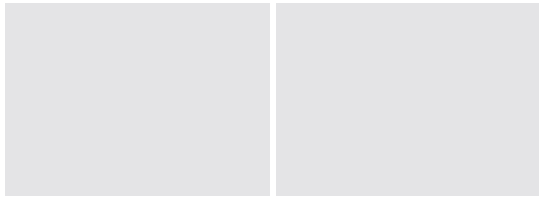


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3. Nissha Group Sustainability



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

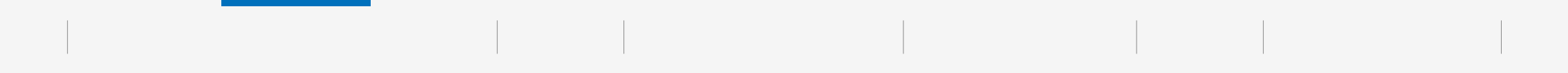


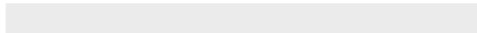
From our inception onward, throughout our 90-plus year history, we have grown by evolving and expanding our core technologies and reorganizing our target markets. Under our Mission, we have analyzed the magnitude of social issues and the sustainability of market growth for the next 10 years, and relatively 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.

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.









3-5 Materialities (Key Issues) and KPIs

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 di-





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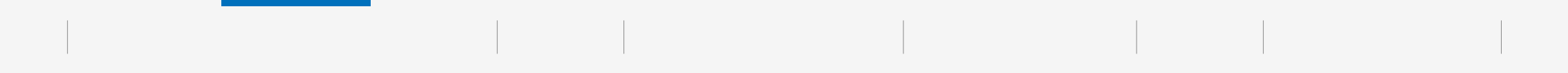
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* O means achieved, ◐ means partially achieved, and × means not achieved.





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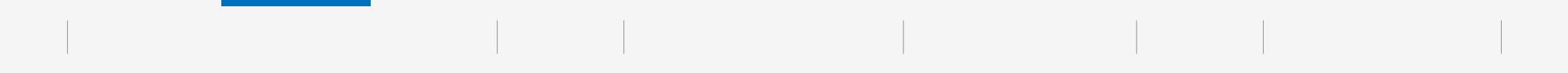
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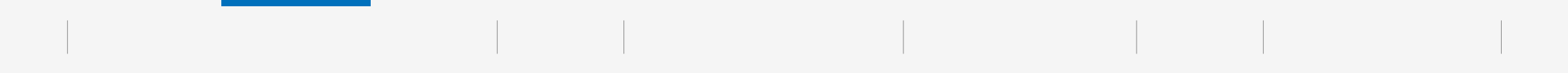
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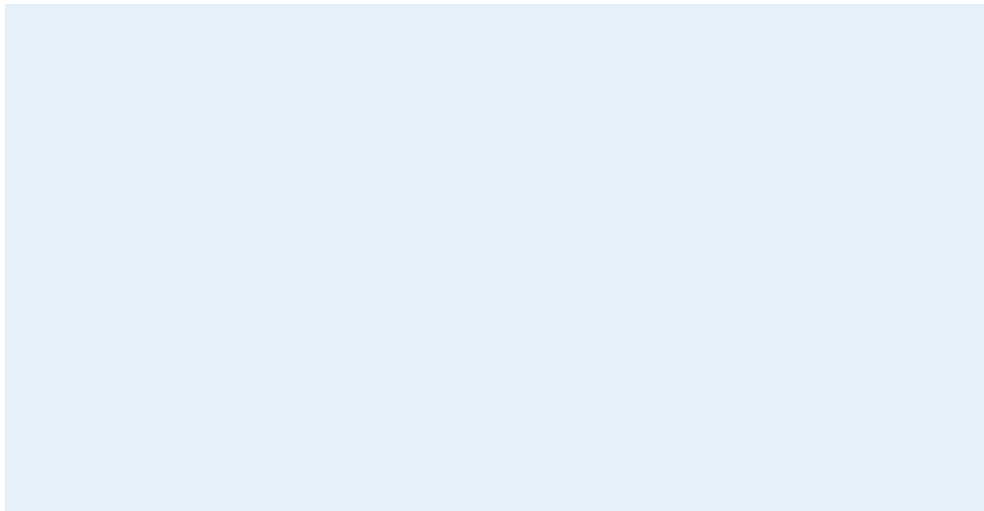
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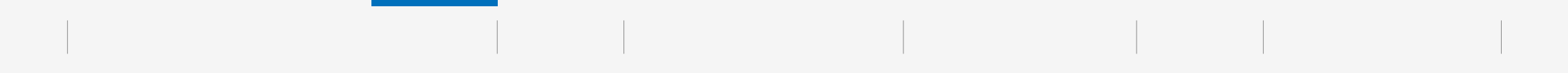
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Nissha participate in various activities in the region.

