nissha and others	9,561	9,002	9,090
NII	18,214	17,633	19,300
NPT	166,887	154,259	151,635
NCI (NPC)	2,368	2,306	2,463
Overseas production bases	77,563	74,264	82,485
Total	274,593	257,464	264,973

■ Gas Consumption

(unit: 1,000m³)

Company	FY2019	FY2020	FY2021
Nissha and others	208	220	244
NII	2,833	2,506	2,891
NPT	2,317	1,441	1,729
NCI (NPC)	0	0	0
Overseas production bases	6,226	4,919	5,694
Total	11,585	9,085	10,558

■ Gasoline, Diesel, and Heavy Oil Consumption

(unit: kl)

Company	FY2019	FY2020	FY2021
Nissha and others	77	54	48
NII	7	6	8
NPT	13	12	11
NCI (NPC)	0	0	2
Overseas production bases	150	133	151
Total	246	205	220

7-4 Emissions Reduction Efforts

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

At overseas bases, since 2018, Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China), an Industrial Materials business unit production base, has continued to generate solar power, and Nissha Metallizing Solutions (Europe) is planning to install a system to replace part of its electricity with solar and wind power at its production bases.

Other energy-saving measures include switching to LED lighting and upgrading aging facilities with energy-efficient equipment to contain electricity consumption.

7-5 Basic Unit Management of Energy Consumed in Production

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

The actual basic unit for each production base in the fiscal year ended December 2020 was set at 1.00, and the target for 2021 was set at 0.99 or less, based on this. The results were as follows. We promoted efforts to improve production efficiency and energy conservation, and we achieved 0.99 or less compared to the previous fiscal year.

Company	Basic unit (based on production volume etc.)			FY2021 evaluation
	FY2020 results	FY2021 target	FY2021 results	
Nissha (Headquarters)	1.00	0.99 or less	1.09	×
NII Koka Factory	1.00	0.99 or less	1.00	×
NPT Himeji Factory	1.00	0.99 or less	1.28	×
NPT Kaga Factory	1.00	0.99 or less	0.99	○
NCI (NPC)	1.00	0.99 or less	0.95	○

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

Companies are increasingly disclosing their own Scope 3 and promoting efforts to reduce greenhouse gases over the entire value chain. At Nissha, the ESG Task Force (on climate change), under the umbrella of the ESG Task Force established by the Sustainability Committee, is taking the lead in identifying categories and calculating CO₂ emissions in the supply chain with respect to Scope 3.

Investigation object	CO ₂ emissions in FY2021 (t-CO ₂)
Employee (excluding some non-regular employees) commuting	2,204
Business travel	281
Transport and shipping (downstream) ^{*2} in Japan	17,766
Purchased products and services	18,603

We will continue to work on the disclosure of Scope 3.

Refer to 27. Third Party Verification

^{*1}. Scope: Scope of greenhouse gas (GHG) calculation. The following three are shown.
 Scope 1: Direct GHG emissions from sources owned or controlled by the company.
 Scope 2: Indirect GHG emissions through consumption of electricity, steam, or heat.
 Scope 3: Indirect emissions other than those in Scope 2.

^{*2}. Distribution of products sold by Nissha to the point of delivery to the customer.

7-7 Coverage and Calculation Method of CO₂ Emission Calculation

■ Scope 1, 2

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

■ Scope 3

CO₂ emissions associated with employee commuting and business trips

Coverage	<ul style="list-style-type: none"> Nissha Co., Ltd. Nitec Industries, Inc. Nitec Precision and Technologies, Inc. Nissha Printing Communications, Inc. 	<ul style="list-style-type: none"> Nissha F8, Inc. M crossing Co., Ltd. Nissha FIS, Inc. Nissha Business Service, Inc. Zonnebodo Pharmaceutical Co., Ltd.
Calculation method	<p>Calculated based on;</p> <p>Ministry of the Environment/Ministry of Economy, Trade and Industry "Basic Guidelines for Calculating Greenhouse Gas Emissions Through the Supply Chain (Ver.2.3)"</p> <p>Ministry of the Environment "Calculation intensity database for calculating greenhouse gas emissions of organizations through the supply chain (Ver.3.0)"</p>	

CO₂ emissions from logistics suppliers

Coverage	Logistics suppliers (32 companies)
Calculation method	<p>Domestic transportation: based on the Fuel Economy Law</p> <p>Overseas transportation: sum up CO₂ emissions from conventional Ton-kilometer method</p>

CO₂ emissions from major domestic material suppliers

Coverage	Major domestic material suppliers (9 companies)
Calculation method	Fuel consumption x sales ratio, sum up CO ₂ emissions per product

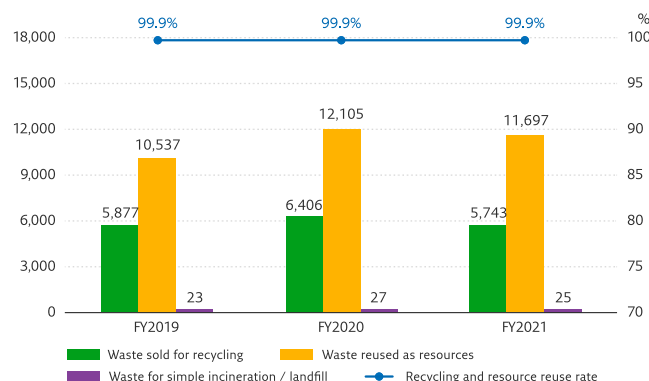
*Calculations of CO₂ emissions are subject to inherent uncertainty due to, for example, incomplete scientific knowledge used to determine emission factors and numerical data.

8. Waste Management

8-1 Total Amount of Waste Generated by Nissha Group

In the fiscal year ended December 2021, the Nissha Group generated a total of 30,587t of waste, including waste sold for recycling, waste reused as resources, and waste for simple incineration/landfill. Of this, waste generated by production bases in Japan accounted for 17,465t, a reduction of approximately 6% from the 18,538t generated in the fiscal year ended December 2020. Emissions from incineration and landfill waste accounted for 25t, a reduction of approximately 7% from the 27t generated in the fiscal year ended December 2020. The source of these reductions is a decrease in waste material output by Nitec Precision and Technologies, Inc. (NPT), a production base for the Devices business, a business arena which makes up approximately 86% of the waste material gross emissions within Japan.

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



Our recycling and resource reuse rate for the Nissha Group in Japan in the fiscal year ended December 2021 was the same 99.9% as last year, allowing us to meet our target of zero emissions (a recycling and resource reuse rates of 99.5% or above).

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

Nissha Group overseas waste material gross emissions were 13,122t for the fiscal year ended December 2021, an approximate 15% increase from the performance of 11,397t for fiscal year ended December 2020. This is due to an increase in waste material output caused by Decoration (Mobility) and Sustainable Materials (Metalized paper) that drove the increase in net sales for the Industrial Materials business.

The recycling and resource recovery rate for major overseas Nissha Group bases was 85.2%. We will continue to monitor the amount of waste generated by our overseas production bases.

8-2 Risk Management Related to Waste and Waste Converted in Valuable Resources

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

- Accidents and disasters caused by waste and waste converted into valuable resources (including at treatment contractors)
- Environmental pollution and violation of laws caused by inappropriate waste treatment

priate waste treatment

- Leakage of confidential information from waste and waste converted into valuable resources

To alleviate these risks, we are working on safety management of waste in accordance with the Nissha Group Waste Management Regulations. In line with these regulations, each base has drawn up its own Waste Management Manual and makes efforts toward thorough waste separation and management. At the Nissha Group in Japan, from the perspective of preventing accidents and disasters, 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.

Furthermore, at the Kyoto Global Headquarters, research and development by the business development division advanced, and changes are being seen in the content of waste material being discharged. To handle risks that come with these kinds of changes, we have been in even closer communications with industrial waste material processing contractors to ensure safe waste material processing.

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

9. Management of Chemical Substances and Environmental Risks

9-1 Establishment and Operation of the Nissha Control Criteria for Chemical Substances in Purchased Products

Many of the parts and materials used in Nissha Group products are requested or specified by customers, and so the materials and the suppliers differ for each product.

Management of the chemical substances used in our products and their production processes is governed by the Nissha Control Criteria for Chemical Substances in Purchased Products, which reflect the laws and regulations of relevant countries or regions and the standards of each of our customers, to serve as a set of voluntary standards.

*9-1 and 9-2 describe the state of management of chemical substances used in products manufactured by our Industrial Materials business (excluding Metallized paper) and Devices business mainly in Japan which are then shipped overseas, including to Europe.

9-2 Management of Chemical Substances Used in Products

9-2-1 Operation of the Nissha Control Criteria for Chemical Substances in Purchased Products

We use our Nissha Control Criteria for Chemical Substances in Purchased Products as our standards for purchased goods such as raw materials and sub-materials used for the products of our group. These standards reflect the laws and regulations of relevant countries and regions, including the RoHS Directive and the REACH Reg-

ulation, as well as the substance-related criteria of our customers. Whenever the relevant laws or regulations are amended, or our customers' criteria change, we identify the differences from our criteria in order to adapt to these changes.

The Nissha Control Criteria for Chemical Substances in Purchased Products are revised on an annual basis, taking these differences into account. If there is a major revision, we organize briefing sessions for related divisions and our suppliers to inform them of the changes. When selecting new materials or changing materials in the design and development stages, we conduct design reviews (DR) and assess compliance with the Nissha Control Criteria for Chemical Substances in Purchased Products while considering the impact on human health and the environment. When used in our factories, we select raw materials that have passed the DR and which meet the criteria, ensuring traceability for each process.

We are also building a mechanism for identifying and separating noncompliant substances to prevent misuse or contamination, and for responding swiftly including reporting to customers.

To promote management of the chemical substances used in our products, the environmental and safety management division at head office functions as the secretariat and works with the product design and development, quality assurance, and procurement and sourcing divisions at each business unit to inspect the state of management of chemical substances, including differences between laws, regulations and rules, and customer requirements. This system ensures strict control of chemical substances, from the design stage to the final product, responding to changes in the needs of society and the demands of our customers.

In the fiscal year ended December 2021, there were no cases in which chemical substances used in our products were recalled from the market or reshipped with changing in materials.

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

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

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

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

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

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

9-2-2 Compliance with the RoHS Directive

■ Efforts to comply with the RoHS Directive

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

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

Original Text of the Directive

■ System for promoting compliance with the RoHS Directive

Nissha has been working on either not using or using fewer hazardous chemical substances used in our products since the first edition of the Nissha Control Criteria for Environmentally Controlled Substances was established in 2007, leading up to the current Nissha Control Criteria for Chemical Substances in Purchased Products.

Substances regulated by the RoHS Directive (formerly Directive 2002/95/EC) have been subject to control as environmentally controlled substances since the first edition by complying with customer requests in accordance with the directive.

- **Conformity with the previous directive (2002/95/EC)**
There is no intentional use of mercury, cadmium, specific bromine flame retardants, or hexavalent chromium in our products. Although we used to use lead in solder for quality reasons and with the approval of our customers, we have been working towards total abolition with the establishment of the Nissha Control Criteria for Environmentally Controlled Substances, and currently prohibit the use of lead in new products.
- **Conformity with the new directive (2011/65/EU)**
Although Annex III (exemption list) was amended by European Commission Decision 2010/571/EU (effective January 2013), none of the relevant chemical substances were used in our products.
- **Addition of specific phthalate esters to restricted substances**
The European Commission Delegated Directive (EU) 2015/863 (effective July 2019) amended Annex II (List of Restricted Substances), designating specific phthalate esters* as a new restricted substance. As a result, the marketing of electrical and electronic equipment (EEE) containing specified phthalate esters in the European Economic Area (EEA) has been banned. To date, we have not used any of the relevant chemical substances in our products.

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

■ Warranty system for RoHS specifications

The points required for RoHS compliance are listed below. We are putting measures into place at each stage of the process, building a comprehensive countermeasures system.

- **Example of a warranty system based on cooperation with material suppliers**
 - Management system for RoHS Directive based on cooperation with material suppliers
 - Annual submission of certificates of conformity, reports on the inclusion of prohibited substances, reports on the inclusion of chemical substances in products, content information, ICP data, and written pledges from suppliers of materials for mass production
- **Example of countermeasures in the production process**
 - Enforcement of rules when accepting materials
 - Distinguishing between storage locations and labeling of input materials
 - Ensuring and maintaining traceability
 - Identifying and separating noncompliant substances
- **Example of information provided to customers in connection with sales**
 - Provision of information on chemical substances used in products
 - Registration in International Material Data System (IMDS) and the customer's management system, and issuance of SDS

Our main products do not use any chemical substances that fall under the RoHS Directive or other directives, so we do not currently have a plan to reduce them.

9-2-3 Compliance with REACH Regulation

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

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

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

Reference Materials:

- Latest SVHC list from the ECHA
- Supervisory Authority: European Chemicals Agency (ECHA)
- Text of the REACH Regulation

9-2-4 Response to California Proposition 65

Proposition 65, known as the Safe Drinking Water and Toxic Enforcement Act of 1986, is a California law enacted by referendum in November 1986 to protect the state’s citizens and drinking water resources from chemicals that can cause cancer and birth defects.

The state’s Environmental Protection Agency Office of Environmental Health Hazard Assessment (OEHHA) requires employers to display a warning statement for products containing chemicals specified in Proposition 65. Also, a product is required to display a warning statement designated by the state if it is sold or distributed in the state, even if it is not produced there.

Our voluntary standards, Nissha Control Criteria for Chemical Substances in Purchased Products, also include information on California Proposition 65. We are working to comply with this law by, for example, having our material suppliers submit a certificate of compliance on a regular basis every year. Note that this applies to none of the Company’s products.

9-3 Chemical Substances Used in Production Processes

9-3-1 Operation of the Nissha Control Criteria for Chemical Substances in Purchased Products

In addition to the chemical substances used in our products, we also regulate the chemical substances used in our production

processes in accordance with the Nissha Control Criteria for Chemical Substances in Purchased Products.

These include the substances prohibited for manufacturing under the Enforcement Order of the Industrial Safety and Health Law and the substances regulated by the Poisonous and Deleterious Substances Control Act, and the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act).

9-3-2 Reduction of Chemical Substances in Use

Our Environmental Objectives include reducing the usage rate of chemical substances at ISO14001-certified business sites. In the fiscal year ended December 2021, the Nitec Industries, Inc. (NII) Koka Factory achieved its target of a 1% reduction year-over-year of PRTR substances and organic solvents other than PRTR substances.

Nitec Precision and Technologies, Inc. (NPT) achieved results in its efforts to reduce the use of chemicals by improving yield rates and through efforts to reduce the use of chemicals in wastewater treatment and facility infrastructure.

Fiscal year	FY2019	FY2020	FY2021
Assessment	○	○	○

9-4 Management of Environmental Pollutants

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

In the fiscal year ended December 2021, substances which were transferred or emitted in excess of one tonne were ethylbenzene, xylene, toluene, water-soluble copper salts (excluding complex salts).

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

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

9-5 Response to Environmental Risks (preventing environmental accidents or pollution)

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

- **Examples of initiatives for preventing pollution**

Equipment of emergency cutoff devices

Sites for deliveries of liquid chemicals via tanker truck or waste liquid collection are equipped with emergency cutoff devices to prevent any substances from leaking outside the site if an accident occurs.

- **Leak response training**

We have established response procedures to prevent pollution from spreading in the event of a leak at a site for receiving chemicals, unloading chemicals, or collecting waste liquid. We also carry out regular training, and review the response procedures as necessary.

In FY2021, there was one chemical leak accident at the NII Koka Factory, but it did not have a significant environmental impact. Other than that, there were no serious environmental accidents or violations of environmental regulations, and there were no penalties or fines.

9-6 Prevention of Water Pollution

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

The figures for core production bases are as follows.

*1. Water Pollution Control Act

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

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

Items measured	Regulatory value*1	Agreement value*2	Voluntary standard	Unit	FY2019		FY2020		FY2021	
					Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5,200	5,000	5,000	m ³	4,655	○	4,156	○	4,150	○
pH	5.8	5.8	6.5		6.9	○	6.8	○	6.9	○
	~ 8.6	~ 8.6	~ 8		7.6	○	7.5	○	7.5	○
BOD	120	10	9	mg/l	2.8	○	4.0	○	3.7	○
COD	120	10	9	mg/l	7.3	○	5.2	○	4.4	○
SS	150	5	4.5	mg/l	1.6	○	1.9	○	2.6	○
n-hexane derived substances	Mineral oil 5 Vegetable oil 30	1	0.9	mg/l	<0.5	○	<0.5	○	<0.5	○
Phenol	5	0.1	0.08	mg/l	<0.005	○	<0.005	○	<0.005	○
Copper	3	0.5	0.4	mg/l	0.04	○	0.05	○	0.02	○
Zinc	2	1.5	1.2	mg/l	<0.01	○	<0.01	○	<0.01	○
Soluble iron	10	0.15	0.08	mg/l	0.02	○	0.03	○	0.03	○
Soluble manganese	10	0.05	0.045	mg/l	0.04	○	0.04	○	0.04	○
Chromium	2	0.02	0.02	mg/l	<0.02	○	<0.02	○	<0.02	○
Nitrogen	60	10	9	mg/l	5.7	○	4.2	○	4.5	○
Phosphorus	8	1	0.45	mg/l	0.11	○	0.02	○	0.03	○

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

Items measured	Regulatory value (Prefecture)	Voluntary standard	Unit	FY2019		FY2020		FY2021	
				Final effluent (Average)	Final effluent (Maximum)	Final effluent (Average)	Final effluent (Maximum)	Final effluent (Average)	Final effluent (Maximum)
pH	5.8 ~ 8.6	6.2 ~ 8.2		7.5	○	7.5	○	7.4	○
BOD	160 or less	40 or less	mg/l	21.9	○	34.0	○	23.3	○
COD	160 or less	80 or less	mg/l	34.0	○	47.0	○	37.7	○
SS	200 or less	20 or less	mg/l	9.1	○	18.0	○	6.0	○
n-hexane derived substances	30	15 or less	mg/l	0.6	○	0.8	○	0.5	○

9-7 List of PRTR-designated Chemical Substances

In FY2021, the number of substances subject to PRTR Law notification was eight at three factories.

■ Nitec Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2019			FY2020			FY2021		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required / not required
53	Ethylbenzene	1,211	463	○	710	286	○	2,273	928	○
80	Xylene	9,937	4,075	○	15,745	6,431	○	10,524	4,298	○
88	Hexavalent chromium compounds	0.1	0	○	0.1	0	○	0.1	850 *	○
296	1,2,4-Trimethylbenzod	265	95	—	25	10	—	59	24	—
300	Toluene	100,846	5,520	○	61,535	25,134	○	106,873	43,652	○
392	N-hexane	4,518	2,741	○	601	245	○	258	105	○

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

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

Unit: kg

PRTR No.	Name of chemical substance	FY2019			FY2020			FY2021		
		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	—	0.0	0.0	—
272	Water-soluble copper salts (excluding complex salt)	0.0	1,352.8	○	0.0	1,820.2	○	0.0	2,677.4	○
453	Molybdenum and its compounds	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○

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

Unit: kg

PRTR No.	Name of chemical substance	FY2019			FY2020			FY2021		
		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
64	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	—	—	—	—	—	—	—	—	—

9-8 Prevention of Air Pollution

9-8-1 Soot and dust and NOx emissions

Several production bases of the NISSHA Group in Japan own and use gas boilers, which are subject to the Air Pollution Control Act, and emit soot and dust and NOx. The measured values and compliance status for FY2021 are as follows.

Boiler operating base	Soot and smoke concentration measurements (maximum value)		Compliance
	Soot and dust (g/m ³ N)	NOX (ppm)	
Kyoto Headquarters	0.002	25	○
Nitec Industries, Inc. Koka Factory	Less than 0.01	32	○
Nitec Precision and Technologies, Inc. Himeji Factory	Less than 0.001	34	○
Nitec Precision and Technologies, Inc. Tsu (production base)	Less than 0.005	40	○

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

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

9-8-2 VOC emissions

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

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

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

Environmental Objectives

Period: FY2018 - FY2023

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

Assessment Definitions

○ Satisfactory: Objective achieved

△ Unsatisfactory: Objective not achieved but good progress made

× Poor: Objective not achieved and poor progress made

*Company names and abbreviations

NII: Nitec Industries, Inc.

NPT: Nitec Precision and Technologies, Inc.

NCI: Nissha Printing Communications, Inc.

10-1 Initiatives and Achievements in FY2021

1. Prevention of pollution

Target	FY2019	FY2020	FY2021
(1) Maintain zero environmental accident (accidents that affect areas outside the factory)	○	○	×
(2) For environmental risks classified as significant environmental aspects on the hazard assessment list, implement measures and reduce the possibility of occurrence by one level by December 31, 2023	○	○	○

- (1) There was one leak accident in FY2021. There was a chemical leak at the NII Koka Factory, but it did not have a significant environmental impact. In addition to appropriately reporting to relevant parties and responding to corrective guidance by the government, we thoroughly conducted training and strengthened measures to prevent leaks.
- (2) As risk reduction measures, in addition to implementing chemical leakage response training, we are also actualizing improvements by physically raising chemical storage locations. And along with a continuation of rainwater control, we are implementing training for nighttime and rainy conditions. Through these efforts, we are enhancing initiatives for environmental risk reduction. As a result, the factory's environmental risk "potential" (the value in the environmental risk assessment) has been reduced by more than one level.

2. Mitigation of climate change

Target	FY2019	FY2020	FY2021
(1) Reduce CO ₂ emissions rate (basic unit) by 6% or more* by the fiscal year ending December 2023	×	○	○
(2) Reduce CO ₂ emissions rate (basic unit) by 1% or more compared to the previous year	△	○	×

*Reference value: Results in fiscal year ended December 2017

- (1) By the fiscal year ended December 2021, we have managed a drop of more than 4% of the target to be achieved by the fiscal year ending December 2023. This means we are still on the planned track.
- (2) In order to reduce the CO₂ emission rate (basic unit) by at least 1% over the previous fiscal year, we set targets for each factory and reduced energy input in conjunction with quality improvements. Three out of the six locations (Head Office, NII Koka Factory, and NPT Kaga Factory) achieved at least a 1% reduction compared to the previous fiscal year. However, three locations (NPT Himeji Factory, NPT Kyoto, and NCI) did not achieve the target.

3. Reduction of waste

Target	FY2019	FY2020	FY2021
(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	○	○	△

*Reference value: Results in fiscal year ended December 2017

- (1) Each factory is working to improve its yield rate and efficiency through quality improvement activities and reducing the amount of wasted materials by improving production efficiency. For the fiscal year ended December 2021, because the NII Koka Factory and NPT Himeji Factory did not achieve their targets among the applicable factories, the company-wide evaluation was set to "Poor".
- (2) Targets are set according to the characteristics of each factory. For the fiscal year ended December 2021, three out of the six locations (Head Office, NPT Kaga Factory, and NCI) achieved at least a 1% reduction compared to the previous fiscal year. However, three locations (NII Koka Factory, NPT Himeji Factory, and NPT Kyoto) did not achieve the target.
- (3) The Nissha Group in Japan as a whole achieved a recycling rate of 99.9%, and has maintained zero emission of waste (a recycling and resource reuse rate of 99.5% or more) as in the previous fiscal year.
- (4) Although it did not lead to significant cost reduction, we achieved to reuse waste as valuable resources due to enhanced separating of packaging material at the NII Koka Factory.

4. Reduction of water usage

Target	FY2019	FY2020	FY2021
Reduce use of water by improving production efficiency and saving water	○	○	○

We improved production facilities at the NPT Kaga Factory and achieved over 1% of water usage reduction. Additionally, we were able to decrease the water usage quantity at the NPT Himeji Factory through water conservation efforts there. We continue to reduce water consumption and save water for miscellaneous use by improving production efficiency at our factories.

5. Reduction of chemical substances usage

Target	FY2019	FY2020	FY2021
Certification sites reduce usage rate of chemical substances (Certification sites set individual targets)	○	○	○

In addition to PRTR-designated substances used in the printing process, the NII Koka Factory also reduced the use of organic solvents, which do not contain designated substances, to achieve its target of a 1% reduction from the previous year.

At the NPT Himeji Factory, we achieved the chemical usage reduction target through facility and infrastructure improvements. Furthermore, at the NPT Kaga Factory, we strove to reduce the amount of drainage water treatment agent for drainage water processing and reduced the quantity by over 5%.

6. Environment-conscious design

Target	FY2019	FY2020	FY2021
(1) Introduce the viewpoint of energy saving, resource saving, durability, recycling, and so on in product design and development.	○	○	○
(2) Design environment-conscious processes and reduce the environmental impact of production.	○	○	○

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

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

7. Enhancement of environmental performance in supply chain

Target	FY2019	FY2020	FY2021
Enhance environmental performance based on customer requirements and the RBA code of conduct	○	○	○

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

11. Human Rights

11-1 Basic Policy on Labor and Human Rights

We at Nissha Group have in place a basic policy on labor and human rights. In formulating the policy, the 10 principles of the United Nations Global Compact, which we joined in April 2012, and the Responsible Business Alliance (RBA) code of conduct, mainly for the electronics and automotive industry, were used as reference. In addition to Japanese, this policy has been translated into English, Chinese, Korean and Malay, Spanish and German, and widely distributed to all Nissha Group employees.

Basic Policy on Labor and Human Rights

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

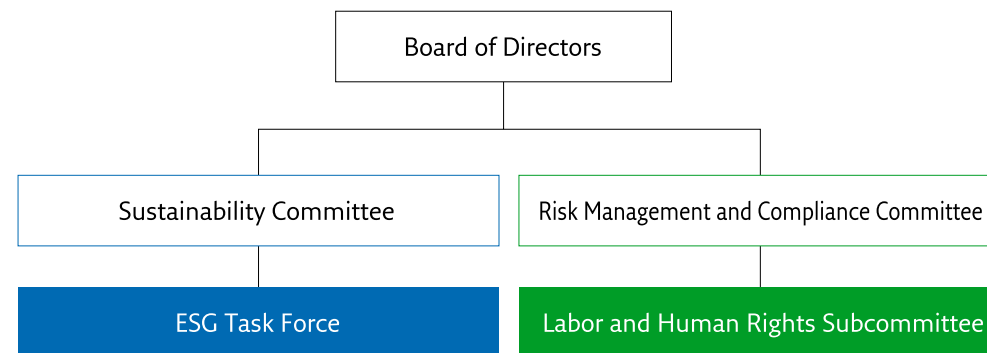
1. Child labor: We will prohibit child labor and also implement relief measures.
2. Forced labor: We will eliminate all forms of forced labor, including bonded labor.
3. Health and safety: We will secure the health and safety of our employees and provide a hygienic workplace environment.
4. Freedom of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

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

Established on June 1, 2018

11-2 Structure

The Nissha Group recognizes that our employees are our most important management resources. The Sustainability Committee has identified three themes, (1) diversity, (2) human resource development, and (3) labor and human rights, in accordance with the material issues, "respect for human rights" and "utilizing diverse human resources and improving human resource capabilities", and we have established the ESG Task Force to address these themes. A Labor and Human Rights Subcommittee has been established under the Risk Management and Compliance Committee to address other important risks throughout the Group.



11-3 Initiatives Related to Labor and Human Rights

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

During the fiscal year ended December 2021, the ESG Task Force worked on the materiality of “respect for human rights” by setting “reduction of labor and human rights risks” as its strategy item and “zero child labor and forced labor in the Group” as a key performance indicator/action item. Specifically, the task force confirmed that there is no forced labor or child labor by asking 10 domestic and 31 overseas Group affiliated companies to respond to a survey.

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

Furthermore, we conduct internal audits once a year at major Nissha Group production bases in Japan to check compliance with laws and regulations and the RBA’s code of conduct, etc. Specifically, in addition to checking, for example, whether the salaries paid to full-time and temporary employees meet the minimum wages set by the prefectural governments, and whether working hours and overtime are correctly reflected in wages

in compliance with laws and regulations and the RBA, we also check, for example, whether items which have been noted as corrected in previous audits continue to be complied with. Internal audit findings are reported through the report line, and we provide support to production bases, as necessary, so that corrective action can be taken. The results of the internal audit conducted during the fiscal year ended December 2021 were favorable, with no major findings relating to issues such as forced labor.

We are encouraging all employees at the Nissha Group’s major production bases in Japan to take five days of annual paid leave per year as part of our “implementing working style reforms” initiative. During the COVID-19 pandemic, we introduced new working styles, including telework and we updated our internal regulations in response. We are implementing measures to ensure that employees can communicate effectively with each other, even when working from remote locations.

Initiatives for Foreign Technical Interns

Workplaces in Nissha Group that accept technical interns from Vietnam make creative efforts in information sharing and communication toward protecting the human rights of the interns and establishing a worker-friendly environment. For example, when employees first join the Company, they are given opportunities to experience Japanese culture and we organize recreational activities so they can learn about local culture.



Recreational activities in the suburbs

Furthermore, we are preparing and providing signs showing evacuation routes and the location of the medical office, notices about harassment and other consultation desks, pay slips, and training materials, etc. in both Japanese and Vietnamese so that both all employees and technical interns can understand them easily. In terms of communication, senior trainees and employees work with interpreters to provide detailed explanations.

In the fiscal year ended December 2021, six technical interns were due to complete their training and return to their home countries. However, the COVID-19 pandemic prevented them from returning home and so we extended their training at their respective workplaces.

11-4 Harassment Prevention

We at the Nissha Group establish a set of Harassment Prevention Regulations, which prescribe measures to prevent various forms of harassment in the workplace, with the aim of realizing sound workplace environments in which all employees can live up to their full potential. As a structure for promoting harassment prevention, we designate a chief promoter of harassment prevention and hotline staff at each base. The chief promoters organize a liaison meeting, where they share information about cases of harassment that have occurred at one another's base, introduce their responses, and discuss practical harassment prevention, problem solving, and measures for improvement.

We have also established both an internal harassment consultation service, which is available to all employees, and an external hotline consultation service (Refer to 21-6 Hotline). The contact information for each service is provided through the Nissha Group intranet and e-learning, and we are working to ensure that employees understand that the system is set up so they can discuss issues with confidence by assuring them that their privacy will be fully respected and that they will not be treated unfairly or be disadvantaged for making use of these services. There were 12 consultations with the internal harassment consultation service and external hotline consultation service collectively during the fiscal year ended December 2021 and all consultations have been addressed.

We use an e-Learning system to provide annual harassment prevention training for all employees and also we conduct supervisor training for hotline staff.

11-5 Relationship with Labor Union

Our Basic Policy on Labor and Human Rights contains the provision, "Freedom of association and the right to collective bargaining. In Japan, the labor contract concluded between company and labor union confirms, "the Company and the Union shall respect each other's position and maintain a peaceful relationship between labor and management as well as strive for the maintenance and improvement of labor conditions and the growth of the Company." In the fiscal year ended December 2021, there were no significant violations of freedom of association.

The Nissha Group in Japan has formed the Nissha Crew Alliance, as a single labor union for the Nissha Group in Japan, centered on employees of Nissha Co., Ltd., and two affiliated companies, Nitec Industries, Inc. and Nissha Printing Communications, Inc. (as of January 2022, there were 1,106 members). The vision of the Nissha Crew Alliance is "realizing new happiness" through "new ways of working (workplace sphere)," "new lifestyles (social sphere)," and "new union activities (individual sphere)." It aims to support all employees of the Nissha Group in Japan. The Nissha Crew Alliance engages in regular negotiations and discussions based on this concept to build stable labor-management relations while resolving common issues in the Nissha Group in Japan.

The Management Council, whose members are mainly directors and corporate officers of Nissha Co., Ltd., holds regular meetings with the Nissha Crew Alliance. In addition to negotiating and discussing employee working conditions, the Council shares information on the management of the Nissha Group. Furthermore, the labor and management offices strive to prevent labor problems by regularly sharing employees' opinions on the working environment and the working hours situation. When changing important

labor conditions of the Nissha Group in Japan, the company carries out dialogues with the union on a daily basis with the aim of reaching an agreement satisfactory to both. During the fiscal year ended December 2021, we shared opinions on the operation of the HRM system for general employees (which we revised the previous fiscal year), health and productivity management, and diversity initiatives, and we cooperated in improving existing systems and formulating new measures.

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

In fiscal year ended December 2021, the Nissha Group in Japan had no report either of a strike or lockout. We will continue to respect the mutual positions of both company and union, and build a sound relationship between labor and management.

12. Human Resources

12-1 Human Resources System

12-1-1 Human Resources Policy

We at Nissha Group recognize that our employees are our most important management resources. With the start of the 7th Medium-term Business Plan, we have formulated and started to roll out a Human Resources Policy. This policy outlines our fundamental approach to human resources measures. Our human resources-related systems and development are implemented based on this policy.

Human Resources Policy

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

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

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

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

12-1-2 New Human Resources System

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

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

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

12-1-3 ESG Task Force Initiatives

The Nissha Group has identified three themes, (1) diversity, (2) human resources development, and (3) labor and human rights, in accordance with the material issues of "utilizing diverse human resources and improving human resource capabilities" and "respect for human rights", as social (S) measures to realize our Sustainability Vision, and we have established the ESG Task Force to address these themes. For each theme, we have set key performance indicators on a global basis for where we see ourselves in 2030 (Long-term Vision or Sustainability Vision) and where we want to be in three years (Medium-term Vision), and backcasting from these, we set annual activities targets and work to carry them out.

	Key Performance Indicators for 2023	Key Performance Indicators for 2030
1. Diversity	Female manager ratio Global consolidated: 21% Nissha: 8%	Female manager ratio Global consolidated: 24% Nissha: 16%
2. Human resources development	Selection rate of leadership candidates Nissha: 36%	Selection rate of leadership candidates Nissha: 50%
3. Labor and human rights	Identify primary suppliers, based on purchasing records, in areas identified by the ILO as having high labor and human rights risks, and complete audits Zero child labor and forced labor	Identify audit targets based on annual purchasing results and continue to perform audits Zero child labor and forced labor

① Diversity

Although the definition of managerial staff varies between countries, we have adopted a new standardized definition of managerial staff on a global basis, and we monitor the situation regularly. At the end of the fiscal year ended December 2021, the ratio of male to female employees in the Group was approximately 6 (male) to 4 (female), but the ratio of male to female managerial staff was approximately 8 (male) to 2 (female), which indicates a discrepancy. We are working on a project to promote the advancement of women on a global basis in order to bring the ratio of female managerial staff, a key performance indicator, closer to the ratio of female employees by 2030.

② Human resources development

As indicated in our Human Resources Policy, the Group is aiming to maximize employee capabilities and achieve sustainable growth by providing full training programs and challenging growth opportunities. We will continuously increase our pool of management and strategic personnel by setting, as a key performance indicator, the selection rate of employees who learn business management skills at the Nissha Academy Business School (beginner and intermediate levels), which is the gateway to managerial staff. On non-consolidated basis, Nissha will increase the selection rate of such leadership candidates to 50% by 2030.

③ Labor and human rights

At Nissha Group production bases in Japan, the Labor and Human Rights Subcommittee is working on "understanding and reducing human rights risks," while the ESG Task Force is working on "understanding and reducing human rights risks" at Nissha Group domestic and overseas bases and their primary suppliers. We will start by confirming that there is no use of child labor or forced labor in our Group, and we will then audit our Group's primary suppliers in the regions where we do business, focusing on regions with high incidence of labor and human rights risks (Central and South America, Southeast Asia, and Greater China).

Refer to 11-3 Initiatives Related to Labor and Human Rights

12-1-4 Talent Management System

We recognize that our employees are our most important management resources, and we have introduced a talent management system to grasp the abilities of each employee and make the most of their individuality and strengths.

12-1-5 Fair Evaluation and Treatment

The Nissha Group considers rewarding employees for their achievements to be the foundation of our human resources system. In our personnel evaluations, and based on the target management system, employees are evaluated on the two axes of "performance evaluation," which evaluates key performance indicators related to the company's management strategy and the mission of the organization to which they belong, and "behavior evaluation," which focuses on demonstration capabilities required to create results. The results are reflected in bonuses, salary increases, promotions, and other benefits. We present clear evaluation criteria to employees and employees meet with their supervisors to receive feedback on our expectations and evaluations when setting goals at the beginning of the term and when conducting evaluations at the end of the term. We place emphasis on dialogue for mutual understanding, and devise ways to ensure more fair and convincing evaluations and treatment.

12-1-6 Wage Management

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

The gap between male and female in terms of wages in the fiscal year ended December 2021 is shown below. The figures show a comparison of female with a male base salary and compensation set at 100.

Base salary, working for Nissha Co., Ltd.		
Managers (excluding directors)	Male	100
	Female	102
General employees	Male	100
	Female	93

Remuneration* ¹ , working for Nissha Co., Ltd.		
Managers (excluding directors)	Male	100
	Female	99
General employees	Male	100
	Female	85

* Treatment is the same for male and female. The difference is due to differences in the grade structure resulting from the distribution of the age structure between male and female.

*¹. Base salary paid to workers plus other payments. Includes bonuses, overtime allowance, commuting allowance, and family allowance, etc.

12-2 Respect for Diversity

The Nissha Group has a set of Shared Values that serve as the principle of employee behavior 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.

12-2-1 Nissha Group Employee Composition

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 permanent 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 multiple Nissha Group's overseas bases, where they are deeply involved in management.

■ Composition by region (Nissha Group, as of the end of December 2021)

Number of employees by region and gender

Area	Japan	North America	Central and South America	Asia	Europe
Male	1,574	873	206	312	505
Female	416	666	315	349	193
Total	1,990	1,539	521	661	698

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

■ Composition by employment status (Nissha Group, as of the end of December 2021)

Composition by employment status and gender

	Permanent		Temporary	
	Number	Composition (%)	Number	Composition (%)
Male	3,470	64.2	866	60.0
Female	1,939	35.8	577	40.0
Total	5,409	—	1,443	—

* Figures exclude directors by a delegation agreement.

■ Employee Composition (Nissha Co., Ltd.)

Fiscal Year	Gender	Directors of the Board* ¹	Corporate officers	Nissha fellows	Managerial staff	Total employees* ²	Average age* ³	Average years of employment* ³
End of FY2017	Male	7	15	1	165	603	41.8	14.1
	Female	1	0	0	9	188	35.9	10.7
End of FY2018	Male	8	12	1	161	616	42.1	14.5
	Female	1	0	0	11	203	36.5	10.7
End of FY2019	Male	8	12	1	162	609	42.9	15.3
	Female	1	0	0	10	210	36.7	11.0
End of FY2020	Male	8	11	2	145	531	43.0	15.4
	Female	1	0	0	8	189	37.3	11.5
End of FY2021	Male	8	12	2	157	534	43.8	15.6
	Female	1	0	0	9	197	37.8	10.8

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

*2. Employees exclude temporary employees.

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

■ Composition by age (Nissha Co., Ltd., as of the end of December 2021)

Age	18-19	20-29	30-39	40-49	50-59	60-69
Male	0	42	135	218	134	5
Female	2	40	82	51	21	1

■ Number of employees (Nissha Group)

	FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2019	FY ended Dec. 2020	FY ended Dec. 2021
Male	3,597	3,832	3,692	3,432	3,470
Female	1,725	2,012	2,026	1,958	1,939
Total	5,322	5,844	5,718	5,390	5,409

* Figures exclude temporary employees.

Of all permanent employees who left Nissha Group companies in Japan in the fiscal year ended December 2021, 2.01% left for personal reasons.

■ Composition of managerial staff (Nissha Group in Japan)

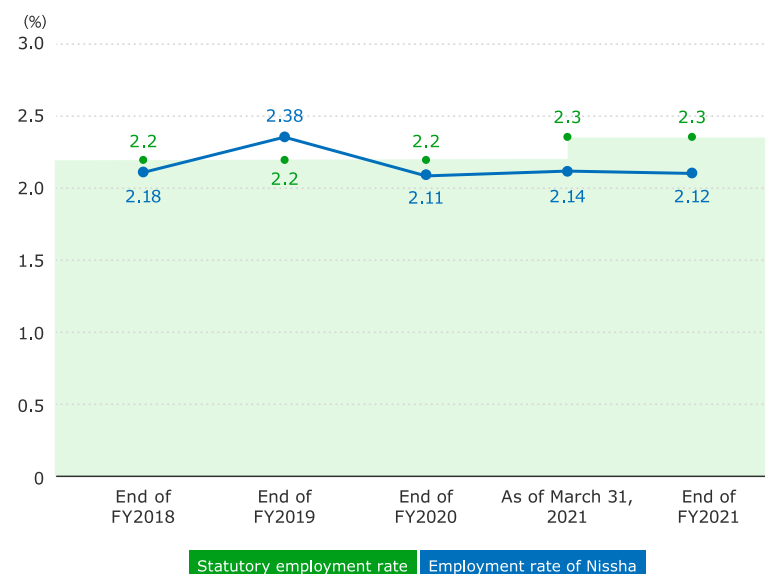
Fiscal Year		Male	Female	Total	Of which mid-carrier employees	Of which foreign employees
End of FY2019	Number	339	15	354	87	2
	Composition ratio (%)	95.8	4.2	—	24.6	0.6
End of FY2020	Number	289	13	302	86	2
	Composition ratio (%)	95.7	4.3	—	28.5	0.7
End of FY2021	Number	304	16	320	94	2
	Composition ratio (%)	95.0	5.0	—	29.4	0.6

12-2-2 Employment of Persons with Disabilities

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

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

Although the percentage of persons with disabilities employed was low in 2021 due in part to retirements, we will continue to work systematically to achieve and maintain our target for percentage of persons with disabilities employed and thus achieve diverse working styles with diverse human resources by creating opportunities to hire and employ persons with disabilities through strengthening cooperation with special-needs schools and other external organizations, introducing internships that include persons with disabilities, and creating a comfortable work environment.



12-2-3 Foreign Employees in Active Roles

We hire people regardless of nationality in accordance with the "Diversity and Inclusion" part of our Shared Values. In our Group, where a diverse range of people play active roles, foreign nationals account for 63.2% company-wide.

Hiring of new graduates and mid-career employees at Nissha Co., Ltd. is shown below.

	Total number of hires	New graduates		Mid-career		Country
		Total number	Foreign nationals	Total number	Foreign nationals	
FY 2018	45	24	1	21	1	Uzbekistan, Malaysia
FY 2019	21	18	4	3	0	Malaysia, Indonesia, Vietnam, Iran
FY 2020	20	12	0	8	0	—
FY 2021	29	11	0	18	0	—

We have set up a worship room in our Kyoto Head Office that can be used by people of any religion or sect. There is also a small purification facility to purify the body before worship, which is used regularly every day.

12-2-4 Promotion of Women's Advancement

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

Starting in the fiscal year ending December 2021, our Group has identified utilizing diverse human resources and improving human resource capabilities as a materiality. To that end, we have made promoting female advancement a strategy item and the ratio of female managerial staff a KPI, for which we have set targets of 21% for global consolidated companies and 8% for Nissha on a non-consolidated basis by 2023.

Refer to 12-1-3 ESG Task Force Initiatives

Female managers ratio

	FY2020	FY2021
Nissha Group (%)	19	20
NISSHA (%)	5	6

We opened a career counseling office in 2021, where women can get support for career planning that accommodates their life events.

Over the 7th Medium-term Business Plan (3 years; FY2021.12 to FY2023.12), we provide challenging growth opportunities for female employees by enhancing selective training and company-wide common training items for each grade, and systematically develop candidates for upcoming managerial staff positions through personnel rotation.

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

The Japanese Act on Promotion of Women's Participation and Advancement in the Workplace requires companies with 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 the action plans based on the Women's Participation Act, moving forward, we will continue to upgrade our initiatives so that all employees can live up to their full potential.

12-3 Human Resources Development

The Nissha Group regards the source of the company's strengths as "employees", and are working on human resource development based on the "Human Resources Policy".

12-3-1 Basic Concept

The Nissha Group is systematically working to develop human resources to realize our medium- to long-term growth strategy, and we have established training programs to support our employees' medium- to long-term career development and promote their growth. Specifically, we have established selective training programs to develop candidates for the next generation of management, rank-specific training programs that match the employee's stage, function-based training programs to provide specialized knowledge according to job type, and career design training programs tailored to employees' life stage. Through such human resources development initiatives, the Group aims to see the company and our employees grow together.



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

12-3-2 Training Systems

■ Rank-specific training

Human Resources department takes the lead in providing rank-specific training according to qualification grade, age, position, and experience.

New employee training

At Nissha Group, the first three years after new graduates enter the company are positioned as the initial training period. After joining the company, new graduates undergo a new employee training (group training, business unit training, and factory training; refer to the followings) before being assigned to a business division. Three years after joining the company, new employees are rotated across job categories and divisions to gain a wide range of experience, helping them to grow step by step.

After joining the company in April, employees take group training, business unit training, and factory training.



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

■ Selective training

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

Business School

Nissha operates a Business School to systematically train human resources who will lead the management of the entire company and its businesses. This program covers the knowledge and skills involved in developing and implementing business strategies.

After graduating from the School, employees will be actively provided with opportunities to put what they have learned into

practice, including participating in projects and formulating medium-term management plans.

The Business School offers beginner (leaders in the workplace), intermediate (gateway to managerial staff), and advanced (senior managerial staff) level programs. The intermediate and advanced programs are original programs that combine MBA-based lectures by professors from graduate schools of management with lectures based on practical case studies by in-house instructors.

Executive MBA program and a graduate school program for working professionals

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

Overseas trainee system

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

■ Function-based training

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

Priority market skills training (reskilling)

Priority market skills training (reskilling) is designed to expand employees' skills for doing business in priority markets.

Our 2030 sustainability vision has identified medical and mobility as priority markets. For us to be successful in new areas, it is essential for employees to acquire the necessary knowledge and skills to fit our capabilities into the new markets.

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

Common training for engineers

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



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

12-3-3 Support for Employees' Voluntary Desires to Learn and Grow

We have established a system to support self-study for the purpose of encouraging employees to voluntarily seek opportunities for study, and to enhance their education or gain knowledge about the Company's business. Employees are free to choose from a variety of distance learning and e-learning programs that match what they want to learn. Moreover, this voluntary self-study is supported through subsidies of half the fees for those who complete their courses.

12-3-4 Career Planning Support

Since the fiscal year ended December 2019, we have been providing career training annually for full-time employees in their 50s. All full-time employees aged 50-59 have completed this training, which is designed to help them understand changes in the external environment, company systems, and their own values and strengths (as of December 31, 2021).

12-3-5 Training Records

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

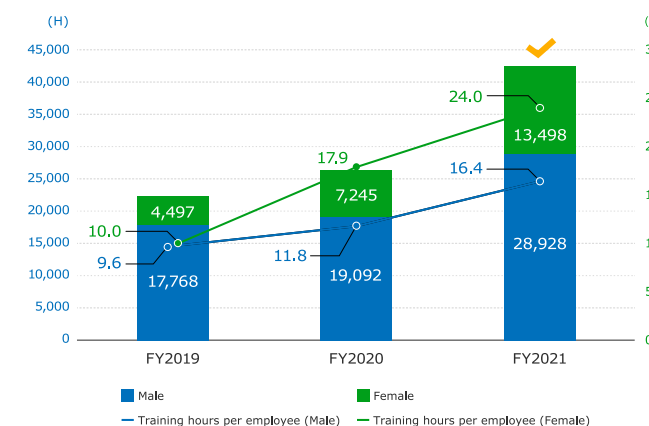
number of hours by the number of employees.

In the fiscal year ended December 2021, these two indicators grew significantly due to running a selective human resource development program which we hold once every three years, and a new priority market skills training program.

		FY2019	FY2020	FY2021
Total training hours per year	Male	17,768	19,092	28,928
	Female	4,497	7,245	13,498
	Total	22,265	26,337	42,426
Training hours per employee	Male	9.6	11.8	16.4
	Female	10.0	17.9	24.0
	Total	9.7	13.1	18.2

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

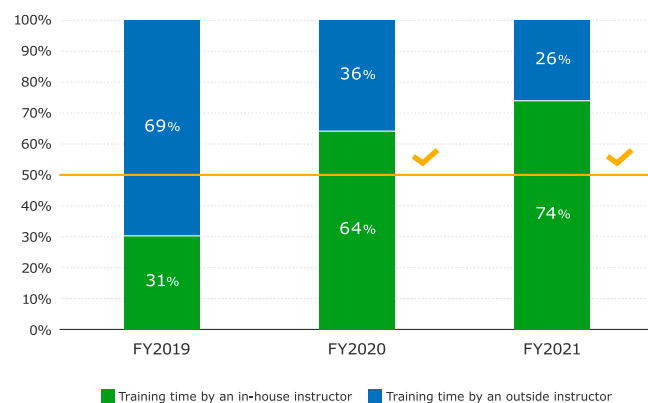
Training records



12-3-6 In-house Training Programs

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

In-house training programs ratio



12-4 Employee Engagement

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

12-4-1 Flexible Work Hours

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

12-4-2 Telework System

A telework system was introduced in 2014 to promote effective and flexible working styles for employees. In the fiscal year ended December 2020, by expanding its scope from employees with child-rearing and family care responsibilities to any employee who can perform the same level of work at home as at the office, the system is now also an indispensable part of our BCP response in the event of transportation disruptions or disasters. The system proved especially useful during the COVID-19 pandemic. In the fiscal year ended December 2021, we began providing telework allowances to employees who worked from home for the entire day.

12-4-3 Child-rearing and Family Care Support

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

■ Major child-rearing support system

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

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

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

We also have in place a program in which employees may save up to 30 days of expired annual paid leave to be used in the event of illness or injury, either of the employee or a family member, and for child-rearing, family care, school events, and closure of kindergarten or school.