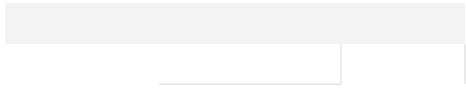




5. Impact on the Environment out of Our Business Operations

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



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

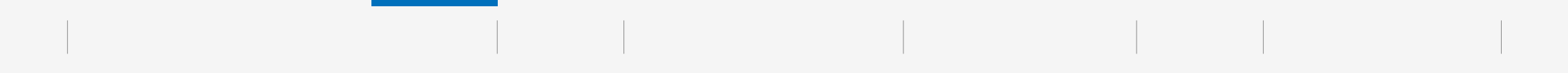
We have conducted a scenario analysis of the impact of future climate change on our business operations, based on the framework recommended by the TCFD.

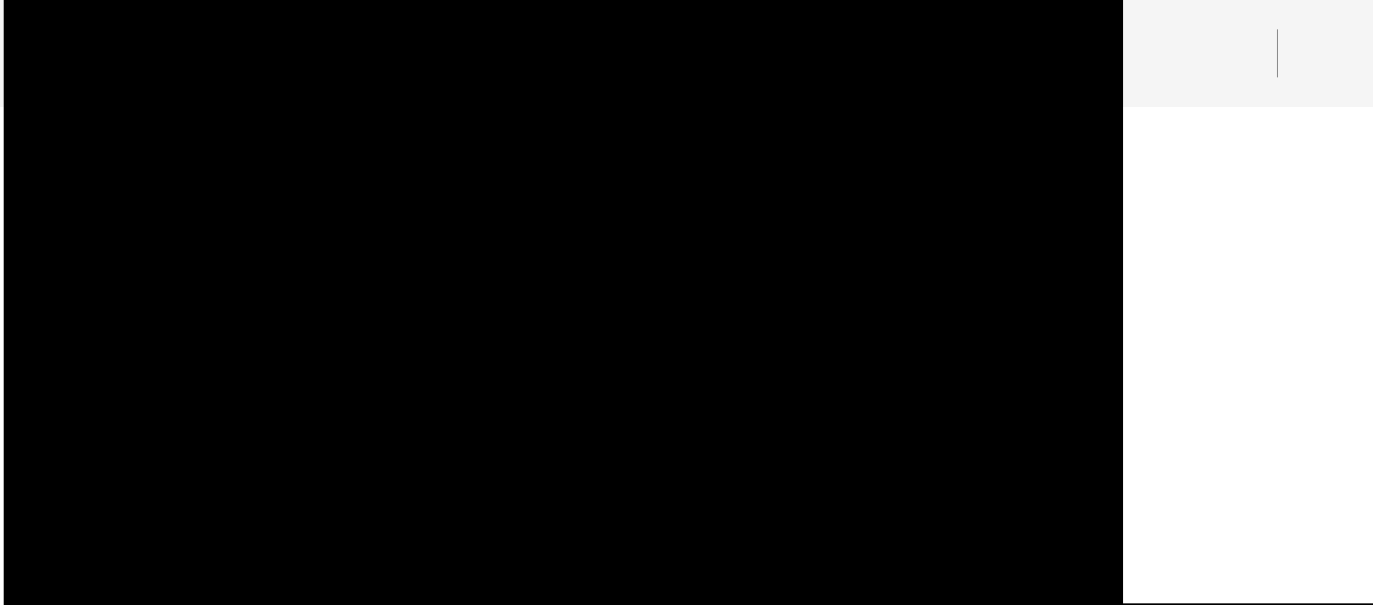
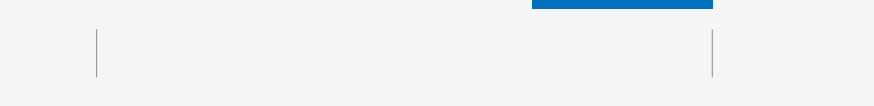
This year's analysis targets the Devices business, which accounts for about half of the Group's net sales.