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

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

Support system	Gender	FY2017	FY2018	FY2019	FY2020	FY2021
Child-rearing leave	Male	7	14	18	19	21
	Female	40	45	43	50	46
	Total	47	59	61	69	67
Shorter hours for child-rearing	Male	9	8	7	2	2
	Female	75	81	90	93	87
	Total	84	89	97	95	89
Days off for child nursing	Male	62	67	79	56	49
	Female	67	78	78	64	59
	Total	129	145	157	120	108

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

	Gender	FY2017	FY2018	FY2019	FY2020	FY2021
Reinstatement Rate ^{*1} (%)	Male	100.0	100.0	100.0	100.0	100.0
	Female	100.0	100.0	100.0	100.0	100.0
Retention rate ^{*2} (one year) (%)	Male	88.8	83.3	100.0	92.0	83.3
	Female	100.0	100.0	90.0	88.6	91.3

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

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

Major family care support systems

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

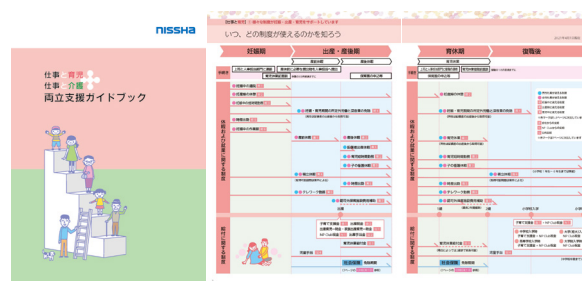
In order to appropriately respond to inquiries and offer consultation about certification of needed long-term care and long-term care insurance, we have established a help desk that connects to an external specialist.

Number of employees who used family care support system (Nissha Group in Japan)

The table below shows the number of employees who used the support system for family care leave, shorter hours for family care, and days off for family care.

Support system	Gender	FY2017	FY2018	FY2019	FY2020	FY2021
Family care leave	Male	0	1	3	1	0
	Female	1	0	1	0	0
Shorter hours for family care	Male	0	0	0	0	0
	Female	1	1	1	0	0
Days off for family care	Male	9	8	12	8	5
	Female	7	8	5	7	1

Work-life Balance Support Guidebook



We created a Work-life Balance Support Guidebook containing information on both in-house and outside systems for child-rearing and family care and distributed to all employees. The guidebook is published on the Nissha Group intranet and swiftly revised in the event a system changes, enabling our employees to access up-to-date information at all times.

Kurumin Certification



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

Based on the Act on Advancement of Measures to Support Raising Nextgeneration 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 childrearing 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. received Kurumin certification in 2015, followed by Nitec Precision and Technologies, Inc. in 2016.

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.

12-4-4 Promotion of the Use of Annual Paid Leave

We have a program designed to encourage employees to plan taking four days of paid leave a year, two days each in the first and second halves; and offer a further two days in which employees may request to take paid leave on their birthday or wedding anniversary, or that of a family member. The average number of days of annual paid leave taken in the fiscal year ended December 2021 exceeded 11 days, thanks to ongoing efforts to promote the use of annual paid leave, including disseminating internally via the Nissha intranet, as well as registering a year's worth of annual paid leave in advance, and distributing the results to division managers to ensure that employees take leave.

In October 2019, we introduced annual paid leave by the hour as a system for facilitating more flexible use of annual paid leave and supporting our employees' efforts to balance child-rearing and family care with work. This system is widely used by employees.

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

Fiscal Year	FY2017	FY2018	FY2019	FY2020	FY2021
Average days	10.2	11.0	12.2	11.4	11.5
Percentage of use	55.9	60.4	65.9	61.4	60.3

12-4-5 Outpatient Sick Leave System (Nissha Group in Japan)

In fiscal year ended March 2016, we introduced an outpatient sick leave system with the aim of supporting employees who require long-term outpatient treatment to continue working. The system enables employees with specified disorders to take 12 days off per year for treatment. Six employees used the system in fiscal year ended December 2021.

Fiscal Year	FY2017	FY2018	FY2019	FY2020	FY2021
Male	2	1	1	2	3
Female	1	1	2	2	3
Total	3	2	3	4	6

12-4-6 Support for Reinstatement after Long-term Leave

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

12-4-7 Managing Overtime Work

Nissha Group in Japan promote the reduction of overtime work as a way to improve productivity and help our employees achieve a work-life balance. We are continuing our efforts to inform employees of their overtime hours. In the middle of each month, the attendance system that notifies division heads of overtime hours recorded sends out e-mail alerts to individual employees and their division head if an employee's overtime hours in a day or month exceed a given amount. In the fiscal year ended December 2021, we provided training to managerial staff and general employees to educate them about managing working hours amid changes in the way employees work brought about by the COVID-19 pandemic.

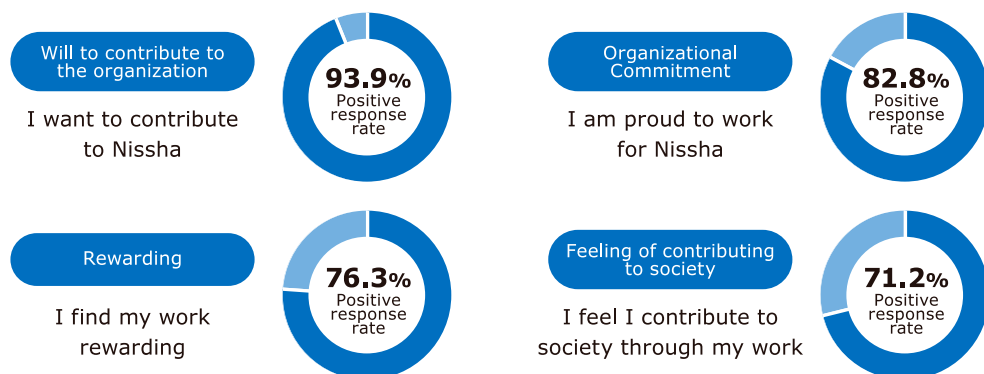
12-4-8 Employee Engagement

■ Engagement survey

For employees to work passionately and for the company and employees to grow together, we believe it is important for the company to improve employee engagement by putting in place a system that encourages this and fostering an organizational culture that is easy to work in. As one of these efforts, an engagement survey was conducted for the first time from March to April 2022, targeting all permanent employees (approximately 1,900) working for the Nissha group companies in Japan. The purpose of this survey was to identify issues that will improve the diverse capabilities and passions of Nissha, the source of our growth.

Engagement survey results

Response rate 87.9%



*Positive response rate: Percentage of respondents who responded positively to the question.

The positive response rate for willingness to contribute to the organization and organizational commitment is high. This may be related to the fact that our Mission has been widely disseminated and is strongly identified with. On the other hand, when limited to their own work, the respondents found it somewhat more difficult to feel a sense of fulfillment and contribution to society. Going forward, we will analyze and develop these factors at the business and workplace level and promote specific actions. We will expand the engagement survey to overseas Group companies during 2022 and collect results globally. We will continue to implement initiatives and make improvements to enhance a culture in which all employees work with passion.

■ Post-training surveys

The Group is enhancing its training system to match our employees' stages in order to systematically develop human resources to realize our medium- to long-term growth strategy.

Questionnaires are administered after training is complete. We provide opportunities for employees undertaking training to participate and communicate with each other, including opportunities to identify training issues and suggest improvements for future training sessions, and we answer questions about lecture content and follow-up on issues that instructors have noticed. We use feedback from participants to confirm the effectiveness and issues of training content and we make improvements to make the training even better as part of the PDCA cycle.

12-4-9 Internal Job Posting System

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

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

Fiscal Year		FY2017	FY2018	FY2019	FY2020	FY2021
Number of job posting		No offering	15	9	No offering	15
Successful applicants (transferees)	Female	—	2	4	—	6
	Total	—	1	1	—	1

12-4-10 Awarding System (Nissha Group)

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

Awards won in the fiscal year ended December 2021 are as follows.

Type	Content	Number of winners
CEO's Award (Company-wide)	For employees who have made significant contributions to the consolidated performance	n/a
CEO's Award (Group Companies)	For employees whose sales and operating profit greatly exceed the previous year's level and plan, or who have contributed to the bold and dynamic execution of business strategies	10
BU Head's Award, Director's Special Award	For employees who have made significant contributions to business performance or strategy	35
Synergy Award	For employees who have created synergies across regions and businesses	32
New Hope Award	For domestic employees who act proactively without fear of failure or change as workplace heroes	13

This system is used throughout the entire Nissha Group, with recipients including employees at overseas bases. As part of the company's efforts to create synergy, we encourage movement across business units and divisions, so many employees who have contributed to cross-sectional projects have been selected.

12-4-11 Career Resumption Program

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

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

12-4-12 Employee Stock Ownership Plan / J-ESOP

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

In addition, we introduced a Stock Benefit Trust (Employee Shareholding Purchase-type) in the fiscal year ended December 2020. The system allows all employees and contract employees who join the stock ownership plan to receive the benefits of the rise in the stock price of the Company's shares for three years.

As of the end of December 2021, 27.5% of the employees have joined, and together hold 0.8% of the Company's shares.

■ Subscription Status of Employee Stock Ownership Plan

Year	2017	2018	2019	2020	2021
Number of eligible subscribers	2,387	2,413	2,353	2,089	2,081
Number of subscribers	585	598	625	543	573
Subscription rate	24.5	24.8	26.6	26.0	27.5

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

12-4-13 Retirement Pay System

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

When receiving retirement pay, employees can choose the age when they start to receive benefits (between 60 and 70 years old) and the method of receipt (lump-sum payment or a pension from a financial institution).

12-5 Safety and Health of Employees

12-5-1 Safety and Health

■ Policy and Principles

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

Occupational Safety and Health Policy

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

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

Occupational Safety and Health Principles

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

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

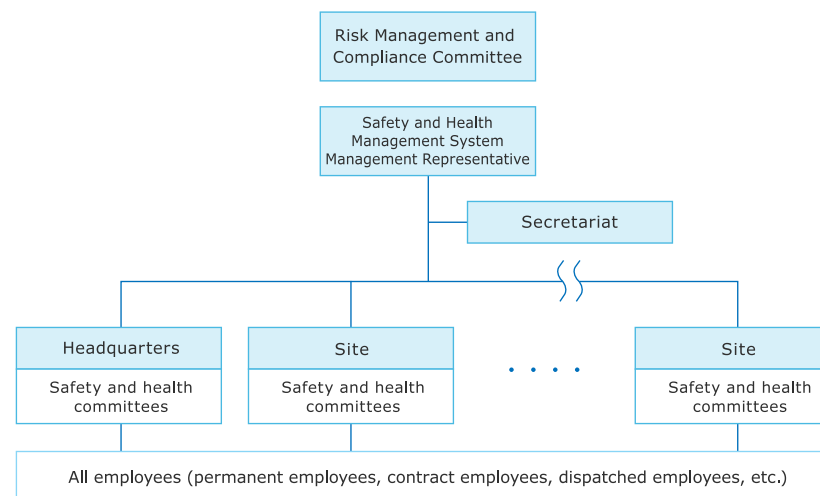
Established on April 1, 2007 / Revised on May 1, 2022

■ Safety and Health Management System

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

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

Safety and Health Management Structure



■ Initiatives for FY2021

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

Workplace Risk Reduction - Risk Assessment

We conduct risk assessments to reduce occupational safety and health risks in the workplace in accordance with our internal regulations. Risk assessments are conducted regularly on a workplace basis to continuously identify sources of hazards, conduct risk assessments, and determine and implement risk reduction measures based on the risk assessments. When an injury accident occurs, a risk assessment is conducted for that work, and risk reduction measures are taken.

Chemical substance risk assessments are conducted at workplaces that use chemical substances, such as technical development departments and production facilities. In addition to regularly conducting assessments of the risks posed by chemical substances, we also conduct assessments and review the results, as necessary, when introducing production processes, work methods and work environments or new materials or chemicals, when changing chemicals, etc., or when accidents or disasters occur.

Safety Patrols

A team led by the safety manager, health manager, industrial physician, and Nissha Crew Alliance (union) members conducts safety patrols of workplaces. In addition to checking for potential

hazards and unsafe work practices in the workplace, and whether chemical substances are being managed appropriately, the patrols also try to raise workplace safety awareness by incorporating the perspective of customer requirements.

■ Occurrence of Occupational Accidents

The following table shows the occurrence of occupational accidents in the Nissha Group in Japan. The number of work-related accidents in the fiscal year ended December 2021 was the same as in the previous year, but both the frequency and severity worsened due to the increase in accidents resulting in days of leave. As a measure after the fact, we are reviewing work procedures and providing safety training based on accident case studies in an effort to correct these issues.

Occurrence of Occupational Accidents (Nissha Group in Japan)

Item	FY2017	FY2018	FY2019	FY2020	FY2021
Number of occupational accidents 4 or more days of leave	32	25	13	15	15
	5	6	2	3	7
Occupational accident frequency*1(%)	1.45	0.84	0.49	0.98	1.48
Occupational accident severity*2 (%)	0.01	0.01	0.00	0.01	0.05
Fatal accidents	0	0	0	0	0

* Figures include accidents involving temporary employees.

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

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

Number of Occupational Accidents by Region (Nissha Group Major Overseas Production Bases)

The number of occupational accidents at the Nissha Group major overseas production bases in the fiscal year ended December 2021 are given in the table below.

Region	North America	Central and South America	Europe	Asia
Number	14	2	17	5

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

■ Safety and Health Education and Training

We provide education and training required in workplaces based on our Safety and Health Education and Management Regulations. While some curriculums had to be postponed again in the fiscal year ended December 2021 due to the novel coronavirus disease (COVID-19), we are focusing on education and training to raise safety awareness and foster a culture of safety, including implementing remote education and e-learning, as well as preparing educational videos.



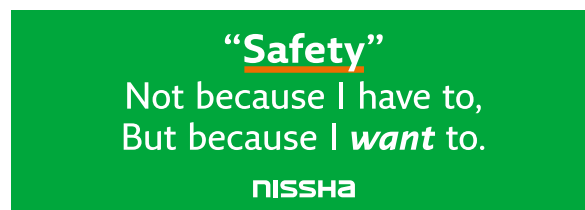
Risk assessment training

Training Participation

Category	Lesson/Session	Number of attendees in FY2021
General training	New employee training (safety and health)	18
	Special training for handling low-voltage electricity	5
Safety training	Health training (occupational health and health hazards)	171
	Health training (prevention of heatstroke)	44
	Risk assessment training (safety and health)	364
	Foreman education	36
	Chemicals training (risk assessment of chemicals)	82
	Safety training (using utility knives safely)	32
	Automated external defibrillator training	14

■ Safety Slogan

In 2009, we created a safety slogan to raise awareness of safety with the aim of eradicating occupational accidents. This slogan is displayed at all of our production bases in Japan and overseas.



■ External Assessment

The Nissha Group in Japan received the following awards in the fiscal year ended December 2021.

Award target	Award name	Awarding body
Safe Driving Manager, Nitec Precision and Technologies Inc. Kaga Factory	Excellent Safe Driving Manager	Ishikawa Prefecture Association of Safe Driving Managers

12-5-2 Health and Productivity Management

■ Health and Productivity Management Policy

Nissha Group sees its mission as to realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group. To achieve this, we believe that it is important for each and every employee to be healthy in mind and body and to be highly motivated in their work, as this will help the company's performance. This is why we formulated our Health and Productivity Management Policy.

Health and Productivity Management Policy

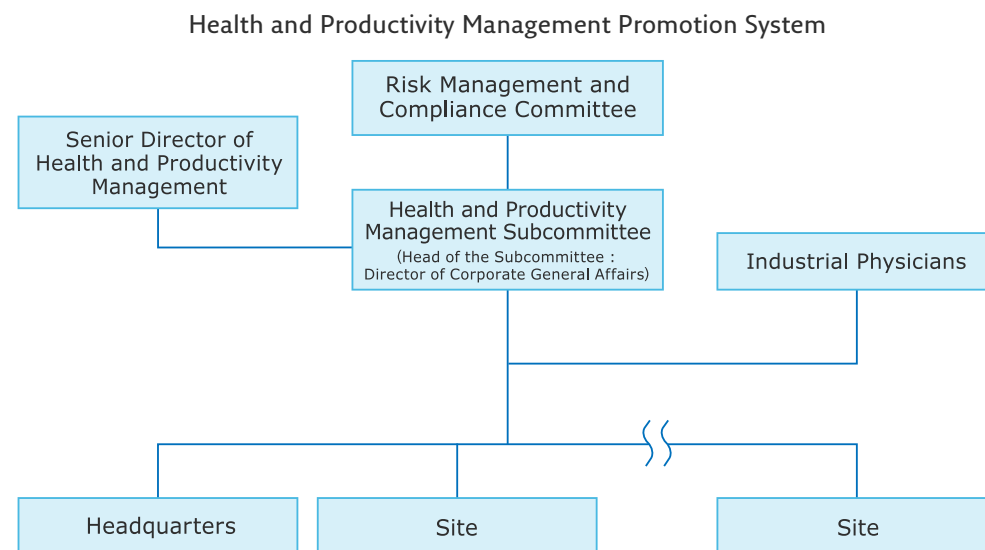
Nissha Group aims to create new values through our diverse capabilities and passion. We consider the maintenance and improvement of mental and physical health to allow employees to fully exercise their abilities to be an important management issue, and promote a range of measures to that end.

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

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

■ Organizational structure of health and productivity management

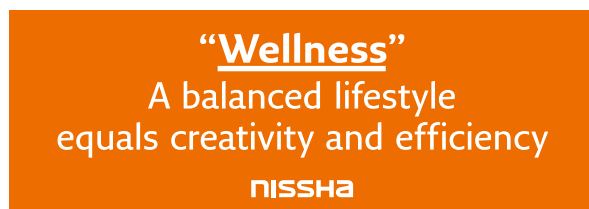
We have appointed a director in charge of health and productivity management as part of our health and productivity management promotion structure. Under the leadership of this director, the Health and Productivity Management Subcommittee, which is under the umbrella of the Risk Management and Compliance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



■ Nissha Wellness

Wellness means leading a healthy "lifestyle". Leading a healthy "lifestyle" requires us to maintain a good balance of nutrients and calories, activity and rest/sleep, mental state, physical state, work and life, and social interactions. The Nissha Group shares this concept as Nissha Wellness, with all of our employees, in the belief that an improved lifestyle quality will lead to greater creativity and efficiency at work and richer life.

Slogan poster



Symbol mark



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

■ Promotion of Health and Productivity Management

Since our foundation, Nissha has continued to grow while changing our own capabilities based on our advanced technological capabilities and identifying changes in the market environment as business opportunities. To that end, we are focused on the development of human resources based on the idea that it is important for both the company and our employees to grow together.

The Group also believes that how we maintain and improve the physical and mental health of our employees and how we keep them motivated to work are important management issues, and we are implementing the following measures in cooperation with occupational health staff.

1. Initiatives to raise awareness of measures to combat passive smoking and quit smoking

In the fiscal year ended December 2021, as part of our effort to get employees to stop smoking, we ran a tobacco education program, "Health Effects of Smoking," that was open to all employees of the domestic Group. 874 employees took part in the program. We also provided a distance-learning stop-smoking program as part of our "Wellness Challenge" and we have begun subsidizing stop-smoking aids. In the fiscal year ended December 2021, two of the eight participants successfully quit smoking while two more reduced the quantity they

Awareness poster



smoke. We will continue these efforts in the fiscal year ending December 2022.

In addition to the World No Tobacco Day in May, we have established monthly no-smoking days on which we close all smoking areas at the same time at all our bases in Japan. We will start to gradually increase the frequency of non-smoking days from July 2022, and we will permanently close all smoking areas at our head office premises from the fiscal year ending December 2024.

Going forward, we will continue our efforts to raise awareness of the need to quit smoking, including among employees who do not smoke, and to raise awareness of the health of our employees and their families.

2. Boost the rate of important and detailed medical checkups

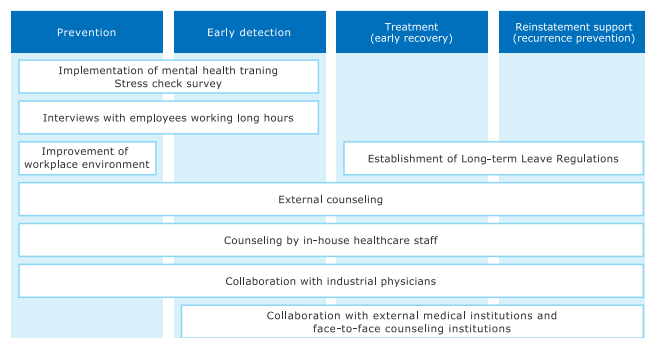
We are aiming for a cancer screening uptake rate of 60% or higher. We are working to improve the rate of employees who undergo more detailed examinations following their health check-ups by disseminating information on cancer awareness, as this links to the early detection and early treatment of cancer.

In the fiscal year ended December 2021, we held a web-based seminar, "Curing Cancer While Working," which was viewed by 255 employees.

3. Workplace stress check analysis and mental health support

We provide department managers with the results of stress check workplace analysis, and teach them the correct way to view and utilize the results to create a comfortable workplace. Members of the Health and Productivity Management Subcom-

mittee (managerial staff from the Human Resources and General Affairs Departments) attend workplace care interviews and encourage department heads to be aware of and follow up on their concerns from a more managerial perspective.



As a mental health support, we carry our mental health education (self-care, line care, etc.) by clinical psychologists every year. In the fiscal year ended December 2021, we held a web seminar, "2021 Mind and Body Wellness Seminar" (explanation of the significance of and how to nurture EQ (Emotional Intelligence) by a clinical psychologist and core training by a health and exercise instructor), which was seen by 108 employees.

We plan to hold line care training in the fiscal year ending December 2022.

4. Wellness Day and initiatives

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

We will continue to use Wellness Day to implement health initiatives for employees including preventing the onset of lifestyle diseases.



Steamed chicken and greens with vitamin ACE dressing



Take the stairs whenever possible!



Avoid checking your phone before bed!

5. Opened Walking Trail

We have established a walking trail on our head office premises that is approximately 600m per lap. In the future, we will create a plan to encourage employees to use the trail and have fun exercising, thus helping to make up for their lack of exercise and improve their physical fitness.



Walking Trail

6. Specific health guidance

We provide specific health guidance as a high-risk approach.

7. Support for balancing work and treatment

In the fiscal year ended December 2020, we revised the Leave of Absence Regulations to introduce rehabilitative work. We will support our employees so as to ensure their health and allow them to balance treatment and work without aggravating their illness. Refer to 12-4-6 Support for Reinstatement after Long-term Leave

8. Remote counseling

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

■ Key data for the past 5 years (Nissha Group in Japan)

We are using a variety of data to monitor, maintain and improve the health of our employees.

Unit: %

	FY2017	FY2018	FY2019	FY2020	FY2021
Regular health check-up rate	100.0	100.0	100.0	98.8	99.7
Detailed check-up rate after regular health checkup	49.8	42.6	37.8	34.7	51.7
Specific health check-up rate	100.0	100.0	100.0	99.8	99.7
Lung cancer screening rate	99.1	92.0	98.7	99.4	100.0
Stomach cancer screening rate	93.2	83.3	99.3	92.4	94.0
Colorectal cancer screening rate	93.8	87.9	95.6	96.8	96.8
Uterus cancer screening rate	46.7	47.9	49.4	60.3	66.7
Breast cancer screening rate	60.6	61.5	—	81.1	74.2
Stress check implementation rate	99.9	100.0	100.0	100.0	100.0
Specific health guidance implementation rate	87.0	92.6	97.0	96.2	99.0
Smoking rate*	34.2	30.7	29.3	27.8	28.5
Obesity rate*	22.2	24.2	24.1	23.7	29.7

*Excluding Kaga Factory and Tokyo Division Headquarters until the fiscal year ended December 2020

■ Acquired "Health and Productivity Management Outstanding Organizations (White 500)" Certification

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



13. Initiatives Related to Information Security

13-1 Policy and Principles

The Nissha Group has created, and continues to operate, an Information Security Management System (ISMS) based in the ISO27001 that is applied to all group companies, and that reflects our Information Security Policy and our principles outlining specific conduct and regulations known as the Information Security Principles. We prevent threat to the important information received from our customers and suppliers and important information managed under tight control within the company, particularly highly confidential information assets such as new product information, advanced technological information, and personal information.

Information Security Policy

Nissha Group constructs a reliable and safe information security management system (ISMS) based on an understanding of the importance of information security in business activities and continually improve this in order to continue to be a company that provides economic and social value to our stakeholders.

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

Information Security Principles

1. We shall continually improve our information security management system by establishing, implementing, and reviewing the information security objectives so that the confidentiality, integrity, and availability of information assets can be maintained and improved.
2. We shall comply with laws, regulations, and contract stipulations related to information security.
3. We shall establish criteria for rationally evaluating risks related to information security and methods for risk assessment, and work to maintain and improve information security.
4. We shall work to prevent the occurrence of incidents or accidents related to information security, and, if an accident does occur, shall respond promptly and work to both minimize damage and prevent recurrence.
5. Nissha People shall understand the Information Security Policy and Basic Principles, and always act with an awareness of information security.

Yoshitami Aoyama
Senior Vice President, Chief Information Officer
Nissha Co., Ltd.

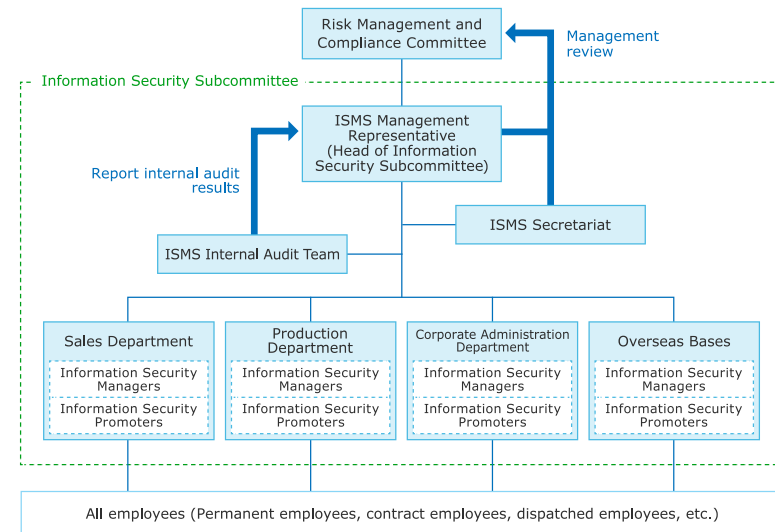
Established on July 1, 2013 / Revised on May 1, 2022

13-2 Management Structure

As an organization to promote information security within the Nissha Group, the Information Security Subcommittee was established under the Risk Management and Compliance Committee, and works on maintaining and improving the ISMS.

Under the CIO (Chief Information Officer), the head of the Information Security Subcommittee is the ISMS management representative, and the ISMS secretariat has been established in the IT department to oversee all IT environments in the Group. The ISMS covers all bases within the Group, including those overseas. For each affiliated company and department, an information security manager and an information security promoter are appointed, and ensures the system operates in each workplace. In addition, the ISMS secretariat plays a central role in conducting reviews for top management, internal audits of the ISMS, and regular ISO27001 audits by external examiners to provide opportunities for improvement.

Management Structure



Domestic	253 employees	Information Security Managers	84 employees
		Information Security Promoters	169 employees
Overseas	46 employees	Information Security Managers	15 employees
		Information Security Promoters	31 employees

13-3 Deployment of the Management System

The Nissha Group operates the ISMS at all its bases, both in Japan and overseas.

In Japan, we have obtained ISO27001 certification, the international standard for ISMS. Overseas, we have been rolling out ISMS as a unified standard globally, including for corporations that have newly joined our Group as a result of M&A and so on. This rollout was completed in the fiscal year ended December 2019. At present, in addition to an annual ISMS internal audit, we are working to maintain and improve ISMS operations through the PDCA cycle.



13-4 Efforts for Risk Reduction

The Nissha Group maintains an Information System (confidential information, personal information, information security) as one risk area managed under the Risk Management and Compliance Committee. In the fiscal year ended December 2020, we worked on appropriate management of trade secrets and operation. In the fiscal year ended December 2021, we permeated this operation, performed internal auditing of the implementation status, and promoted expansion abroad. Information assets are important information that differentiates us from our competitors and increases our competitiveness, so it is essential to reduce risks such as information leaks. Through ISMS internal audits, we advance the permeation of control methods corresponding to the level of importance, and particularly implement thorough and strict control concerning trade secrets.

In addition, with the rapid progress of IT and the diversification and spread of devices, we are working on measures to reduce the risk of our corporate image and brand being affected or information leaks through social media postings. We are also working on information security measures for personal information devices as used for BYOD (Bring Your Own Device), in addition to company-supplied computers and terminals.

Responses to the COVID-19

The Nissha Group has introduced IT services to support the diverse working styles of our employees. These services automate or streamline operations, or make them paperless. We also completed conversion of our IT infrastructure to the cloud in 2019. In response to the Information security risk,

we are constructing a system that allows almost all IT services provided by our companies to be safely accessed from outside. By creating an environment where employees can work anytime, anywhere, we were able to smoothly transition to telework to prevent the spread of COVID-19, achieving seamless business continuity. In 2021, we engaged in the further strengthening of security in telework environments. Introduction within Japan is already completed, and currently we are focused on expansion abroad.

13-5 Training

Cyber attacks are becoming increasingly sophisticated day by day, so merely strengthening systems will not prevent all of them. To prevent damage, it is essential for each and every employee to be fully aware of information security and act with discipline so that they can learn about threats and methods, and recognize issues as soon as possible.

The Group holds training sessions for all employees, using e-Learning, based on training materials that reflect our internal information security policies determined in-company. The fiscal year ended December 2021 training attendance rate was 98.1%. To further increase control and awareness level in the workplace, we will also focus on education for security managers at each workplace moving forward.

14. Initiatives Related to Intellectual Property

14-1 Views on Intellectual Property

The use of intellectual property is essential for the Nissha Group to appropriately protect and provide customers with products obtained as a result of our R&D and business activities. In order to contribute to our business performance and to securing a competitive edge for new businesses, the Group emphasizes the three areas of "risk management," "rights acquisition," and "training," under the leadership of the Intellectual Property Management.

14-2 Major Initiatives

■ Risk management

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

■ Rights acquisition

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

■ Training

Training employees is important for promoting intellectual property initiatives. To that end, the Group is enhancing its various training programs so that each and every employee can understand and implement intellectual property right acquisition and usage.

We offer a wide range of training for all employees taught by Intellectual Property department staff, from fundamental curriculum such as explanations on how to read patent publications and the process of patent acquisition to on-the-job curriculum such as techniques for surveying patents from other companies and duty related points to consider regarding intellectual property. In the fiscal year ended December 2021, a total of 141 employees attended.

In mandatory training for employees in engineering fields, we invite outside experts to learn how to grasp and brush up on inventions, steps in determining infringements, and so on. These trainings are designed to continuously improve employees' skills and knowledge regarding intellectual property. In the fiscal year ended December 2021, a total of 33 employees took the basic and advanced courses.

15. Trade Management

The Nissha Group's ratio of overseas sales is 88.1% in the fiscal year ended December 2021. As the Group's businesses expand globally, disciplined trade management is an essential issue from the perspective of business continuity.

15-1 Management Policy and Management Principles

Targeting all group companies, we maintain "Trade Management Policy" and "Trade Management Principles" outlining specific conduct, compulsory conduct, and regulations. As an Authorized Economic Operator (AEO), we also establish rules and regulations, and maintain a structure toward continuous improvement of trade management.

Trade Management Policy

Nissha Group fulfills its responsibilities as a company to its stakeholders by developing a trade management system and complying with laws and regulations related to trade management, such as security export control.

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

Trade Management Principles

1. We comply with laws and regulations related to trade management in each country and region.
2. We shall appoint a person responsible for trade management in our bases, and in addition to developing the trade management system, this system shall be maintained and improved.
3. We shall cooperate with public agencies and logistics partners in each country to establish a sound trade management system.
4. Nissha People will undergo any training required for trade management, and each person shall carry out their work appropriately.

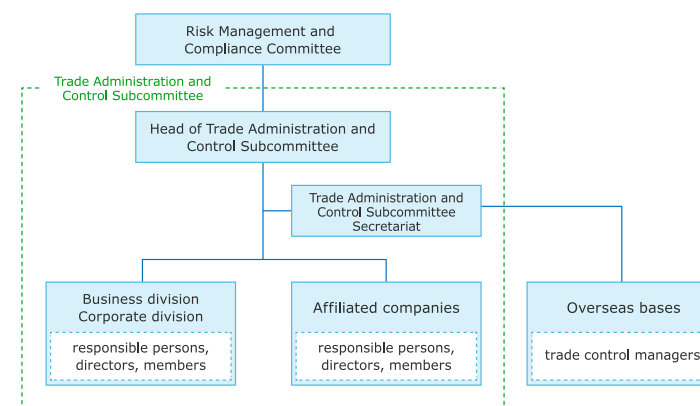
Yoshitami Aoyama
Senior Vice President, Chief Supply Chain Officer
Nissha Co., Ltd.

Established on October 1, 2016 / Revised on May 1, 2022

15-2 Structure

Starting in the fiscal year ending December 2022, Nissha Group trade management is now consolidated in the Trade Management Subcommittee under the Risk Management and Compliance Committee. Across the entire Nissha Group, including overseas affiliates, we select trade management supervisors and engage in trade management based on the Trade Management Policy, Trade Management Principles, and Trade Management Basic Regulations.

At Nissha Group in Japan, we place Trade Management Subcommittee members (responsible persons, directors, and members) in business divisions, corporate management departments, and affiliated companies to create a management system. At the same time, since overseas Nissha Group companies have different laws, regulations, and business practices in each country or region, we assign a trade control manager to each base to manage.



At Nissha Group in Japan, a range of operational regulations and rules for trade-related operations required of AEO businesses have been established, while each department is preparing work standards and manuals to ensure export and import operations are carried out appropriately. At Nissha Group bases overseas, we are working on disseminating the Trade Management Policy, Trade Management Principles, and Trade Management Basic Regulations as well as preparing management documents.

15-3 AEO Approval

Nissha Co., Ltd. obtained approval as an AEO Exporter in June 2014, and as an AEO Importer in June 2015. Their second post-audits were conducted in October 2019, and we maintain all approvals. As of January 4, 2022, 60 companies in Japan are approved as both AEO Importer and AEO Exporter. Being one of these companies with dual approval, we have in place a system for safe and smooth international logistics.

Nissha Precision Technologies Malaysia Sdn. Bhd., based in Malaysia, obtained approval as both an AEO Exporter and an AEO Importer in October 2014, and maintains both approvals.

AEO Approval Form



Authorized Economic Operator (AEO) Program

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

15-4 Initiatives for FY2021.12

In the fiscal year ended December 2021, we set proper and lawful operations during importing and exporting as one strategy item for promotion of compliance, which we have identified as a materiality. And following from the previous year, we are engaging in the following two items as KPI (Key Performance Indicators).

- Zero incidents of illegal/unlawful declarations: In the fiscal year ended December 2021, there were 7 incidents. In order to confirm the effectiveness of prevention measures for workplaces that caused incidents, we established and operated a flow to reconfirm whether the prevention measures are functioning effectively within 6 months after the incident, and thoroughly prevent recurrence.
- Zero omitted declarations of charge factors: Thanks to reinforcing management by creating a system of followup checking within the company established on 2020, there was no incident occurred in the fiscal year ended December 2021.

15-5 Training

Starting in the fiscal year ended December 2020, we provide theme-based education oriented towards employees involved in actual importing and exporting. In the fiscal year ended December 2021, we carried out training for 119 employees actually involved in trade operations in Japan, regardless of their department.

Themes

- Security trade controls
- Determining relevance and screening transactions
- Incoterms and HS codes
- Internal import/export steps

16. Partnership with Our Suppliers

16-1 Basic Policy

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

Our Purchasing Principles cover all business operations throughout the Nissha Group. Based in these principles and the Purchasing Management Regulations as a management framework outline, we implement frameworks for each type of business.

Purchasing Principles

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

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

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

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

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

Yoshitami Aoyama
Senior Vice President, Chief Supply Chain Officer
Nissha Co., Ltd.

Established on April 2, 2009 / Revised on May 1, 2022

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

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

1. Labor and human rights

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

2. Health and safety

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

3. The environment

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

4. Ethics

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

5. Information Security

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

* These guidelines are implemented mainly in our Devices Business.

16-2 Maintaining Purchasing Related Rules

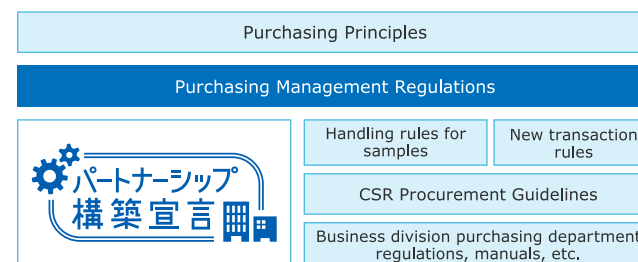
In 2021, the Nissha Group implemented a comprehensive revision of our "Purchasing Management Regulations". The major revision matters were the following four points.

1. Scope expansion	Expanded the scope to overseas, which was previously covered only in Japan.
2. Purchased items expansion	Expanded the scope of conventional production materials to all purchased products and services.
3. Code of Behavior	The conventional "purchasing knowledge" has been formulated as a "code of behavior", and the content has been clarified.
4. Purchase from multiple suppliers	Set purchasing from multiple suppliers (multi-sourcing) the basic principle, that was not specified previously.

This revision clarified the roles (responsibilities) and authority of the procurement and sourcing division and added rules to ensure the actualization of fair, equitable, and transparent transactions. Specifically, the revisions clarify the visualization of group-wide purchasing activities, compliance with laws such as the Subcontract Act, and monitoring systems as related to internal control. Furthermore, in addition to the procurement and sourcing division, the revisions incorporated the roles of other divisions that have potential points of contact with suppliers, such as a technology division and a manufacturing division. They also specify the Nissha Group's purchasing activity stance and clarify requests towards suppliers. We also plan to review

and revise lower level documents such as the various purchasing related rules and guidelines.

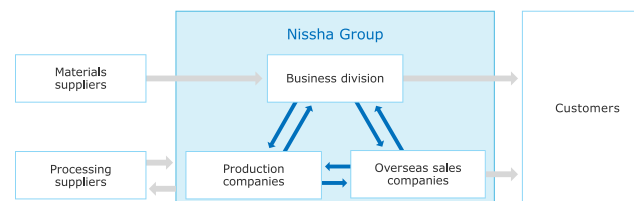
In September 2020, we established and announced our Declaration of Partnership Building as promoted by government agencies such as the Cabinet Office, and are promoting activities designed to build trust relationships with all of our suppliers and enhance mutual enterprise value.



16-3 Nissha Group Supply Chain

We at the Nissha Group collaborate with various suppliers through our business activities, and our supply chain is expanding globally.

Main Entities of the Nissha Group Supply Chain



16-4 CSR Audit and SAQ

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

In the fiscal year ended December 2021, audits were conducted for the Kyoto Global Headquarters, the Nitec Industries, Inc. (NII) Koka Factory, which is the Industrial Materials business production base, the Nitec Precision and Technologies (NPT) Himeji and Kaga Factories, which serve the Devices Business, and outside contractors including materials procurement sources. These audits found that no serious claims existed, including significant human rights violations or environmental law infractions.

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

In addition to on-site auditing, we also implement annual surveys using our own Self Assessed Questionnaires (SAQ) to gauge the status of supplier CSR activities. Recently we have been paying particular attention to human rights risks at our production bases and enhancing our auditing of suppliers, including staffing agencies. Particularly at NPT, a major Nissha Group production

base, we are implementing surveys targeting our new partners as well as our regular business partners centering mainly around staffing agencies.

At the request of our customers, in the fiscal year ended December 2021 we conducted a SAQ survey of 40 companies (from materials suppliers to assembly contractors) in Europe and Asia, including China, in addition to Japan. As a result of the survey, no particular points of concern were found. We will continue to conduct these surveys, and if any concerns are identified in the responses, Nissha employees qualified as internal auditors will visit suppliers and conduct on-site audits in accordance with the procedures.

The CSR auditing and Self Assessed Questionnaires (SAQ) are based in our CSR Procurement Guidelines (16-1).

16-5 Development of Procurement Personnel

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

In the fiscal year ended December 2021, we offered basic procurement education designed individually for the procurement and sourcing division and technology development, and 218 employees attended. The basic procurement education designed for the procurement and sourcing division targets procurement and sourcing employees new to purchasing related tasks and aims to embed knowledge necessary for their work and enhance compliance awareness. The basic procurement education designed for technology development targets technology related employees. Mainly for employees who have not already undergone procurement education in the past, it aims to embed basic procurement knowledge such as company procurement rules, including basic knowledge for laws and contracts related to procurement and the Purchasing Principles.

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

17. Quality Management, Efficiency and Productivity Improvement

17-1 Quality Management

17-1-1 Quality Policy / Nissha Quality Way

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

These philosophies are spread and percolated through the Nissha Group in an array of opportunities including training by Chief Quality and Production Officer (CQPO) at overseas bases, training targeting new employees and promoted employees, and inclusion in corporate magazines (published in Japanese, English, and Chinese).

Quality Policy

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

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

Nissha Quality Way

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

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

Established on June 1, 1997 / Revised on April 1, 2022

17-1-2 Quality Slogan

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

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

“Quality”
Quality by Everyone, Everyday,
with Passion

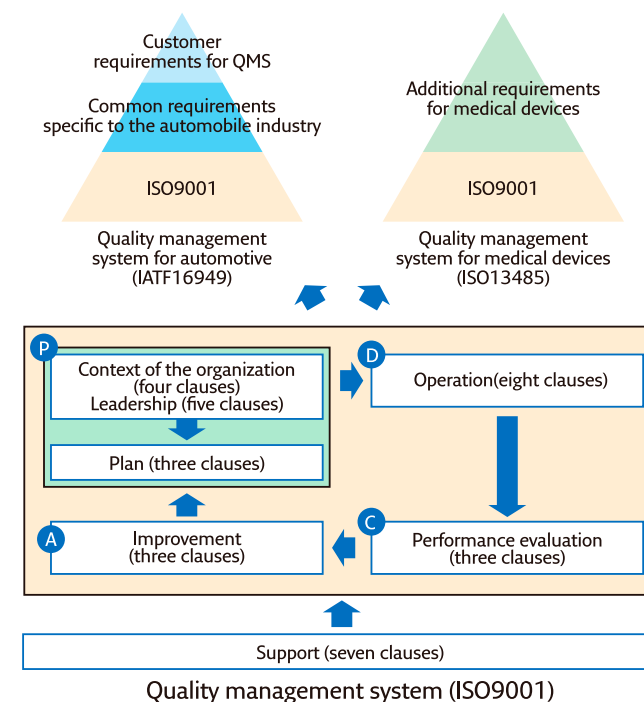
17-1-3 Quality Management System (QMS)

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

In addition to creating, implementing, and continually improving quality control systems based in the international ISO 9001 (2015 version), we are steadily constructing quality assurance systems individually aligned with medical, mobility, and sustainable materials designated as the priority markets in our Sustainability Vision (long-term vision) for where we want to be in 2030.

In businesses targeting the medical market, we are acquiring operating permits required to manufacture and sell medical devices within Japan. Additionally, we are pursuing the upgrading of our second-class marketing license for medical devices to a first-class ranking. Affiliated companies Nissha FIS, Inc. and Nitec Precision and Technologies, Inc. as well have both acquired operating permits to manufacture medical devices. Moreover, eight bases of the Nissha Group in North/Central America and Europe have obtained ISO13485 certification, the international standard for quality management systems in the medical devices industry. Our Global Headquarters in Kyoto obtained the same certification in October 2019.

In businesses targeting the mobility market, Nitec Precision and Technologies, Inc. Himeji Factory (including the Kyoto Site), which manufactures touch sensor modules, and multiple other bases have obtained IATF16949 certification for quality management systems in the automotive industry.



17-1-4 Quality Creation at the Design Stage

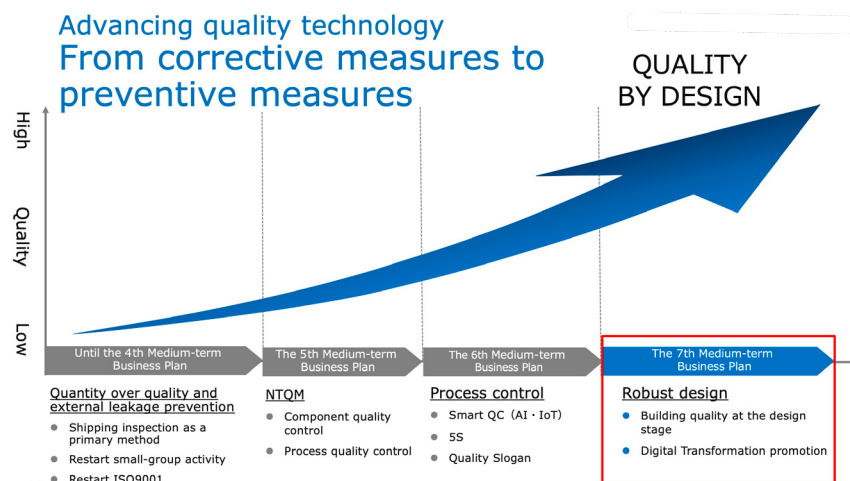
The Nissha Group has constantly evolved our quality assurance competency. Usually, 80% of the quality and cost are determined by the design stage, and improvement after advancement into the quantity production stage is believed to have a limited effect. In the current 7th Medium-term Business Plan (FY2021.12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

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

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

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

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



17-1-5 Overall Optimization and Continuous Improvement

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

The accumulation of bits of insight and ingenuity from all employees is the source of great improvements in work processes. This approach forms the foundation of Nissha Group's "small-group activities" and "improvement proposal system". We believe these are extremely important as a manufacturing company, and we are deepening these activities across the entire 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 Cycle (Plan, Do, Check, Act) to continuously improve, so that we can further improve our customers' satisfaction. As specified in the "VALIDATED DECISION MAKING" in the Nissha Quality Way, we are constantly pursuing improvement from a fact based, scientific approach.

Training

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

Practical education

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

Information sharing

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

17-1-6 Quality and Safety of Products

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

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

In the fiscal year ended December 2021, there were no CPL Committee meetings, no violations, and no CPL incidents (no fines). We will continue striving to maintain the number of violations and CPL cases at zero.

*Combination of contractual liability (CL) with product liability (PL)

17-2 Efficiency and Productivity Improvement

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

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

Furthermore, we are engaged in cultivating human resources to adapt to the changing business environment, developing IT tech-

nology such as IoT and AI and using it in quality control, production, and sales activities, and automatizing, reducing personnel, and streamlining work especially in routine tasks.

17-2-1 Initiatives through FY2021.12

The Nissha Group is also working to improve productivity in manufacturing. This involves making IoT and AI integral parts of production bases, and is mainly being done through "Smart QC," a project that aims to improve quality and productivity through IT, and "Smart Factory" that promote robotization and labor-saving in production processes. In addition to the digitalization of production, by engaging in the streamlining of design work under the banner of design digitalization, we are advancing efforts to embed quality at upstream stages.

In the fiscal year ended December 2021, as part of our design

	Contents	Examples of initiatives
STEP1	Improve productivity of internal operations by creating and digitizing databases (DB) for specific departments and operations. Resources secured by this will be reallocated to high value-added businesses.	<ul style="list-style-type: none">• Effective use of data through DB construction• Automation of production, design, and indirect operations through the use of AI and RPA• Sales Force Automation (SFA) and marketing tools to improve the efficiency of sales activities
STEP2	Extend digitization to the entire value chain to increase the added value we provide to our customers.	<ul style="list-style-type: none">• Using AI in the quotation process• Creating customer value (QCDS) through the use of AI in business operations• Building digital platforms
STEP3	Create new business models that help solve social issues through digitization.	<ul style="list-style-type: none">• External sales of in-house systems and expertise• Establishment of a data business and business collaboration (ecosystem) using accumulated data

digitalization initiative, we began ramping up efforts to digitalize the design workflow and construct frameworks to gather and utilize design data. Through the digitalization of design workflow, we are proceeding with the streamlining of work and data consolidation. And using consolidated data, we constructed the AI-powered automatic yield rate projection system and automatic delivery date projection system. Moving forward, we are increasing data quantity and enhancing forecast accuracy, and working towards the ability to elicit optimal design conducted through computer simulation alone in the development stage.

Furthermore, concerning AI and digital transformation related education, we held basic lectures mainly in a classroom format that aim to engender AI and digital transformation comprehension and advanced simulation courses that allow participants to experience the AI project flow from theme selection to POC (Proof of Concept) planning and expense estimating. Additionally, as a method of productivity improvement in deskwork arenas for the various different business areas, we introduced features including RPA (Robotic Process Automation), an electronic internal memo system, and AI-powered chatbot functionality. We also expanded work automatization and streamlining effects through enlarging the scope of system application by interweaving multiple systems so as to transcend the discrete effects gained by using each individual system alone. In the fiscal year ended December 2021, deployment both in and outside Japan advanced. And, from full scale implementation in 2019 to the end of 2021, an approximate cumulative total of 97,000 hours of work time was streamlined and automatized.

17-2-2 Initiatives for FY2022.12 and beyond

From the fiscal year ending December 2022 onward, as one in-road into the digitalization of the value creation process, we will continue to engage in systemization, including indirectly work and pursue digitalization for work efficiency.

As an approach towards digital transformation aimed at actualizing new business models, we will endeavor towards the improvement of consolidated data usage and promote digital twin framework creation. By visually expressing and simulating a variety of objects and processes in the digital world, we aim to construct a system that can optimize design, production, stock management and assess changes in profit and loss in a timely manner.

With the above in mind, the Nissha Group will continue to globally expand, for both relevant work tasks and utilizing divisions, workflow automatization and streamlining that employs productivity improvement tools focusing on RPA as a way of improving efficiency and productivity throughout all companies.

Furthermore, we will continue to engage in the digitalization and streamlining of workflow for each function, including marketing, sales business, research and development, and logistics.

And aiming to cultivate human resources that can independently create programs and apply them to workflow, we continue promoting practical education focusing mainly on hands-on experience learning opportunities.

18. Corporate Governance

18-1 Basic Approach to Corporate Governance

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

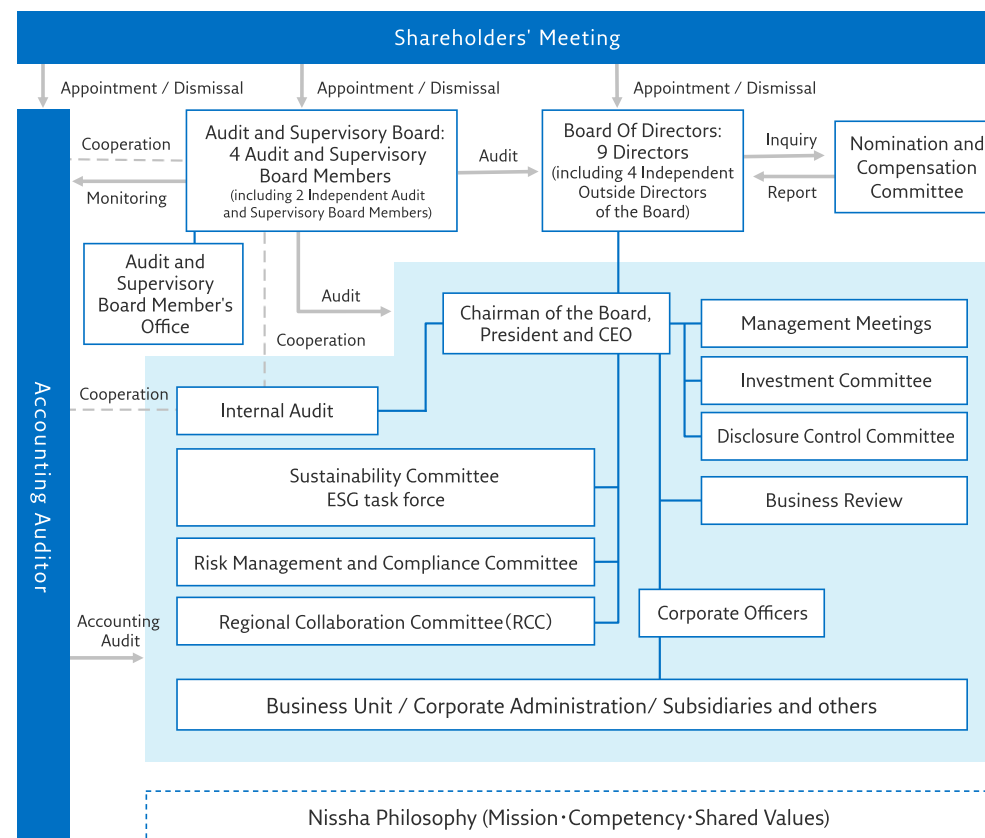
Based on this recognition, the Company places corporate governance as one of the key management issues, strives to maintain and improve it, and seek out sustainable corporate growth and an increase in corporate value over the medium- to long-term. In an effort to clarify the Nissha Group's basic approach to and policy for implementing corporate governance, in October 2015 we established a Corporate Governance Policy.

* For further information, please follow the link below.

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

18-2 Overview of Corporate Governance

We have established a corporate governance structure as shown in the figure below (as of June 1, 2022).



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

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

Management Meetings

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

Investment Committee

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

Business Review

Monthly and quarterly meetings to review the progress of business strategies based on key performance indicators (KPI) and determines actions to take over the short term. The purpose of the MBR is to monitor business execution by Corporate Officers and quickly respond to changes in the business environment.

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

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

Sustainability Committee

Chaired by the president and CEO and vice-chaired by the Director of the Board, Executive Vice President in charge of sustainability. Based on the Sustainability Vision, the Sustainability Committee is comprised of the ESG task force, business organizations, and departments related to the various themes of corporate governance and risks that hamper business continuity as well as business opportunities and management infrastructure for the long-term continuance and growth of the Nissha Group. The ESG task force is established on themes considered to be particularly important from the aspects of the environment, society, and corporate governance, and plays a role in accelerating activities in each of these at Nissha.

Risk Management and Compliance Committee

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

Disclosure Control Committee

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

Internal Audit

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

18-3 Directors of the Board and the Board of Directors

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

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

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

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

* For further information, please follow the link below.

[About > Corporate Governance](#)

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

■ Skills and Diversity Required of Directors of the Board

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

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

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

Our views on the required fields

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

Skills Matrix

	Term	Generation	Gender	Independence *Outside Directors	Careers at other companies *Inside Directors	Areas of particular specialty								
						Internationality	Corporate management, Management strategy	Business development, Business strategies, M&A	Sales, Marketing	Production, Quality, Technology, Research and development	Experience and knowledge in priority markets	Finance	HR strategies	Legal, Risk management
Junya Suzuki	22 years and 9 months	50s	Male	—	○	○	○	○	○		○	○		
Daisuke Inoue	4 years	50s	Male	—	○	○	○	○			○	○	○	○
Wataru Watanabe	4 years	50s	Male	—		○	○	○	○		○	○		
Yutaka Nishimoto	1 year	50s	Male	—		○	○			○				
Hisashi Iso	1 year	50s	Male	—		○		○	○		○			
Kazuhito Osugi	5 years and 9 months	60s	Male	○	—	○						○		○
Asli M. Colpan	3 years	40s	Female	○	—	○	○	○						
Kazumichi Matsuki	3 years	70s	Male	○	—	○	○	○						○
Juichi Takeuchi	—	60s	Male	○	—	○	○	○	○		○			

*Term and generation are at the conclusion of the general meeting of shareholders in March 2022.

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

■ Role of the Board of Directors

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

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

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

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

■ Initiatives to Enhance the Content of Discussions

Our Board of Directors meetings involve brisk, substantive discussions. Independent Outside Directors of the Board draw on deep insight into their respective fields of specialty to provide accurate

advice and opinions, contributing to the enhancement of both management transparency and the Board's oversight functions.

Toward improving the quality of discussions, we distribute a meeting agenda and related materials in advance, and explain particularly important matters to Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members beforehand. In addition, in order to ensure full discussion, key agenda items such as the medium-term business plan and corporate acquisitions above a certain size are discussed as reporting items before being put on the agenda for resolution. On the other hand, it aims to operate at a suitably balanced pace by allocating time for explanation and deliberation based on the importance of each agenda item.

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

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

■ Evaluation of Effectiveness of the Board of Directors

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

For the Board of Directors meetings held in the fiscal year ended

December 2021, we conducted a questionnaire from January to February 2022 to evaluate the effectiveness of the Board of Directors. The results were analyzed and evaluated, and an outline of the results was disclosed in a Corporate Governance Report submitted to the Tokyo Stock Exchange in March 2022.

Reasons for Appointment and Board of Directors Meeting Attendances in FY ended December 2021

Name	Reason for appointment	Attendance at meetings of the Board of Directors
Junya Suzuki	Mr. Junya Suzuki has duly performed his duties as Chairman of the Board, President and CEO, such as decision-making on important managerial issues and the supervision of the execution of operations. He has also committed to management from medium- to long-term perspectives and has shown strong leadership and decisiveness toward the realization of the Nissha Group's Mission since he assumed office as Chairman of the Board, President and CEO in 2007. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Daisuke Inoue	Mr. Daisuke Inoue has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. In addition, he assumes responsibility for business management as Senior Executive Vice President and General Manager of Devices Business Unit, working to establish and implement marketing-based strategies for winning new orders while showing strong leadership from the perspective of the Nissha Group as a whole as responsible for Human Resources, General Affairs, and Legal Affairs. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Wataru Watanabe	Mr. Wataru Watanabe has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. As well as promoting medium-term business plans and verifying their effectiveness as Executive Vice President, Chief Strategy Officer and Director of Corporate Strategy Planning, he shows strong leadership in accelerating the reorganization of the business portfolio of the Company and expanding business performance by creating new businesses as Senior Director of New Business Development Office. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (17/17 meetings)
Yutaka Nishimoto	Mr. Yutaka Nishimoto has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He assumes responsibility as Executive Vice President, Chief Quality and Production Officer and is showing strong leadership in the establishment of a comprehensive quality assurance system and in the design and implementation of the optimum deployment of production capacity in accordance with our business strategy from the perspective of the Nissha Group as a whole. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (13/13 meetings) *After he assumed office as Director of the Board of the Company
Hisashi Iso	Mr. Hisashi Iso has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He assumes responsibility for business management in the global consolidation of the Industrial Materials Business Unit as Executive Vice President and General Manager of Industrial Materials Business Unit and is showing strong leadership in establishing and implementing marketing-based strategies for winning new orders. We appointed him as a Director of the Board because we believe that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.	100% (13/13 meetings) *After he assumed office as Director of the Board of the Company

Name	Reason for appointment	Attendance at meetings of the Board of Directors
Kazuhito Osugi	Mr. Kazuhito Osugi has given valuable advice and opinions across the whole range of the Company's management, making the most of the deep insight in the field of finance he has cultivated in the Bank of Japan over the years and broad experience fostered by participating in corporate management as an Independent Outside Director of the Board for the Company and other companies. Mr. Kazuhito Osugi has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (17/17 meetings)
Asli M. Colpan	Ms. Asli M. Colpan has given valuable advice and opinions across the whole range of the Company's management, making the most of her global perspective and excellent expertise practiced in her research on management strategies and corporate governance and broad experience and insight cultivated by participating in corporate management as an Independent Outside Director of the Board for the Company, an outside director for another company and an independent auditor for another company. Ms. Asli M. Colpan has duly performed her duties, such as the supervision of the execution of operations. We appointed her as an Independent Outside Director of the Board because we expect that she will continue to give her valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (17/17 meetings)
Kazumichi Matsuki	Mr. Kazumichi Matsuki has given valuable advice and opinions across the whole range of the Company's management, making the most of his experience in proactive and broad business development and deep insight concerning its governance as he assumed important posts regarding legal affairs and compliance at a company globally developing business while participating in corporate management at manufacturers. Mr. Kazumichi Matsuki has duly performed his duties, such as the supervision of the execution of operations. We appointed him as an Independent Outside Director of the Board because we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	100% (17/17 meetings)
Juichi Takeuchi	Mr. Juichi Takeuchi has broad experience and extensive knowledge in the medical devices market, a priority market of the Company. Mr. Juichi Takeuchi has been engaged in management strategies, alliances, sales and marketing in a medical devices company, where he led its global strategies and assumed responsibility for its overseas subsidiaries over the years. We appointed him as an Independent Outside Director of the Board because we expect that he will give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.	Appointed in FY ending December 2022

18-4 Nomination and Compensation Committee

■ Purpose

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

■ Role

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

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

■ Membership (as of April 1, 2022)

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

■ Nomination and Compensation Committee meetings held and attendance in FY ended December 2021

During the fiscal year ended December 2021, there were five meetings of the Committee, and all members attended all five meetings.

18-5 Audit and Supervisory Board Members and the Audit and Supervisory Board

■ Policy and Procedure for Electing Auditors

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

Inside Audit and Supervisory Board Members are elected for the wealth of experience required in auditing. Independent Audit and Supervisory Board Members are elected from attorneys and certified public accountants with a focus on specialized knowledge in legal affairs, financial matters, and accounting, who satisfy the

requirements of not only the Companies Act but also the standards for independence of independent officers, established by our Board of Directors.

Having received reporting from the Nomination and Compensation Committee, and with prior approval of the Audit and Supervisory Board, based on the policy above, the Board of Directors makes decisions on proposals for the appointment of Audit and Supervisory Board Members to be deliberated at the general meeting of shareholders.

At present, our Board consists of four members, of which two are Full-time Audit and Supervisory Board Members and two are Independent Audit and Supervisory Board Members. All two Independent Audit and Supervisory Board Members have been designated as independent officers, as they meet the standards of independence established by the stock exchange and are judged not to have a conflict of interest with general shareholders.

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

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

Our Audit and Supervisory Board determines the duties of Audit and Supervisory Board Members, the audit structure, and the audit stan-

dards that describe the evaluation basis for audits and the action guidelines. In accordance with these, the Board develops auditing policies and Nissha Group's Corporate Governance auditing plans.

In compliance with the above, Audit and Supervisory Board Members attend Board of Directors' meetings and other important meetings, review approval documents and other important documents, perform visiting audits at major offices and affiliated companies, and regularly exchange views with the President and CEO, Directors of the Board, and General Managers. In order to increase the effectiveness of audits, Audit and Supervisory Board Members hold regular meetings and coordinate closely with the Accounting Auditor, Internal Audit, and corporate divisions such as Corporate Finance and Corporate Legal Affairs.

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

Reasons for Appointment and Board of Directors/Audit and Supervisory Board Meeting Attendances in FY ended December 2021

Name	Reason for appointment	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Board
Tetsuya Taniguchi	Mr. Tetsuya Taniguchi engaged in operations of corporate communications, investor relations and corporate social responsibility, after having been in charge of operations in the general affairs, and strived for transparency and clarity in disclose for shareholders and investors. Also, he has extensive knowledge of the Nissha Group's business as a whole. In light of such broad experience and deep insight, we appointed him as an Audit and Supervisory Board Member since we believe that he is an appropriate talented person who will audit business execution of the Company.	100% (17/17 meetings)	100% (14/14 meetings)
Kenji Imai	Mr. Kenji Imai is well-versed in the Group's businesses and has broad experience and deep insight cultivated through his long career of engaging in sales and business strategies in the Industrial Materials and Devices businesses of the Company by leading the formulation and implementation of performance and investment plans. In light of such experience and insight, we appointed him as an Audit and Supervisory Board Member since we believe that he can appropriately execute his duties as an Audit and Supervisory Board Member.	Appointed in FY ending December 2022	Appointed in FY ending December 2022

Shigeaki Momo-o	Mr. Shigeaki Momo-o is not only well acquainted with corporate legal affairs as a lawyer but also has broad experience in global business and acquisition of overseas corporations as a pioneering international attorney in Japan as well as deep insight in the medical devices market, one of the priority markets of the Company. He has been auditing the Company from his professional perspective. He has also participated in corporate management as an Independent Audit and Supervisory Board Member of the Company and of other companies. We appointed him as an Independent Audit and Supervisory Board Member since we believe that he will continue to reflect his experience and deep insight in the audit of the Company from an independent point of view.	100% (17/17 meetings)	100% (14/14 meetings)
Yusuke Nakano	Mr. Yusuke Nakano has deep knowledge of finance, accounting and management administration as a certified public accountant and profound wisdom in governing corporate management, and has been auditing the Company from his professional perspective. He also participates in corporate management as an independent outside director of the board of another company, an Independent Audit and Supervisory Board Member of the Company and an independent audit and supervisory board member of other companies. We appointed him as an Independent Audit and Supervisory Board Member since we believe that he will continue to reflect his experience and deep insight in the audit of the Company from an independent point of view.	100% (17/17 meetings)	100% (14/14 meetings)

18-6 Compensation of Directors of the Board and Audit and Supervisory Board Members

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

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

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

Method of determining the determination policy

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

Outline of the details of the determination policy

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

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

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

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

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

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

Reasons for the Board of Directors’ determination that the details of compensation for Directors of the Board for the fiscal year ended December 2021 are in line with the determination policy

The Nomination and Compensation Committee deliberated on the individual compensation for Directors of the Board for the fiscal year ended December 2021 from various viewpoints and confirmed that the details of compensation for Directors of the Board and the determination process are in line with the determination policy. With respect for the report from the Nomination and Compensation Committee, the Board of Directors determined that the details of compensation are in line with the determination policy.

■ Matters regarding compensation for Audit and Supervisory Board Members

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

■ Results of FY ended December 2021

Title	Total compensation (Million yen)	Compensation by category (Million yen)			Number of members
		Fixed compensation	Performance-related compensation		
		Base salary	Bonuses	Stock compensation, etc. (Non-monetary compensation, etc.)	
Directors of the Board (Excluding Independent Outside Directors of the Board)	328	169	113	45	7
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	53	53	—	—	6

18-7 Corporate Officers

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

■ Diversity of Corporate Officers (as of April 1, 2022)

At present, we have 16 Corporate Officers, of which two are foreign nationals.

Corporate Officers include persons with experience of working overseas or at other companies, as well as those with expertise such as those with master's or doctoral degrees.

19. Initiatives of Internal Audit Office

19-1 Systems

In order to maintain independence and objectivity, the Internal Audit Office is independent of operating departments and is under the direct control of the Chairman of the Board, President and CEO. It conducts regular annual audits of all Nissha Group operations in accordance with the annual plan. After the audit, the departments concerned are given advice and recommendations, and follow-up audits are conducted to check the status of the improvements. Audit results are reported and advice given at monthly meetings with the Chairman of the Board, President and CEO, and particularly important matters are reported to the Board of Directors. Also, meetings are held with full-time Audit and Supervisory Board Members every three months to ensure mutual cooperation with the Audit and Supervisory Board.

19-2 Audit Content

Audits by Internal Audit are broadly classified into "internal control audits" based on the Financial Instruments and Exchange Act and "theme audits". Internal control audits are conducted jointly with accounting auditors by selecting the scope of evaluation from the perspectives of company-wide controls, financial reporting, business processes, and IT controls. This auditing is aimed at guaranteeing the reliability of financial reporting as a result of assessing the effectiveness and efficiency of the Nissha Group's business activities, determining whether the Group's business activities are in compliance with laws and regulations, and including whether key risks managed by the Risk Management and Compliance Committee, including the prevention of corrupt practices by the Group, are being carried out appropriately and effectively in accordance with internal regulations. On the other hand, theme audits are done for risks that cannot be covered by the above. In these audits, risk analyses are carried out based on the trends at the start of the year, and themes are selected on importance. Refer to 21-4 Risk Assessments

19-3 Initiatives for FY ended December 2021

In the fiscal year ended December 2021, in addition to an internal control audit, a theme audit was carried out on the digitalized work processes constructed to keep pace with the promotion of DX. An audit was also carried out related to the overall business management of domestic and overseas affiliated companies selected through risk analysis. In future, we intend to monitor the status of the development of a global control environment that incorporates new business fields in its scope.

20. Internal Control System

Nissha has established an Internal Control Policy by a decision of the Board of Directors to provide a system to ensure the appropriateness of work as stipulated by the Companies Act. Nissha is working to improve our corporate value by constructing and operating an Internal Control System to guarantee that the work in each of the company's organizations is being done legally, appropriately, and efficiently. To ensure reliability of financial reporting, we submit the assessment results of our internal control system in the form of internal control reports to the Prime Minister of Japan and disclose the contents to our shareholders and investors.

21. Risk Management and Compliance

The Nissha Group established a new Risk Management and Compliance Committee in the fiscal year ending December 2022. The Committee works to understand risks that could impede smooth business operation, and promote activities that reduce risk such as preventing problems before they arise, or minimizing their effects, and preventing their recurrence.

In addition, based on the view that centralized identification, assessment, and management of the Nissha Group's risks on a global basis are important, it revises the risk management system.

Note that the materialities that the Sustainability Committee managed until the fiscal year ended December 2021, namely "promotion of compliance," "promotion of health and productivity management," "occupational health and safety," "advancement of quality control," "continuity of business activities," and "protection and utilization of information assets" are managed by the Risk Management and Compliance Committee as particularly important items for smooth business operation.

Refer to 3. Nissha Group Sustainability

21-1 Risk Management Policy

Risk Management Policy

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

1. We build and maintain a structure for responding to the various risks present in our business environment.
2. We promote risk management at the managerial level toward conducting organization-wide activities and preserving management resources.
3. In the event of an emergency, we work to minimize damage, resume business activities as quickly as possible, and prevent recurrence.
4. We conduct in-house training to enhance awareness of and the ability to respond to risks, and ensure that each 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.

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

Established on July 1, 2015 / Revised on January 1, 2022

21-2 Corporate Ethics and Compliance Guidelines

The Group has sets “Act with Integrity” (we shall act with sincerity and remain a trusted company) as one of the Shared Values that are principle of employee behavior. And we declared that each officer and employee should act in good faith and continue to be a trusted company. Based on this, we established the Corporate Ethics and Compliance Guidelines, which sets out the basic ideas concerning corporate ethics and compliance that each officer and employee is expected to follow.

In addition, the Nissha Group has prepared the Corporate Ethics and Code of Conduct Manuals as a way to more clearly embody the Corporate Ethics and Compliance Guidelines and make it more understandable to our employees. Along with distributing this to all employees, it has also been posted on the Nissha intranet. This Manual was prepared in Japanese, English, Chinese, and Vietnamese, and having the entire company study it at the same time is designed to ensure awareness, along with the Corporate Ethics and Compliance Guidelines.

Corporate Ethics and Compliance Guidelines

Nissha Group acts according to the “Principles” in order to realize the enrichment of people’s lives by always creating technology and developing it into economic and social value.

Principles

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

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

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

21-3 Risk Management Structure

Nissha has established a Risk Management and Compliance Committee chaired by Director of the Board, Senior Executive Vice President (in charge of legal affairs) and with a Senior Vice President (Chief Supply Chain Officer, CSCO) as vice chair. The Risk Management and Compliance Committee holds progress confirmation meetings at the annual general meeting and every quarter, and reports to the Board of Directors each year on the status of activities.

The Risk Management and Compliance Committee centrally manages the cross-company risks, business risks, and financial risks of the Nissha Group on a global basis. Of these, the Committee selects key risks at the annual general meeting for the cross-company risks. The selected key risks are set as key performance indicators for the core departments or subcommittees, and minimized through their activities. In addition, the status of these activities is reported in the progress meetings, and the Committee checks whether the KPIs it has set are progressing as planned, using the PDCA cycle (risk items that are materialities have their progress managed by the Sustainability Committee).

The Monthly Business Review (MBR) for each business organization and the corporate finance department, and the Investment Committee manage business risks and financial risks. Progress is reported at the Annual General Meeting, and the Committee checks the contents.

In addition, if a major risk incident arises (including a serious report to the hotline), the Risk Management and Compliance Committee may be convened on an emergency basis.



21-4 Risk Assessments

Nissha selects risks by carrying out risk assessments over the entire Group and selecting from both a business activity perspective and a company-wide perspective. In the business activity perspective, hearings are held with related departments and subcommittees, and, after assessing them based on the frequency of these risks occurring and the severity of their impact, an assessment is made that also takes into account control activities to suppress them happening. Then, assessing them from a company-wide perspective in order to work to integrate the risks selected from a business activities perspective with management strategies, the key risks are selected.

The Risk Management and Compliance Committee, which was established in January 2022, carries out risk assessments on the following 16 items under its purview. The departments or subcommittees that manage the key risks selected through this risk assessment set KPIs, and work to mitigate these risks through their activities.

The following items are also positioned as content for corporate ethics and compliance that officers and employees of the Nissha Group should follow.

1. Fair business practices (corruption and bribery, antitrust or anti-competitive practices, insider trading, etc.)
2. Labor and human rights (discrimination, harassment, forced labor, workplace safety and health, etc.)
3. Ensuring personnel (employment, training, etc.)
4. Ensuring quality and safety of products/services (quality falsification, etc.)
5. Ensuring quality and safety of medical products/services (recalls, serious complaints)
6. Intellectual property rights (respect and protection of intellectual property)
7. Supply chain management (improprieties in supply chain, etc.)
8. Environmental protection (climate change, waste emissions, chemicals management, etc.)
9. Trade management (import/export management)
10. Information systems (leaks of confidential/personal information, etc.)
11. Asset management (theft or loss of company assets)
12. Business continuance (natural disasters such as earthquakes, typhoons, floods, etc.)
13. Business strategies (changes in competitive/market environments)
14. Business development (development delays, interruption in technology)
15. Production activities (design defects, release of defective products)
16. Finance (failure of capital planning, exchange rate fluctuations)

*Items in parenthesis are examples of risks.

21-5 Promotion of Corporate Ethics and Compliance

The Risk Management and Compliance Committee promotes corporate ethics and compliance activities throughout the entire Nissha Group. All Nissha Group bases in Japan and overseas appoint managers and group leaders in charge of promoting corporate ethics and compliance.

Promotion Structure

The managers and group leaders in charge of promoting corporate ethics and compliance not only implement initiatives to improve the awareness of corporate ethics and compliance in their respective divisions but also implement corporate ethics and compliance on a day-to-day basis through organizational management, serve as handy consultants for their workplace, and, should an incident arise, work with Corporate Legal Affairs to deal with it.

Awareness-raising activities

Corporate Legal Affairs also publishes Corporate Ethics and Compliance News as a way to further boost awareness among these managers and group leaders. In the fiscal year ended December 2021, it created content on the theme of issues with labor management (including harassment) in teleworking and an outline of the Anti-Monopoly Act.

In addition, the "OK or Not? Corporate Ethics and Compliance Consultation Desk" section on the Nissha Group intranet features timely points about areas of particular concern, using cases that happened both within Nissha and outside as examples. In the fiscal year ended December 2021, "OK or Not" explained how to handle copyright when using photos or illustrations.

Training

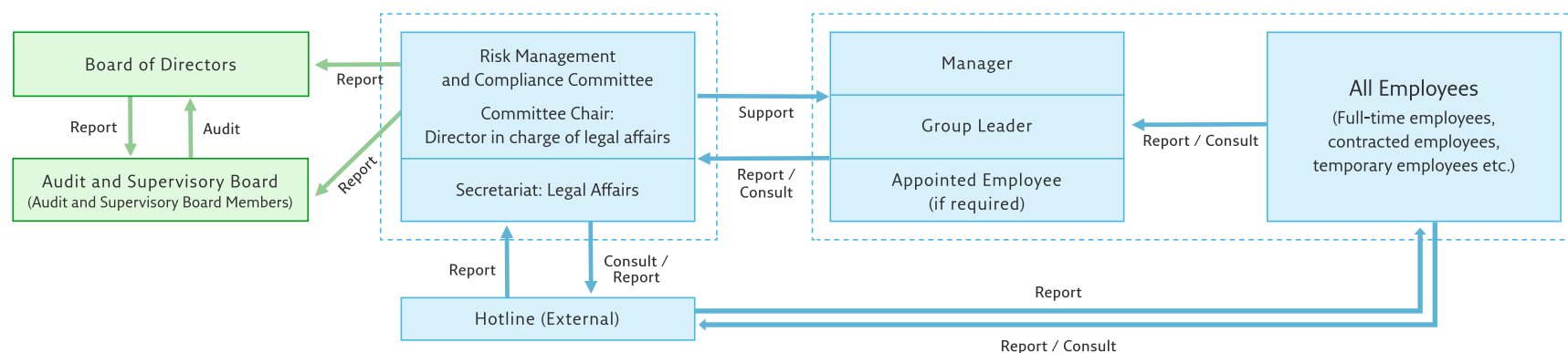
The Group designates every October and November as Corporate Ethics and Compliance Months, and provides groupwide training at all bases in Japan and overseas. This simultaneous training is provided not just for full-time, contract, and temporary employees, but for managers of subcontractors and even part-timers.

In the fiscal year ended December 2021, we included harassment, the appropriate handling of information, and the quality and safety of products as training themes at our domestic bases. At our bases in Europe and North America, we created videos about the Corporate Ethics and Code of Conduct Manual, which was watched by employees at each base. At Asian region bases, online training is provided by personnel in charge of administrative divisions. Thus, for all Nissha Group bases, training is tailored to the laws, regulations, and customs related to local business operations.

Questionnaires are sent out after each company-wide simultaneous training session to collect a wide range of information and opinions from all employees about concerns and actions that need to be improved in the workplace from the perspective of corporate ethics and compliance. Examples and results of improvements based on this information are reported to management, along with reports on training implementation.

In addition to the above, to enable us to promote this particularly in the Medical Devices field, one of our priority markets, in the fiscal year ended December 2021 we set up a legal compliance system for the Pharmaceutical and Medical Device Act at our domestic bases, and opened a Medical Healthcare Consultation Desk.

Corporate Ethics and Compliance Structure



21-6 Hotline

The Nissha Group has in place an Internal Reporting Code and a hotline based on the Whistleblower Protection Act for the purposes of quickly identifying the facts about illegal, unfair, or unethical conduct by an organization or individual, minimizing the risk of a crisis, promoting ethical and legal compliance, and ultimately enhancing our corporate value.

We are working to disseminate information about the hotline through the Corporate Ethics and Code of Conduct distributed to all employees, the Labor and Human Rights Handbook, the Nissha Group intranet, and in-house training. All employees working for the Group in Japan and overseas can use this service, and in the fiscal year ended December 2019, we expanded the scope of users by establishing a contact point for some of our domestic suppliers. This contact point is an outside attorney, an independent and impartial third party.

The Internal Reporting Code contains the following.

- The whistleblower shall not be subjected to any disadvantageous treatment by the Company or other employees due to their report.
- Anonymous reporting is also possible.

All complaints received are relayed from the hotline (an outside attorney) to the Corporate Legal Affairs. The Corporate Legal Affairs liaises with the relevant departments after consulting with the outside attorney about the best way to investigate and confirm the issue. Said investigation and confirmation are then carried out with consideration for the protection of the whistleblower. The content is reported to management at the Risk Management and Compliance Committee, where it is discussed

as necessary, after which, measures are taken according to the results of the investigation and discussion.

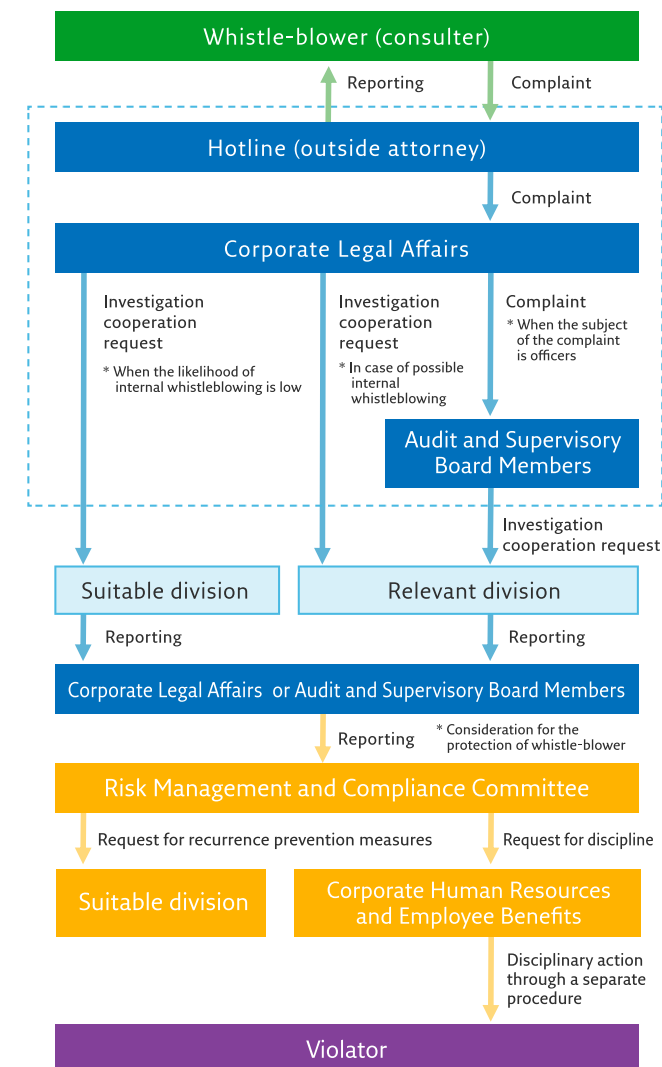
The number and main content of consultations received during the fiscal year ended December 2021 are shown below.

- Hotline (for employees): 7 cases (mainly related to work-place environments and human relations)
- Supplier hotline: 0 cases

21-7 Dealing with Antisocial Forces

In accordance with our basic policy for dealing with antisocial forces and our regulations for dealing with antisocial forces, etc., Nissha has established that it will have no dealings whatsoever with antisocial forces. In principle, we confirm in advance through the prescribed procedures that our existing and new business partners are not members of antisocial forces. This has cut off all possibilities of involvement in money laundering by antisocial forces.

Hotline Organizational Chart



22. Initiatives Related to Anti-corruption

22-1 Anti-Corruption Guidelines

For the bribery, back-scratching relationships with business partners issue that is one of the key risks managed by the Risk Management and Compliance Committee, the Nissha Group has formulated the Nissha Group Anti-Corruption Guidelines, and made our bases in Japan and overseas aware of the content.

Nissha Group Anti-Corruption Guidelines

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

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

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

Established on April 1, 2017 / Revised on January 1, 2018

22-2 Efforts to Ensure Awareness and Internal Audits

Training is provided for all operations of the Group to ensure compliance with the relevant laws, regulations, and customs.

In addition, as bribery is a deeply-rooted practice in some countries and regions, internal audits on anti-corruption are conducted on a regular basis.

The Group has not identified any cases of corruption in the fiscal year ended December 2021.

23. Business Continuity

23-1 Policy and Principles

We at the Nissha Group establish the Business Continuity Plans Policy, which the Business Continuity Management (BCM) Subcommittee of the Risk Management and Compliance Committee plays a central role in promoting in preparing for and responding to emergencies such as a natural disaster or pandemic.

Business Continuity Plans Policy

Nissha Group formulates business continuity plans to minimize damage and work towards prompt business recovery, while ensuring the safety of human life first, in the event of a major natural disaster, fire, power cut, epidemic, or other major event that interrupts business. In addition, we carry out regular revisions and drills to ensure the effectiveness of these plans, and promote business continuance management.

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

Business Continuity Plans Principles

1. In the event of a major interruption of our business, we shall ensure the safety of human life as our top priority while preventing secondary disasters.
2. We shall define buildings, equipment, information systems, human resources, and suppliers as key management resources/ stakeholders, and formulate business continuity plans. In addition, we shall consider changes in the business environment and regularly revise these plans.
3. We shall clarify which businesses are to be prioritized for continuance/ recovery, and achieve this recovery within the target timeframe.
4. We shall regularly conduct training and drills related to business continuance, and work to improve our organizational capacity to respond to risks.
5. We shall contribute to society through working with local communities to support recovery and rebuilding.
6. We shall comply with laws, policies in Japan and overseas, and other norms with regards to business continuance.

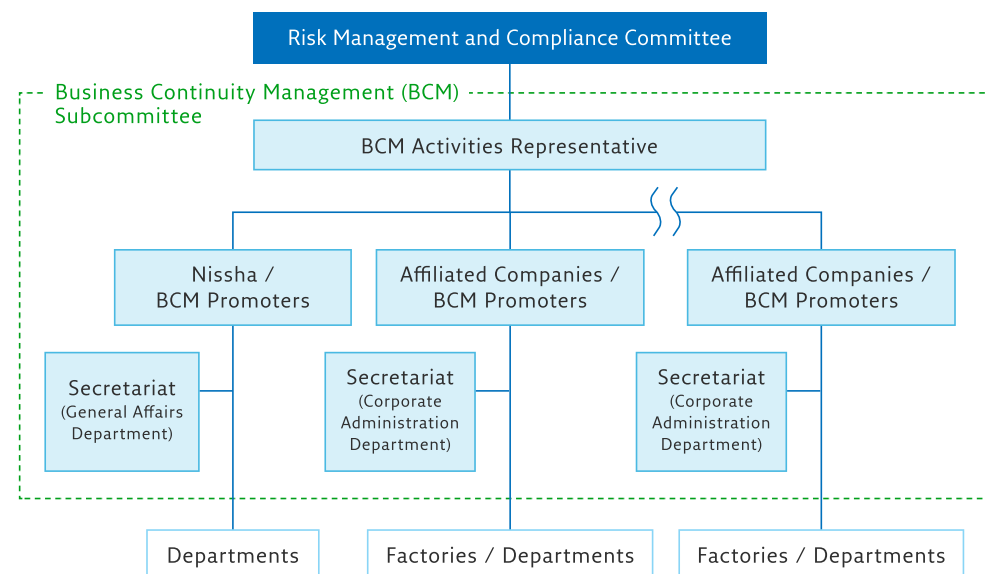
Daisuke Inoue
Director of the Board, Senior Executive Vice President, General Affairs
Nissha Co., Ltd.

Established on September 28, 2006 / Revised on May 1, 2022

23-2 Structure

The BCM Subcommittee has been set up under the Risk Management and Compliance Committee as a system for operating BCM in the Nissha Group.

The person responsible for BCM activities is the President. Our secretarial office holds BCM Subcommittee meetings on a regular basis. These are used to confirm initiatives and the status of improvement of BCM measures for the Nissha Group overall, training persons in charge, and planning and carrying out BCM drills.



23-3 Initiatives

Nissha has in place a set of Emergency Response Regulations that defines “emergency” and stipulates the action and structure required between initial response to a disaster and the early stages of business recovery. In the event of a serious interruption of business due to emergency over a certain level, such as a natural disaster or pandemic, we set up a response task force headed by the President. We also stockpile supplies at major bases in Japan, distribute “survival cards” listing information about what to do when an earthquake strikes, educate employees using an e-learning system, and conduct emergency training to promote thorough awareness about the general rules for action and response in an emergency.

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

In the fiscal year ended December 2021, like the previous fiscal year, to ensure that the novel coronavirus disease (COVID-19) did not spread within the company, we worked on business continuity by taking measures in response to changes in the government, local authority, or company status, revising the Guidelines as a policy to follow, while also preparing individual manuals.

Response to Preventing the Spread of COVID-19

On the same day that the state of emergency was declared, April 7, 2020, we set up a response task force headed by the President (the Response Task Force). At the Response Task Force, to fulfill our duty of supply to our customers, we carried out a range of initiatives to prevent infection spreading, in order to ensure there were no clusters in the company. Specifically, we achieved a balance between work performance and preventing the spread of infections by minimizing travel and avoiding the “Three Cs” through things like telework and web conferencing, and by ensuring that employees are made aware of information about infection prevention and health management, and put these into practice. In addition, in July and August 2021, and March 2022, we organized workplace vaccinations at the Kyoto Global Headquarters to ensure employees could be vaccinated as soon as possible. Many employees took advantage of this measure.



Workplace vaccinations

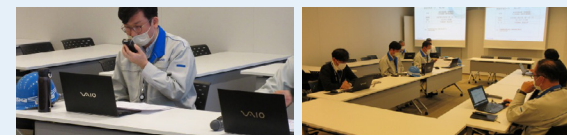
Training at Major Bases

We hold BCP (Business Continuity Plan) drills annually in accordance with the BCP Subcommittee Action Plan. These drills are simulations to check that BCP functions adequately in the event of an incident such as an earthquake.

The drill in the fiscal year ended December 2021 was based on Nissha FIS, Inc. being damaged by an earthquake along the Uemachi Fault, Osaka, with a maximum seismic level of 7 on the Japanese intensity scale.

In this drill, task forces were quickly set up at the Headquarters and FIS, and damage reports and specific instructions were issued for buildings and equipment, information infrastructure, employees, suppliers, and so on. The drill was very realistic, with the safety status of employees, effects on production, recovery status, delivery status, supplier stock checks and so on being reported moment by moment as their situation changed, and appropriate instructions given on a case-by-case basis. Issues for the future were also discussed once the drill was over.

The construction and operation of BCP/BCM is considered important for improving the company’s competitiveness and also leads to improved corporate value, which is why these drills will be carried on each year henceforth.



Headquarters task force



FIS task force

Risk Surveys

The Nissha Group carries out annual risk surveys at affiliated companies in Japan and overseas. These surveys draw on the expertise of specialists in risk consulting. For the fiscal year ended December 2021, the surveys covered the Nitec Precision and Technologies, Inc. Himeji Factory and Kaga Factory.

The risk of fire or explosion was assessed in terms of fire management, building and motive power, use and processes, fire-fighting equipment, and fire hazards, while for natural hazards, disaster prevention measures for lightning, earthquakes, flooding and so on were also confirmed.

While the results were good overall regarding measures, some areas for improvement were noted, so we are increasing the disaster prevention level by quickly dealing with these in detail.



NPT Himeji Factory



NPT Kaga Factory

24. Tax Principle

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

Tax Principle

Basic Principle

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

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

1. Nissha Group's approach to tax planning

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

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

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

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

3. The approach of Nissha Group towards its dealings with Tax authorities in each country and region

Nissha Group believe that we can build and maintain good relationship with tax authorities in each country and region corresponding with them and disclosing necessary information in a sincere and appropriate manner.

Therefore, We will strive to provide necessary information appropriately and cooperatively in response to requests from tax authorities in each country and region while issuing tax returns properly and paying appropriate amount of tax according to tax laws and regulations in each country and region.

If tax authorities inform us of tax adjustments, we will immediately take appropriate measures to prevent similar issues happen unless we file a petition of objection against their action or interpretation.

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

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

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

Hitoshi Koya
Senior Vice President, Chief Financial Officer
Nissha Co., Ltd.

Established on December 25, 2017

Revised on May 1, 2022

25. Initiatives Related to Conflict Minerals

25-1 Policy

Nissha's policy on conflict minerals is outlined in our Basic Approach to Responsible Mineral Procurement. In line with this policy, we are working to ensure that our products do not use materials made from conflict minerals, which are a source of funds for armed groups involved in human rights abuses such as looting, violence and forced labor.

Basic Approach to Responsible Mineral Procurement

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

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

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

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

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

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

25-2 Initiatives

The only conflict minerals used in the products of our group are the tin used for vacuum metallized foil, one of the transfer foils produced by the Industrial Materials business, the tin used for ITO films for touch sensors and the gold used for FPC plating produced by the Devices business. We do not use any tin or cobalt in molding resin.

Nissha Group is required by our customers to report using the latest version of the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI). Recently, we are receiving surveys from our customers concerning minerals other than the 3TG (tin, tantalum, tungsten, and gold) such as cobalt.

This is why 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 materials for our products, not to use any conflict minerals connected with violations of human rights, and that they report using the latest version of the CMRT to allow us to confirm the contents. If there is an inquiry about the region where the conflict minerals are produced after the CMRT is submitted to our customer, we go back through the records to check multiple suppliers. If these checks find any concerns about the use of conflict minerals that may lead to infringement of human rights, we will suspend the use of such minerals and take immediate corrective measures.

Thanks to these initiatives, we found no cases of the use of conflict minerals related to human rights violations in our products in the fiscal year ended December 2021. Our gold is largely sourced in line with the guidance of the London Bullion Market Association (LBMA), and we have confirmed that other conflict minerals do not involve human rights violations.

26. Management System and other Certification Acquisitions

(as of June 2022)

The Nissha Group's management system and other certification status is as follows.

*1. Administration departments of domestic sites are not included in the scope of certification (excluding Nissha FIS, Inc.).

*2. For departments related to Medical Technologies (Vermed products).

*3. Obtained at the Kyoto Factory in the manufacture of microneedle patch for cosmetics.

*4. For the support departments related to the touch sensor module for automotive.

*5. Only administration departments and design and product development departments have obtained certification.

*6. For paper purchasing departments at Nissha Printing Communications, Inc.

*7. RB Business and Product Development and Nitec Precision and Technologies, Inc. (Kyoto) were newly certified on June 1, 2022.

*8. Certification is included in the Kameoka Factory of Nissha Co., Ltd.

Subject Areas (Domestic)	Standards								
	ISO9001 ^{*1}	ISO13485	ISO22716	IATF16949	ISO14001	ISO50001	ISO45001	ISO27001	Others
	Quality	Medical devices	Cosmetics	Automotive	Environment	Energy	Occupational health and safety	Information security	
Nissha Co., Ltd.									
Global Headquarters	○	○ ^{*2}	○ ^{*3}	○ ^{*4}	○ ^{*5}			○	FSC COC ^{*6}
Tokyo Division Headquarters	○							○	
Nagoya Sales Office								○	
Kameoka Factory	○ ^{*7}			○ ^{*4}				○	
Nitec Industries, Inc.									
Headquarters / Koka Factory	○				○			○	
Kameoka Factory	○							○ ^{*8}	
Nitec Precision and Technologies, Inc.									
Headquarters / Himeji Factory	○			○	○			○	
Kaga Factory					○			○	
Tsu (production base)					○			○	
Kyoto (production base)	○ ^{*7}			○	○			○	
Nissha FIS, Inc.	○				○			○	
Nissha SiMICS, Inc.									
Nissha Printing Communications, Inc.									
Headquarters / Kyoto	○							○	FSC COC
Osaka Sales Office	○							○	FSC COC
Tokyo Sales Office	○							○	FSC COC
Kameoka Factory	○							○ ^{*8}	FSC COC
Nissha F8, Inc.									
F8 Studio								○	
NISSHA Studio	○							○	
M crossing Co., Ltd.									
Nissha Business Service, Inc.	○				○			○	

(as of June 2022)

Subject Areas (Overseas)	Standards								
	ISO9001	ISO13485	ISO22716	IATF16949	ISO14001	ISO50001	ISO45001	ISO27001	Others
	Quality	Medical devices	Cosmetics	Automotive	Environment	Energy	Occupational health and safety	Information security	
Nissha Eimo Technologies				○					
Nissha PMX Technologies, S.A. de C.V.				○	Scheduled to obtain in November 2022				
Nissha Metallizing Solutions N.V. (Belgium)	○								FSC COC
Nissha Metallizing Solutions S.r.l. (Italy)	○				○	○	○		FSC COC PEFC
Nissha Metallizing Solutions GmbH (Germany)	○				○	○			EN15593 FSC COC PEFC
Nissha Metallizing Solutions Ltd. (U.S.A.)	○								FSC COC
Nissha Metallizing Solutions Produtos Metalizados Ltda (Brazil)	○				○				FSC COC
Nissha Medical Technologies Group Corporate Headquarters		○							
Lead-Lok, Inc.		○							
CEA Medical Manufacturing, Inc.		○							
Sequel Special Products, LLC		○							
Nissha Medical Technologies (Ohio), Inc.		○							
European Headquarters		○							
Nissha Medical Technologies Ltd.		○							
Nissha Medical Technologies SAS		○			○				
Graphic Controls Acquisition Corp.		○							EC93/42/EEC
Nissha Medical Technologies GmbH & Co. KG									EC93/42/EEC
CEA Global Dominicana, S.R.L.		○							
Nissha Schuster Group									
Nissha Schuster Kunststofftechnik	○			○	○	○			
Nissha Back Stickers	○				○	○			
Nissha Back Stickers International	○								
Nissha (Kunshan) Precision IMD Mold Co., Ltd.	○			○	○				
Guangzhou Nissha High Precision Plastics Co., Ltd.	○			○	○				
Nissha Precision Technologies Malaysia Sdn. Bhd.	○			○	○				

27. Third Party Verification

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



Nissha Co., Ltd.

< Verification Objectives >

DNV Business Assurance Japan K.K. has been commissioned by Nissha Co., Ltd. (hereinafter referred to as "the Organization") to perform an independent verification of the greenhouse gas emissions (hereinafter referred to as "GHG emissions") reported in the "Nissha Sustainability Report 2022" (hereinafter referred to as "the Report") prepared by the Organization. The objective of this verification is to confirm that the GHG emissions claimed by the Organization have been calculated and reported appropriately based on the calculation standards, and to express an independent opinion.

< Verification Scope >

The scope of this verification is Scope 1, Scope 2, and part of Scope 3 (Category 6 & 7) of the GHG emissions of the Organization and its all-group companies, including overseas bases, in Fiscal Year 2021.

< Calculation and Verification criteria >

The criteria for calculating and reporting GHG emissions to be verified are the calculation and reporting procedures for environmental performance data established by the Organization, the Manual for Calculating and Ministry of the Environment, Japan "Reporting Greenhouse Gas Emissions (Ver.4.8)", and Ministry of the Environment, Ministry of Economy, Trade and Industry, Japan "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver.2.4)". The criterion for verification is ISO 14064-3:2019.

< Verification Process and Methodology >

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

< Verification Statement >

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

Place and date: Kobe, Japan, 27 May 2022
DNV BUSINESS ASSURANCE JAPAN K.K.

Koichiro Tanabe
Lead verifier

Naoki Maeda
Managing Director

This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relaying or acting upon this Verification Opinion.
DNV Business Assurance Japan K.K. Sannomiya Chuo Bldg.9th Floor, 4-2-20, Goko-dori, Chuo-ku, Kobe 651-0087



< Period Covered by Calculation >

The period covered by GHG emissions verification is from 1 January 2021 through 31 December 2021.

< Organization Boundary of Verification >

☒ Management Control ☐ Equity Share ☐ Others

< Type of GHGs Verified >

☒ CO₂ ☐ CH₄ ☐ N₂O ☐ HFCs ☐ PFCs ☐ SF₆ ☐ NF₃

< Amount of GHG emissions Verified >

DNV's opinion is that the GHG data results in the quantification of GHG emissions are real, transparent and measurable. The reported values below are fully covered by the verification.

■ Total amount of Scope 1 & 2 emissions	125,244 t-CO ₂ e
■ Amount of Scope 1 emissions	24,196 t-CO ₂ e
■ Amount of Scope 2 emissions (Market-based)	101,048 t-CO ₂ e
■ Scope 3 emissions	
■ Category 6 (Business travel)	281 t-CO ₂ e
■ Category 7 (Employee commuting) [※]	2,204 t-CO ₂ e

※ A GHG emissions calculation method that takes telework into account is applied.

< Verification Opinion >

☒ Unmodified Opinion
☐ Modified Opinion
☐ Adverse Opinion

This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relaying or acting upon this Verification Opinion.
DNV Business Assurance Japan K.K. Sannomiya Chuo Bldg.9th Floor, 4-2-20, Goko-dori, Chuo-ku, Kobe 651-0087

28. GRI Content Index

Nissha Sustainability Report 2022 refers to GRI Sustainability Reporting Standards. The relationship between the standards and the content of our report are as shown in the table below. Unless otherwise specified, the location indicate the pages of Nissha Sustainability Report 2022.

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
General Disclosures			
1. Organizational profile			
GRI 102 : General Disclosures 2016	102-1	Name of the organization	Website About > Company Outline
	102-2	Activities, brands, products, and services	Website About > Nissha's Business
	102-3	Location of headquarters	Website About > Company Outline
	102-4	Location of operations	Website About > Nissha Group
	102-5	Ownership and legal form	Website About > Company Outline
	102-6	Markets served	Website Business > By Industry
	102-7	Scale of the organization	Website About > Company Outline
			Website About > Nissha's Business
	102-8	Information on employees and other workers	12-2-1 Nissha Group Employee Composition
	102-9	Supply chain	16. Partnership with Our Suppliers
	102-10	Significant changes to the organization and its supply chain	1. Editorial Policy
	102-11	Precautionary Principle or approach	4. Environmental Policy and Management Structures
			20. Internal Control System
			21. Risk Management and Compliance
	102-12	External initiatives	2. CEO Message
			3-6-1 Initiatives in which Nissha participate > United Nations Global Compact, TCFD (Task Force on Climate-related Financial Disclosures)

GRI Standards		Disclosure Item	Location of Nissha Information Posted	Pages on PDF
	102-13	Membership of associations	3-6-1 Initiatives in which Nissha participate > Japan Clean Ocean Material Alliance 3-8-3 Membership in Community Organizations (Nissha)	3-6-1 3-8-3
2. Strategy				
	102-14	Statement from senior decision-maker	2. CEO Message	2
	102-15	Key impacts, risks, and opportunities	2. CEO Message 3-3 Nissha's Value Creation Process 3-4 Promotion Framework for Sustainability 3-5 Materialities (Key Issues) and KPIs	2 3-3 3-4 3-5-1
3. Ethics and integrity				
	102-16	Values, principles, standards, and norms of behavior	3-1 Nissha Philosophy 21-2 Corporate Ethics and Compliance Guidelines	3-1 21-2
	102-17	Mechanisms for advice and concerns about ethics	11-4 Harassment Prevention 21-6 Hotline	11-4 21-6
4. Governance				
	102-18	Governance structure	3-4 Promotion Framework for Sustainability 18-2 Overview of Corporate Governance	3-4 18-1
	102-19	Delegating authority	3-4 Promotion Framework for Sustainability 18-2 Overview of Corporate Governance	3-4 18-1
	102-20	Executive-level responsibility for economic, environmental, and social topics	3-4 Promotion Framework for Sustainability	3-4
	102-21	Consulting stakeholders on economic, environmental, and social topics	3-4 Promotion Framework for Sustainability 11-5 Relationship with Labor Union	3-4 11-4
	102-22	Composition of the highest governance body and its committees	12-2-1 Nissha Group Employee Composition 18-2 Overview of Corporate Governance	12-2-1 18-1
	102-23	Chair of the highest governance body	18-3 Directors of the Board and the Board of Directors > Role of the Board of Directors	18-3-3

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
102-24	Nominating and selecting the highest governance body	18-3 Directors of the Board and the Board of Directors	18-3-1
		18-4 Nomination and Compensation Committee	18-4
102-25	Conflicts of interest	18-3 Directors of the Board and the Board of Directors > Role of the Board of Directors	18-3-3
		Website > Investors > Securities Report (only in Japanese)	—
102-26	Role of highest governance body in setting purpose, values, and strategy	3-1 Nissha Philosophy	3-1
		3-2 Sustainability Vision (long-term vision for 2030)	3-1
		Website > Investors > Management > Management Plan (Long-term, Medium-term)	—
		3-3 Nissha's Value Creation Process	3-3
		3-4 Promotion Framework for Sustainability	3-4
		20. Internal Control System	19, 20
102-27	Collective knowledge of highest governance body		
102-28	Evaluating the highest governance body's performance	18-3 Directors of the Board and the Board of Directors > Role of the Board of Directors > Policy and Procedures for Appointment/Dismissal of Directors of the Board, Evaluation of Effectiveness of the Board of Directors, Reasons for Appointment and Board of Directors Meeting Attendances in FY ended December 2021	18-3-1
102-29	Identifying and managing economic, environmental, and social impacts	3-4 Promotion Framework for Sustainability	3-4
		3-5 Materialities (Key Issues) and KPIs	3-5
		20. Internal Control System	19, 20
102-30	Effectiveness of risk management processes	3-4 Promotion Framework for Sustainability 20. Internal Control System	3-4 19, 20
102-31	Review of economic, environmental, and social topics	3-4 Promotion Framework for Sustainability 20. Internal Control System	3-4 19, 20
102-32	Highest governance body's role in sustainability reporting	3-4 Promotion Framework for Sustainability	3-4
102-33	Communicating critical concerns	3-4 Promotion Framework for Sustainability	3-4
		20. Internal Control System	19, 20

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
102-34	Nature and total number of critical concerns	3-4 Promotion Framework for Sustainability	3-4
102-35	Remuneration policies	18-6 Compensation of Directors of the Board and Audit and Supervisory Board Members	18-6-1
		Website > Investors > Securities Report (only in Japanese)	—
102-36	Process for determining remuneration	18-6 Compensation of Directors of the Board and Audit and Supervisory Board Members	18-6-1
		Website > Investors > Securities Report (only in Japanese)	—
102-37	Stakeholders' involvement in remuneration	18-6 Compensation of Directors of the Board and Audit and Supervisory Board Members	18-6-1
		Website > Investors > Securities Report (only in Japanese)	—
102-38	Annual total compensation ratio		
102-39	Percentage increase in annual total compensation ratio		
5. Stakeholder engagement			
102-40	List of stakeholder groups	3-7 Nissha Group Stakeholders	3-7-1
102-41	Collective bargaining agreements	11-5 Relationship with Labor Union	11-4
102-42	Identifying and selecting stakeholders	3-7 Nissha Group Stakeholders	3-7-1
102-43	Approach to stakeholder engagement	3-7 Nissha Group Stakeholders	3-7-1
102-44	Key topics and concerns raised		
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	Website > Investors > Securities Report (only in Japanese)	—
102-46	Defining report content and topic boundaries	1-4 Scope of Reporting	1-1
		3-5-1 Materiality Identification	3-5-1
102-47	List of material topics	3-5-2 Materialities of Nissha Group / KPIs and Action Items	3-5-2-1
		3-5-3 FY2021.12 Initiatives and Achievement Status	3-5-3-1

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	102-48	Restatements of information	(Not applicable)	
	102-49	Changes in reporting	1-6 Major Changes in Reporting Scope	1-5
	102-50	Reporting period	1-4 Period Covered	1-1
	102-51	Date of most recent report	1-3 Publication Dates	1-1
	102-52	Reporting cycle	1-3 Publication Dates	1-1
	102-53	Contact point for questions regarding the report	1-7 Publishing Division and Contact for Inquire	1-5
	102-54	Claims of reporting in accordance with the GRI Standards		
	102-55	GRI content index	28. GRI Standards Content Index	28-1
	102-56	External assurance	27. Third Party Verification	27
Management Approach				
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	3-5 Materialities (Key Issues) and KPIs	3-5-1
	103-2	The management approach and its components	3-5-1 Materiality Identification 4. Environmental Policy and Management Structures 6. Responses to Climate Change (Addressing the TCFD Recommendations) 10. Environmental Objectives and Status of Achievement (Nissha Group in Japan) 11-1 Basic Policy on Labor and Human Rights 11-2 Structure 11-3 Initiatives Related to Labor and Human Rights 12-1-1 Human Resources Policy 12-1-2 New Human Resources System 12-1-3 ESG Task Force Initiatives 12-1-4 Talent Management System 12-3-2 Training Systems 12-3-3 Support for Employees' Voluntary Desires to Learn and Grow 12-3-4 Career Planning Support 12-3-6 In-house Training Programs 12-5-1 Safety and Health 13. Initiatives Related to Information Security 15. Trade Management 16-1 Basic Principles 17-1 Quality Management 21. Risk Management and Compliance 23. Business Continuity 24. Tax Principles	3-5-1 4-1 6-1 10-1-1 11-1 11-1 11-3 12-1-1 12-1-1 12-1-3 12-1-4 12-3-2 12-3-3 12-3-3 12-3-6 12-5-1-1 13-1 15-1 16-1 17-1-1 21-1 23-1 24

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
	103-3	Evaluation of the management approach	3-4 Promotion Framework for Sustainability	3-4
Economic				
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	Website > Investors > Securities Report (only in Japanese)	—
	201-2	Financial implications and other risks and opportunities due to climate change	4-3 Environmental Management System (EMS) 6. Responses to Climate Change (Addressing the TCFD Recommendations) 21. Risk Management and Compliance Website > Investors > Securities Report (only in Japanese)	4-3 6-1 21-1 —
	201-3	Defined benefit plan obligations and other retirement plans	12-4-13 Retirement Pay System Website > Investors > Securities Report (only in Japanese)	12-4-13 —
	201-4	Financial assistance received from government		
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		
	202-2	Proportion of senior management hired from the local community	12-2-1 Nissha Group Employee Composition	12-2-1
GRI 203 : Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported		
	203-2	Significant indirect economic impacts		
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers		
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		
	205-2	Communication and training about anti-corruption policies and procedures	21. Risk Management and Compliance 22. Initiatives Related to Anti-corruption	21-1 22
	205-3	Confirmed incidents of corruption and actions taken	22. Initiatives Related to Anti-corruption	22

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	(Not applicable)	
GRI 207: Tax 2019	207-1	Approach to tax	24. Tax Principles	24
	207-2	Tax governance, control, and risk management	24. Tax Principles	24
	207-3	Stakeholder engagement and management of concerns related to tax	24. Tax Principles	24
	207-4	Country-by-country reporting		
Environmental				
GRI 301 : Materials 2016	301-1	Materials used by weight or volume	5. Impact on the Environment out of Our Business Operations	5-1
	301-2	Recycled input materials used		
	301-3	Reclaimed products and their packaging materials Reclaimed products and their packaging materials		
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	302-2	Energy consumption outside of the organization		
	302-3	Energy intensity	7. CO ₂ Emissions and Reduction Efforts	7-1
	302-4	Reduction of energy consumption	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	302-5	Reductions in energy requirements of products and services		
GRI 303 : Water and Effluents 2018	303-1	Interactions with water as a shared resource		
	303-2	Management of water discharge-related impacts	9-6 Prevention of Water Pollution	9-6
	303-3	Water withdrawal	5. Impact on the Environment out of Our Business Operations	5-1

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
GRI 304 : Biodiversity 2016	303-4	Water discharge	5. Impact on the Environment out of Our Business Operations 9-6 Prevention of Water Pollution	5-1 9-6
	303-5	Water consumption		
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	304-2	Significant impacts of activities, products, and services on biodiversity		
GRI 305 : Emissions 2016	304-3	Habitats protected or restored		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
	305-1	Direct (Scope 1) GHG emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	305-2	Energy indirect (Scope 2) GHG emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	305-3	Other indirect (Scope 3) GHG emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	305-4	GHG emissions intensity	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	305-5	Reduction of GHG emissions	5. Impact on the Environment out of Our Business Operations	5-1
			7. CO ₂ Emissions and Reduction Efforts	7-1
	305-6	Emissions of ozone-depleting substances (ODS)		

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
GRI 306 : Waste 2020	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5. Impact on the Environment out of Our Business Operations 7. CO ₂ Emissions and Reduction Efforts 9-8 Prevention of Air Pollution	5-1 7-1 9-8
	306-1 Waste generation and significant waste-related impacts	8-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	8
	306-2 Management of significant waste-related impacts	8-2 Risk Management Related to Waste and Waste Converted in Valuable Resources	8
	306-3 Waste generated	5. Impact on the Environment out of Our Business Operations 8-1 Total Amount of Waste Generated by Nissha Group	5-1 8
	306-4 Waste diverted from disposal	5. Impact on the Environment out of Our Business Operations 8-1 Total Amount of Waste Generated by Nissha Group	5-1 8
GRI 307 : Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	5. Impact on the Environment out of Our Business Operations 8-1 Total Amount of Waste Generated by Nissha Group	5-1 8
		9. Management of Chemical Substances and Environmental Risks	9-1
		10. Environmental Objectives and Status of Achievement (Nissha Group in Japan) 16-4 CSR Audit and SAQ	10-1-1 16-2
GRI 308 : Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		
	308-2 Negative environmental impacts in the supply chain and actions taken	10. Environmental Objectives and Status of Achievement (Nissha Group in Japan)	10-1-1
		16-1 Basic Principles	16-1
		16-2 Maintaining Purchasing Related Rules	16-2
		16-3 Nissha Group Supply Chain	16-2
		16-4 CSR Audit and SAQ	16-2

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
Social			
GRI 401 : Employment 2016	401-1 New employee hires and employee turnover	12-2-1 Nissha Group Employee Composition	12-2-1
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		
	401-3 Parental leave	12-4-3 Child-rearing and Family Care Support	12-4-1
GRI 402 : Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	11-5 Relationship with Labor Union	11-4
GRI 403 : Occupational Health and Safety 2018	403-1 Occupational health and safety management system	12-5-1 Safety and Health 26. Management System and other Certification Acquisitions	12-5-1-1 26-1
	403-2 Hazard identification, risk assessment, and incident investigation	12-5-1 Safety and Health 23-3 Initiatives	12-5-1-1 23-3-1
	403-3 Occupational health services	12-5-1 Safety and Health	12-5-1-1
	403-4 Worker participation, consultation, and communication on occupational health and safety	12-5-1 Safety and Health	12-5-1-1
	403-5 Worker training on occupational health and safety	12-5-1 Safety and Health > Safety and Health Education and Training	12-5-1-2
	403-6 Promotion of worker health	12-5-2 Health and Productivity Management	12-5-2-1
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	12-5-1 Safety and Health	12-5-1-1
	403-8 Workers covered by an occupational health and safety management system	12-5-1 Safety and Health	12-5-1-1
	403-9 Work-related injuries	12-5-1 Safety and Health > Occurrence of Occupational Accidents	12-5-1-2
	403-10 Work-related ill health	12-5-1 Safety and Health > Occurrence of Occupational Accidents	12-5-1-2

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	12-3-3
	404-2	Programs for upgrading employee skills and transition assistance programs	12-1-4
		12-2-4 Promotion of Women's Advancement	12-2-3
		12-3 Human Resources Development	12-3-1
		12-4-9 Internal Job Posting System	12-4-9
		12-4-10 Awarding System	12-4-9
		12-4-11 Career Resumption Program	12-4-9
		13-5 Training	13-3
		14-2 Major Initiatives > Training	14
		15-5 Training	15-3
		16-5 Development of Procurement Personnel	16-5
	404-3	Percentage of employees receiving regular performance and career development reviews	12-1-4
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	12-2-1
		18-3 Directors of the Board and the Board of Directors > Skills and Diversity Required of Directors of the Board	18-3-2
		18-7 Corporate Officers	18-7
	405-2	Ratio of basic salary and remuneration of women to men	12-1-4
GRI 406 : Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	
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	11-4
		16-1 Basic Principles	16-1
		16-2 Maintaining Purchasing Related Rules	16-2
		16-3 Nissha Group Supply Chain	16-2
		16-4 CSR Audit and SAQ	16-2

GRI Standards	Disclosure Item	Location of Nissha Information Posted	Pages on PDF
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	11-1 Basic Policy on Labor and Human Rights
			11-3 Initiatives Related to Labor and Human Rights
			16-1 Basic Principles
			16-2 Maintaining Purchasing Related Rules
			16-3 Nissha Group Supply Chain
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	16-4 CSR Audit and SAQ
			11-1 Basic Policy on Labor and Human Rights
			11-3 Initiatives Related to Labor and Human Rights
			16-1 Basic Principles
			16-2 Maintaining Purchasing Related Rules
GRI 410 : Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	16-3 Nissha Group Supply Chain
			16-2
			16-4 CSR Audit and SAQ
GRI 411 : Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	
GRI 412 : Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	11-3 Initiatives Related to Labor and Human Rights
	412-2	Employee training on human rights policies or procedures	16-4 CSR Audit and SAQ
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	
	413-2	Operations with significant actual and potential negative impacts on local communities	

GRI Standards	Disclosure Item		Location of Nissha Information Posted	Pages on PDF
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		
	414-2	Negative social impacts in the supply chain and actions taken	16-1 Basic Principles	16-1
			16-2 Maintaining Purchasing Related Rules	16-2
			16-3 Nissha Group Supply Chain	16-2
			16-4 CSR Audit and SAQ	16-2
			25. Initiatives Related to Conflict Minerals	25
GRI 415 : Public Policy 2016	415-1	Political contributions		
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	17-1-6 Quality and Safety of Products	17-1-6
GRI 417 : Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling		
	417-2	Incidents of non-compliance concerning product and service information and labeling		
	417-3	Incidents of non-compliance concerning marketing communications		
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
GRI 419 : Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area		

29. ESG Data

The ESG Data is a compilation of quantitative information shown in Nissha Sustainability Report and some additional information. The data for the five years from FY2017 to FY2021 are collected for each theme. In addition, a list of policies, principles and guidelines is posted at the end of this document.

- Information for FY2017 is for the nine-month period from April to December 2017.
- In the boundary, Nissha Co., Ltd. is described as "Nissha" and the entire group companies including Nissha Co., Ltd. is described as "Nissha Group". In addition, domestic companies within the "Nissha Group" are referred to as "Nissha Group in Japan". Individual company names are abbreviated as below, and the grouping of production bases in Japan or overseas are stated accordingly.
 - NII: Nitec Industries, Inc.
 - NPT: Nitec Precision and Technologies, Inc.

Nissha Group Sustainability

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
3-8 Along with Local Communities							
Social contribution expenses	Million yen	Nissha Group in Japan	n/a	n/a	n/a	99	111

Environment

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
5. Impact on the Environment out of Our Business Operations							
Total input	t	Nissha Group	108,625	118,586	101,398	114,036	127,430
Total input (production bases in Japan)	t	Production bases in Japan	25,564	27,853	19,612	20,482	22,981
PET/acryl film	t	Production bases in Japan	1,546	1,311	1,123	978	1,165
Solvents	t	Production bases in Japan	1,212	1,099	841	686	843

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Ink and others	t	Production bases in Japan	1,596	1,001	858	778	845
Materials used in manufacturing processes	t	Production bases in Japan	10,120	15,522	10,702	12,103	13,729
Others	t	Production bases in Japan	4,497	2,064	1,621	1,849	1,589
Product materials	t	Production bases in Japan	n/a	n/a	n/a	n/a	55
Paper	t	Production bases in Japan	6,419	6,534	4,348	3,958	4,424
Ink and others	t	Production bases in Japan	137	139	83	75	84

*1. Starting in the fiscal year ended December 2021, we added input data from the domestic Japanese Medical Technologies business.

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

Total input (Overseas production bases)	t	Overseas production bases	83,062	90,732	81,786	93,553	104,449
Resin	t	Overseas production bases	4,439	5,394	1,636	1,290	4,506
Molds and their materials	t	Overseas production bases	93	90	85	90	120
Touch sensors	t	Overseas production bases	0	1	0	0	0
Paper	t	Overseas production bases	66,022	77,217	69,630	78,391	88,131
Cardboards	t	Overseas production bases	244	179	1,391	1,752	1,073
Aluminum	t	Overseas production bases	119	213	140	2,594	2,218
Chemical substances	t	Overseas production bases	10,389	6,391	5,204	6,560	6,105
Others	t	Overseas production bases	1,756	367	1,571	1,031	568

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Energy	Electricity	MWh	Production bases in Japan and overseas	218,104	285,404	274,593	257,464	264,973
	Gas	Thousand m ³	Production bases in Japan and overseas	8,894	10,410	11,585	9,085	10,558
Water	Tap water	Thousand m ³	Production bases in Japan and overseas	923	1,252	1,291	1,287	1,249
	Underground water	Thousand m ³	Production bases in Japan and overseas	9	10	103	40	46
	Industrial water	Thousand m ³	Production bases in Japan and overseas	1,679	2,158	1,943	1,725	1,670
Total output (production bases in Japan)		t	Production bases in Japan	18,972	21,994	16,437	18,538	17,465
Recyclable resources (items sold for recycling)		t	Production bases in Japan	6,798	8,735	5,877	6,406	5,743
Recyclable resources (industrial waste)		t	Production bases in Japan	12,157	13,230	10,537	12,105	11,697
Waste for simple incineration/landfill		t	Production bases in Japan	17	29	23	27	25
Total output (Overseas production bases)		t	Overseas production bases	238	231	9,156	11,397	13,121
Recyclable resources (items sold for recycling)		t	Overseas production bases	n/a	n/a	7,272	8,433	9,838
Recyclable resources (industrial waste)		t	Overseas production bases	n/a	n/a	666	1,369	1,335
Non-recyclable waste		t	Overseas production bases	n/a	n/a	1,218	1,595	1,948
*The scope of data collection of total waste generated at overseas production bases were expanded from the FY ended December 2019.								
VOC		t	Production bases in Japan and overseas	1,340	1,069	808	700	826
Wastewater		Thousand m ³	Production bases in Japan and overseas	2,240	3,334	3,305	3,033	2,594

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
7. CO ₂ Emissions and Reduction Efforts								
Scope 1, CO ₂ emissions		t-CO ₂	Production bases in Japan and overseas	25,430	23,567	26,603	20,853	24,196
Scope 2, CO ₂ emissions		t-CO ₂	Production bases in Japan and overseas	151,635	161,003	152,399	103,351	101,048
Scope 3, CO ₂ emissions	Total	t-CO ₂	Nissha Group in Japan	48,149	18,162	56,796	67,903	38,854
	Material supplier	t-CO ₂	Nissha Group in Japan	13,095	10,969	48,682	45,646	18,603
	Logistics supplier	t-CO ₂	Nissha Group in Japan	30,851	3,242	4,553	19,720	17,766
	Employees commuting	t-CO ₂	Nissha Group in Japan	1,877	2,423	2,347	2,244	2,204
	Employees business trip	t-CO ₂	Nissha Group in Japan	1,314	1,528	1,214	293	281
CO ₂ emissions	Total	t-CO ₂	Production bases in Japan and overseas	129,345	184,570	147,266 ^{*1}	124,204	125,244
	Production bases in Japan	t-CO ₂	Production bases in Japan	93,176	131,653	106,788 ^{*1}	85,570	83,652
	Overseas production bases	t-CO ₂	Overseas production bases	36,169	52,917	40,478 ^{*1}	38,634	41,592
CO ₂ emissions basic unit of net sales		t-CO ₂ /Million yen	Production bases in Japan and overseas	0.81	0.89	0.85 ^{*1}	0.69	0.66
*Through FY2019, CO ₂ emission coefficients were fixed values. However, in FY2020 and beyond, these are derived from data calculated using market standards for Japan and location standards for overseas areas. *1. These are derived from data calculated using market standards for Japan and location standards for overseas areas.								
Energy consumption	Total	Thousand GJ	Production bases in Japan and overseas	2,331	3,328	3,266	2,966	3,124
	Production bases in Japan	Thousand GJ	Production bases in Japan	1,689	2,372	2,208	1,999	2,040
	Overseas production bases	Thousand GJ	Overseas production bases	642	956	1,058	967	1,084

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Energy consumption basic unit of net sales		Thousand GJ/ Million yen	Production bases in Japan and overseas	0.0146	0.0160	0.0189	0.0165	0.0165
Electricity consumption	Total	MWh	Production bases in Japan and overseas	218,104	290,095	274,593	257,464	264,973
	Production bases in Japan	MWh	Production bases in Japan	151,639	213,581	197,029	183,200	182,488
	Overseas production bases	MWh	Overseas production bases	66,465	76,514	77,563	74,264	82,485
Gas consumption	Total	Thousand m ³	Production bases in Japan and overseas	8,894	10,410	11,585	9,085	10,558
	Production bases in Japan	Thousand m ³	Production bases in Japan	4,247	5,769	5,359	4,166	4,865
	Overseas production bases	Thousand m ³	Overseas production bases	4,647	4,641	6,226	4,919	5,694
Gasoline, diesel, and heavy oil consumption	Total	kl	Production bases in Japan and overseas	136	154	246	205	220
	Production bases in Japan	kl	Production bases in Japan	82	98	97	72	70
	Overseas production bases	kl	Overseas production bases	54	56	150	133	151
8. Waste Management								
Recycling and resource reuse rate		%	Nissha Group in Japan	99.9	99.9	99.9	99.9	99.9
9. Management of Chemical Substances and Environmental Risks								
Measurements of Wastewater Quality, NPT Himeji Factory								
Discharged water		m ³	NPT Himeji Factory	4,976	4,934	4,655	4,156	4,150
pH		-	NPT Himeji Factory	6.8 / 8.0	6.9 / 7.6	6.9 / 7.6	6.8 / 7.5	6.9 / 7.5
BOD		mg/l	NPT Himeji Factory	1.4	2.9	2.8	4.0	3.7
COD		mg/l	NPT Himeji Factory	4.6	4.6	7.3	5.2	4.4

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
SS		mg/l	NPT Himeji Factory	3	3.7	1.6	1.9	2.6
N-hexane		mg/l	NPT Himeji Factory	0.6	0.6	<0.5	<0.5	<0.5
Phenol		mg/l	NPT Himeji Factory	< 0.005	< 0.005	<0.005	<0.005	<0.005
Copper		mg/l	NPT Himeji Factory	0.03	0.14	0.04	0.05	0.02
Zinc		mg/l	NPT Himeji Factory	< 0.01	< 0.01	<0.01	<0.01	<0.01
Soluble iron		mg/l	NPT Himeji Factory	< 0.01	< 0.01	0.02	0.03	0.03
Soluble manganese		mg/l	NPT Himeji Factory	0.05	0.05	0.04	0.04	0.04
Chromium		mg/l	NPT Himeji Factory	< 0.02	< 0.02	<0.02	<0.02	<0.02
Nitrogen		mg/l	NPT Himeji Factory	5.4	4.8	8.0	4.2	4.5
Phosphorus		mg/l	NPT Himeji Factory	0.14	0.05	0.19	0.02	0.03
Measurements of Wastewater Quality, NPT Kaga Factory								
pH	Final effluent (Average)	-	NPT Kaga Factory	7.5	7.4	7.5	7.5	7.4
	Final effluent (Average)	-	NPT Kaga Factory	7.6	7.7	7.5	7.7	7.7
BOD	Final effluent (Average)	mg/l	NPT Kaga Factory	31.5	32.6	21.9	23.4	23.3
	Final effluent (Average)	mg/l	NPT Kaga Factory	47.0	56.0	34.0	40.0	35.0
COD	Final effluent (Average)	mg/l	NPT Kaga Factory	35.4	55.3	34.0	33.5	37.7
	Final effluent (Average)	mg/l	NPT Kaga Factory	63.0	93.0	47.0	47.0	44.0
SS	Final effluent (Average)	mg/l	NPT Kaga Factory	15.6	28.2	9.1	6.3	6.0
	Final effluent (Average)	mg/l	NPT Kaga Factory	26.0	63.0	18.0	23.0	10.0
N-hexane	Final effluent (Average)	mg/l	NPT Kaga Factory	0.5	0.5	0.6	0.6	0.5
	Final effluent (Maximum)	mg/l	NPT Kaga Factory	0.5	0.5	0.8	0.9	0.5

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
PRTR-designated chemical substances, NII Koka Factory								
53 Ethylbenzene	Discharge into the atmosphere	kg	NII Koka Factory	2,100	1,444	1,211	710	2,273
	Transferred to industrial waste processing companies	kg	NII Koka Factory	1,500	587	463	286	928
80 Xylene	Discharge into the atmosphere	kg	NII Koka Factory	16,000	9,904	9,937	15,745	10,524
	Transferred to industrial waste processing companies	kg	NII Koka Factory	4,200	4,026	4,075	6,431	4,298
88 Hexavalent chromium compounds	Discharge into the atmosphere	kg	NII Koka Factory	0.1	0.1	0.1	0.1	0.1
	Transferred to industrial waste processing companies	kg	NII Koka Factory	0	0	0	0	850*
296 1,2,4-Trimethylbenz- end	Discharge into the atmosphere	kg	NII Koka Factory	2,300	299	265	25	59
	Transferred to industrial waste processing companies	kg	NII Koka Factory	1,100	107	95	10	24
300 Toluene	Discharge into the atmosphere	kg	NII Koka Factory	66,000	83,927	100,846	61,535	106,873
	Transferred to industrial waste processing companies	kg	NII Koka Factory	40,000	36,831	5,520	25,134	43,652
392 N-hexane	Discharge into the atmosphere	kg	NII Koka Factory	5,300	8,371	4,518	601	258
	Transferred to industrial waste processing companies	kg	NII Koka Factory	3,200	2,375	2,741	245	105
*The increase in the amount of hexavalent chromium compounds transferred in FY2021 was due to the disposal of materials no longer needed as a result of the renewal of factory facilities.								
PRTR-designated chemical substances, NPT Himeji Factory								
71 Ferric chloride	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	0	0	0	0	0
272 Water-soluble copper salts (excluding complex salt)	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	1,857.0	2,023.1	1,352.8	1,820.2	2,677.4

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
453 Molybdenum and its compounds	Discharge into the atmosphere	kg	NPT Himeji Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Himeji Factory	0	0	0	0	0
PRTR-designated chemical substances, NPT Kaga Factory								
64 Silver and its compounds (water soluble)	Discharge into the atmosphere	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	n/a
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	n/a
71 Ferric chloride	Discharge into the atmosphere	kg	NPT Kaga Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	0	0	0	0	0
272 Water-soluble copper salts (excluding complex salt)	Discharge into the atmosphere	kg	NPT Kaga Factory	0	0	0	0	0
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	0	0	0	0	0
453 Molybdenum and its compounds	Discharge into the atmosphere	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	n/a
	Transferred to industrial waste processing companies	kg	NPT Kaga Factory	n/a	n/a	n/a	n/a	n/a
10. Environmental Objectives and Status of Achievement (Nissha Group in Japan)								
Environmental accidents		Number	Nissha Group in Japan	0	0	0	0	1*
*In FY2021, there was one chemical leak accident at the NII Koka Factory, but it did not have a significant environmental impact.								

Human Rights

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
11. Human Rights								
Harassment Help Desk number of consultations		Number	Nissha Group	11	8	9	8*	12*
*As the Harassment Help Desk (outside the company) and the Hotline have been shared since January 2020, only the number of cases handled by the internal consultation service is shown in the number of cases handled by the Harassment Help Desk after the FY ended December 2020.								
Membership of Labor Union	Total	Number	Nissha Group in Japan	1,377	1,386	1,308	1,133	1,106
	The Nissha Labor Union	Number	Nissha Group in Japan	745	765	739	649	—
	The Nitec Industries Labor Union	Number	Nissha Group in Japan	439	436	433	354	—
	The Nissha Printing Communications Labor Union	Number	Nissha Group in Japan	193	185	136	130	—
*In January 2021, the Nissha Crew Alliance was organized as the single labor union of the Nissha Group in Japan, led by employees of Nissha Co., Ltd., Nitec Industries, Inc. and Nissha Printing Communications, Inc.								
Number of reports on strike or lockout		Number	Nissha Group in Japan	0	0	0	0	0

Human Resources

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
12-1 Human Resources System								
Gap between male and female in terms of base salary								
Managers (excluding directors)	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	102
General employees	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	93
Gap between male and female in terms of remuneration ^{*1}								
Managers (excluding directors)	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	99
General employees	Male	-	Nissha	n/a	n/a	n/a	n/a	100
	Female	-	Nissha	n/a	n/a	n/a	n/a	85
*The figures show a comparison of female with a male base salary and compensation set at 100.								
*Treatment is the same for male and female. The difference is due to differences in the grade structure due to the distribution of the age structure between male and female.								
*1. Base salary paid to workers plus other payments. Includes bonuses, overtime allowance, commuting allowance, and family allowance, etc.								
12-2 Respect for Diversity								
Number of locally hired CEO		Number	Nissha Group	8	8	8	8	8
Number of employees by area (Japan)	Total	Number	—	2,351	2,362	2,300	1,988	1,990
	Male	Number	—	1,926	1,930	1,853	1,587	1,574
	Female	Number	—	425	432	447	401	416
Number of employees by area (Asia)	Total	Number	—	695	812	720	674	661
	Male	Number	—	353	402	336	310	312
	Female	Number	—	342	410	384	364	349
Number of employees by area (Europe)	Total	Number	—	529	551	523	680	698
	Male	Number	—	342	351	346	478	505
	Female	Number	—	187	200	177	202	193

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees by area (North America)	Total	Number	—	1,000	1,160	1,577	1,509	1,539
	Male	Number	—	630	712	918	841	873
	Female	Number	—	370	448	659	668	666
Number of employees by area (Central and South America)	Total	Number	—	747	959	598	539	521
	Male	Number	—	346	437	239	216	206
	Female	Number	—	401	522	359	323	315
Composition by employment status (Permanent)	Total	Number	Nissha Group	5,322	5,844	5,718	5,390	5,409
	Male	Number	Nissha Group	3,597	3,832	3,692	3,432	3,470
	Female	Number	Nissha Group	1,725	2,012	2,026	1,958	1,939
Composition by employment status (Temporary)	Total	Number	Nissha Group	3,232	2,325	1,741	2,012	1,443
	Male	Number	Nissha Group	2,416	1,666	1,209	1,429	866
	Female	Number	Nissha Group	816	659	532	583	577
Composition of Directors of the Board	Total	Number	Nissha	8	9	9	9	9
	Male	Number	Nissha	7	7	8	8	8
	Female	Number	Nissha	1	1	1	1	1
Composition of corporate officers, excluding concurrently serving as Directors of the Board	Total	Number	Nissha	15	12	12	11	12
	Male	Number	Nissha	15	12	12	11	12
	Female	Number	Nissha	0	0	0	0	0
Composition of Nissha fellows	Total	Number	Nissha	1	1	1	2	2
	Male	Number	Nissha	1	1	1	2	2
	Female	Number	Nissha	0	0	0	0	0
Composition of managerial staff	Total	Number	Nissha	174	172	172	153	166
	Male	Number	Nissha	165	161	162	145	157
	Female	Number	Nissha	9	11	10	8	9
Composition of employees	Total	Number	Nissha	791	819	819	720	731
	Male	Number	Nissha	603	616	609	531	534
	Female	Number	Nissha	188	203	210	189	197

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Average age	Average	Age	Nissha	40.4	40.7	39.8	41.5	42.2
	Male	Age	Nissha	41.8	42.1	42.9	43.0	43.8
	Female	Age	Nissha	35.9	36.5	36.7	37.3	37.8
Average years of employment	Average	Year	Nissha	13.3	13.5	13.2	14.4	14.3
	Male	Year	Nissha	14.1	14.5	15.3	15.4	15.6
	Female	Year	Nissha	10.7	10.7	11.0	11.5	10.8
Composition by age (18-19)	Total	Number	Nissha	2	4	2	0	2
	Male	Number	Nissha	1	1	0	0	0
	Female	Number	Nissha	1	3	2	0	2
Composition by age (20-29)	Total	Number	Nissha	118	125	116	94	82
	Male	Number	Nissha	64	71	63	54	42
	Female	Number	Nissha	54	54	53	40	40
Composition by age (30-39)	Total	Number	Nissha	271	267	246	217	217
	Male	Number	Nissha	197	189	164	133	135
	Female	Number	Nissha	74	78	82	84	82
Composition by age (40-49)	Total	Number	Nissha	269	275	281	262	269
	Male	Number	Nissha	220	221	225	214	218
	Female	Number	Nissha	49	54	56	48	51
Composition by age (50-59)	Total	Number	Nissha	128	144	172	145	155
	Male	Number	Nissha	118	130	156	129	134
	Female	Number	Nissha	10	14	16	16	21
Composition by age (over 60)	Total	Number	Nissha	3	4	2	2	6
	Male	Number	Nissha	3	4	1	1	5
	Female	Number	Nissha	0	0	1	1	1
Number of employees	Total	Number	Nissha Group	5,322	5,844	5,718	5,390	5,409
	Male	Number	Nissha Group	3,597	3,832	3,692	3,432	3,470
	Female	Number	Nissha Group	1,725	2,012	2,026	1,958	1,939

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Composition of managerial staff	Male	Number	Nissha Group in Japan	n/a	n/a	339	289	304
	Female	Number	Nissha Group in Japan	n/a	n/a	15	13	16
	Total	Number	Nissha Group in Japan	n/a	n/a	354	302	320
	Of which mid-carrier employees	Number	Nissha Group in Japan	n/a	n/a	87	94	94
	Of which foreign employees	Number	Nissha Group in Japan	n/a	n/a	2	2	2
Percentage of persons with disabilities employed		%	Nissha	2.13	2.18	2.38	2.11	2.12
12-3 Human Resources Development								
Annual training hours	Total	Hours	Nissha Group in Japan	19,765	26,850	22,265	26,337	42,426
	Male	Hours	Nissha Group in Japan	14,204	19,573	17,768	19,092	28,928
	Female	Hours	Nissha Group in Japan	5,561	7,277	4,497	7,245	13,498
Training hours per employee	Average	Hours	Nissha Group in Japan	8.4	11.4	9.7	13.1	18.2
	Male	Hours	Nissha Group in Japan	7.4	10.2	9.6	11.8	16.4
	Female	Hours	Nissha Group in Japan	13.1	16.8	10.0	17.9	24.0
*From FY2019 onward, temporary employees are included in the total.								
12-4 Employee Engagement								
Average days of annual paid leave used		Days	Nissha Group in Japan	10.2	11.0	12.2	11.4	11.5
Average percentage of annual paid leave used		%	Nissha Group in Japan	55.9	60.4	65.9	61.4	60.3
Number of employees who used child-rearing leave	Total	Number	Nissha Group in Japan	47	59	61	69	67
	Male	Number	Nissha Group in Japan	7	14	18	19	21
	Female	Number	Nissha Group in Japan	40	45	43	50	46
Number of employees who worked shorter hours for child-rearing	Total	Number	Nissha Group in Japan	84	89	97	95	89
	Male	Number	Nissha Group in Japan	9	8	7	2	2
	Female	Number	Nissha Group in Japan	75	81	90	93	87
Number of employees who took days off for child nursing	Total	Number	Nissha Group in Japan	129	145	157	120	108
	Male	Number	Nissha Group in Japan	62	67	79	56	49
	Female	Number	Nissha Group in Japan	67	78	78	64	59

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Reinstatement rate after child-rearing leave	Average	%	Nissha Group in Japan	100	100	96.8	100	97.1
	Male	%	Nissha Group in Japan	100	100	100	100	100
	Female	%	Nissha Group in Japan	100	100	95.0	100	95.6
Retention rate after child-rearing leave (1 year)	Average	%	Nissha Group in Japan	97.3	96.3	93.5	90.0	88.5
	Male	%	Nissha Group in Japan	88.8	83.3	100	92.0	83.3
	Female	%	Nissha Group in Japan	100	100	90.0	88.6	91.3
Number of employees who used family care leave	Total	Number	Nissha Group in Japan	1	1	4	1	0
	Male	Number	Nissha Group in Japan	0	1	3	1	0
	Female	Number	Nissha Group in Japan	1	0	1	0	0
Number of employees who used shorter hours for family care	Total	Number	Nissha Group in Japan	1	1	1	0	0
	Male	Number	Nissha Group in Japan	0	0	0	0	0
	Female	Number	Nissha Group in Japan	1	1	1	0	0
Number of employees who used days off for family care	Total	Number	Nissha Group in Japan	16	16	17	15	6
	Male	Number	Nissha Group in Japan	9	8	12	8	5
	Female	Number	Nissha Group in Japan	7	8	5	7	1
Number of employees who used outpatient sick leave system	Total	Number	Nissha Group in Japan	3	2	3	4	6
	Male	Number	Nissha Group in Japan	2	1	1	2	3
	Female	Number	Nissha Group in Japan	1	1	2	2	3
Number of internal job posting		Number	Nissha Group in Japan	0	15	9	0	15
Successful applicants (transferees)	Total	Number	Nissha Group in Japan	n/a	3	5	n/a	7
	Male	Number	Nissha Group in Japan	n/a	2	4	n/a	6
	Female	Number	Nissha Group in Japan	n/a	1	1	n/a	1

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Number of award winners	CEO's Award (Company-wide)	Number	Nissha Group	n/a	n/a	n/a	n/a	0
	CEO's Award (Group Companies)	Number	Nissha Group	n/a	n/a	n/a	n/a	10
	BU Head's Award, Director's Special Award	Number	Nissha Group	n/a	n/a	n/a	n/a	35
	Synergy Award	Number	Nissha Group	n/a	n/a	n/a	n/a	32
	New Hope Award	Number	Nissha Group	n/a	n/a	n/a	n/a	13
	Nissha People Award	Number	Nissha Group	105	220	111	111	n/a
*In FY2021, the award system was revised and the Nissha People Award was abolished, while other awards were newly established								
Subscription rate in employee stock ownership plan		%	Nissha Group in Japan	24.5	24.8	26.6	26.0	27.5
12-5 Safety and Health of Employees								
Frequency of work-related accidents		-	Nissha Group in Japan	1.45	0.84	0.49	0.98	1.48
Severity of work-related accidents		-	Nissha Group in Japan	0.01	0.01	0.00	0.01	0.05
Fatal accidents (employee fatalities due to accidents at work)		Number	Nissha Group in Japan	0	0	0	0	0
Number of Work-related Accidents		Number	Nissha Group	67	56	59	48	53
Number of Work-related Accidents (Japan)		Number	—	32	25	13	15	15
4 or more days of leave		Number	—	5	6	2	3	7
Number of Work-related Accidents (North America)		Number	—	14	11	21	10	14
Number of Work-related Accidents (Central and South America)		Number	—	3	5	11	2	2
Number of Work-related Accidents (Europe)		Number	—	14	9	12	19	17
Number of Work-related Accidents (Asia)		Number	—	4	3	2	2	5
Regular health checkup rate		%	Nissha Group in Japan	100	100	100	98.8	99.7
Detailed checkup rate after regular health checkup		%	Nissha Group in Japan	49.8	42.6	37.8	34.7	51.7
Specific health checkup rate		%	Nissha Group in Japan (40 years or older)	100	100	100	99.8	99.7
Lung cancer screening rate		%	Nissha Group in Japan	99.1	92.0	98.7	99.4	100
Stomach cancer screening rate		%	Nissha Group in Japan	93.2	83.3	99.3	92.4	94.0
Colorectal cancer screening rate		%	Nissha Group in Japan	93.8	87.9	95.6	96.8	96.8

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Uterus cancer screening rate	%	Nissha Group in Japan (held on a biennial basis)	46.7	47.9	49.4	60.3	66.7
Breast cancer screening rate	%	Nissha Group in Japan (held on a biennial basis)	60.6	61.5	57.3	81.1	74.2
Stress check implementation rate	%	Nissha Group in Japan	99.96	100	100	100	100
Specific health guidance implementation rate	%	Nissha Group in Japan	87.0	92.6	97.0	96.2	99.0
Smoking rate*	%	Nissha Group in Japan	34.2	30.7	29.3	27.8	28.5
Obesity rate*	%	Nissha Group in Japan	22.2	24.2	24.1	23.7	29.7
*Excluding Kaga Factory and Tokyo Division Headquarters until the fiscal year ended December 2020.							

Fair Operating Practices

Items		Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
16. Partnership with Our Suppliers								
Number of CSR audits conducted for important or new suppliers		Number	Nissha Group in Japan	4	0	1	0	0
Number of CSR audits conducted for important or new suppliers (cumulative)		Number	Nissha Group in Japan	18	18	19	19	19
Number of findings pointed out at CSR audit for suppliers (cumulative)	Total	Number	Nissha Group in Japan	183	183	187	187	187
	Related to labor and human rights	Number	Nissha Group in Japan	84	84	88	88	88
	Related to safety and health	Number	Nissha Group in Japan	53	53	53	53	53
	Related to the environment	Number	Nissha Group in Japan	29	29	29	29	29
	Related to ethics	Number	Nissha Group in Japan	12	12	12	12	12
	Management system	Number	Nissha Group in Japan	5	5	5	5	5

Quality Management, Efficiency and Productivity Improvement

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
17-1 Quality Management							
Number of serious accident that conflict with laws or regulations as a result of flaws in our products and services	Number	Nissha Group in Japan	0	0	0	0	0
Fines due to a serious accident that conflict with laws or regulations as a result of flaws in our products and services	Japanese Yen	Nissha Group in Japan	0	0	0	0	0

Governance

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
18. Corporate Governance							
Directors of the Board	Number	Nissha	8	9	9	9	9
Independent Outside Director of the Board	Number	Nissha	4	4	4	4	4
Female Directors of the Board	Number	Nissha	1	1	1	1	1
Foreign national Directors of the Board	Number	Nissha	0	0	1	1	1
Audit and Supervisory Board Members	Number	Nissha	4	4	4	4	4
Independent Audit and Supervisory Board Member	Number	Nissha	2	2	2	2	2
Female Audit and Supervisory Board Members	Number	Nissha	0	0	0	0	0
Corporate Officers	Number	Nissha	15	12	12	12	12
Female Corporate Officers	Number	Nissha	0	0	0	0	0
Foreign national Corporate Officers	Number	Nissha	2	2	2	2	2
*The number of Directors of the Board, Audit and Supervisory Board Members, and Corporate Officers are as of the date of the Ordinary General Meeting of Shareholders for the relevant fiscal year.							

	Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
Total compensation	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	183	252	255	226	328
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	21	28	28	26	28
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	32	48	50	46	53
Compensation by category (Base salary)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	112	168	174	151	169
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	21	28	28	26	28
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	32	48	50	46	53
Compensation by category (Bonuses)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	48	60	55	52	113
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	n/a	n/a	n/a	n/a	n/a
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	n/a	n/a	n/a	n/a	n/a
Compensation by category (Stock compensation, etc.)	Directors of the Board (Excluding Independent Outside Directors of the Board)	Million yen	Nissha	22	23	25	22	45
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Million yen	Nissha	n/a	n/a	n/a	n/a	n/a
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Million yen	Nissha	n/a	n/a	n/a	n/a	n/a
Number of members subject to aggregation of remuneration and etc.	Directors of the Board (Excluding Independent Outside Directors of the Board)	Number	Nissha	4	6	5	5	7
	Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	Number	Nissha	2	2	2	3	2
	Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members	Number	Nissha	6	7	8	6	6

Items	Unit	Boundary	FY2017	FY2018	FY2019	FY2020	FY2021
21. Risk Management and Compliance							
Hotline number of reports	Number	Nissha Group	20	22	9	12	7
*The Hotline is a whistle-blowing and other consultation service for inappropriate, illegal or unethical behavior by organizations or individuals, and is not limited to harassment consultation.							
26. Management System and other Certification Acquisitions							
ISO9001 acquisition site	Number of sites	Nissha Group	26	24	24	29	25
ISO13485 acquisition site	Number of sites	Nissha Group	8	8	10	10	10
ISO22716 acquisition site	Number of sites	Nissha Group	0	0	0	1	1
ISO/TS16949・IATF16949 acquisition site	Number of sites	Nissha Group	5	6	8	9	10
ISO14001 acquisition site	Number of sites	Nissha Group	12	12	13	17	17
ISO50001 acquisition site	Number of sites	Nissha Group	2	2	2	5	4
OHSAS18001・ISO45001 acquisition site	Number of sites	Nissha Group	2	2	3	3	1
ISO27001 acquisition site	Number of sites	Nissha Group	15	13	11	17	18
FSC COC acquisition site	Number of sites	Nissha Group	9	7	4	5	10
PEFC acquisition site	Number of sites	Nissha Group	n/a	n/a	n/a	n/a	2
EN15593 acquisition site	Number of sites	Nissha Group	0	0	1	1	1
EC93/42/EEC acquisition site	Number of sites	Nissha Group	2	2	2	2	2

List of policies, principles and guidelines

Title	Sustainability Report 2022・Web site	Pages on PDF
Social Contribution Policy	3-8 Along with Local Communities	3-8-1
Environment Policy and Principles	4. Environmental Policy and Management Structures	4-1
Basic Policy on Labor and Human Rights	11. Human Rights	11-1
Human Resources Policy	12-1 Human Resources System	12-1-1
Occupational Safety and Health Policy and Principles	12-5-1 Safety and Health	12-5-1-1
Health and Productivity Management Policy	12-5-2 Health and Productivity Management	12-5-2-1
Information Security Policy and Principles	13. Initiatives Related to Information Security	13-1
Trade Management Policy and Principles	15. Trade Management	15-1
Purchasing Principles	16. Partnership with Our Suppliers	16-1
Quality Policy / Nissha Quality Way	17-1 Quality Management	17-1-1
Corporate Governance Policy	Website About > Corporate Governance	—
Risk Management Policy	21. Risk Management and Compliance	21-1
Corporate Ethics and Compliance Guidelines and Principles	21. Risk Management and Compliance	21-2
Nissha Group Anti-Corruption Guidelines	22. Initiatives Related to Anti-corruption	22
Business Continuity Plans Policy and Principles	23. Business Continuity	23-1
Tax Principles	24. Tax Principles	24
Basic Approach to Responsible Mineral Procurement	25. Initiatives Related to Conflict Minerals	25