(1) Scenario analysis assumptions

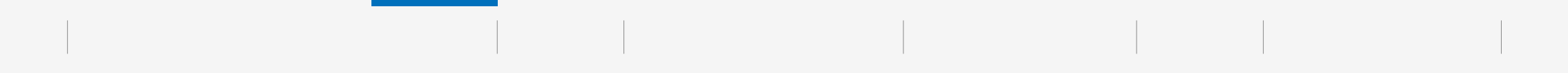
Scenario analysis time horizon: consider transition and physical risks and opportunities as of 2030

Scenario analysis target business: Devices business

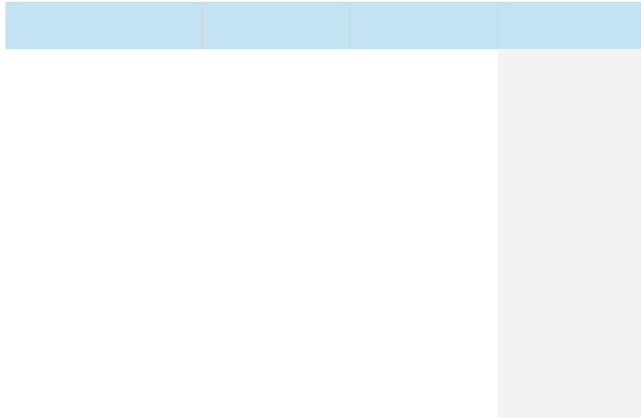




The Group's Sustainability Committee and Risk Management and Compliance Committee each assess and manage risks related to climate change from a long-term perspective and a short- to medi-



CO₂ Emissions Volumes and Basic Unit



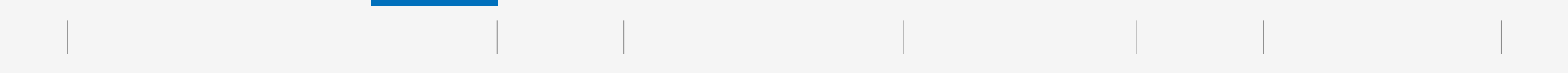
Electricity Consumption

Gasoline, Diesel, and Heavy Oil Consumption

Gas Consumption

Energy Consumption and Basic Unit

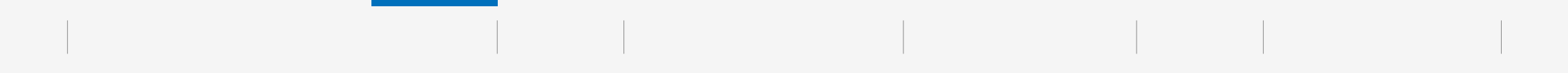
As a measure to reduce CO₂ emissions from electricity use, the Nissha Group in Japan has switched all of the electricity used at

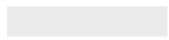
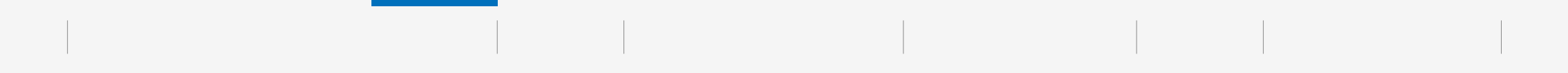


8. Waste Management

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

Management of Chemical Substances and Environmental Risks







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.

9-7 List of PRTR-designated Chemical Substances

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

The Nitec Industries, Inc. Koka Factory, a member of our group,

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.

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

The Nissha Group in Japan has set environmental objectives for a period of six

(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.

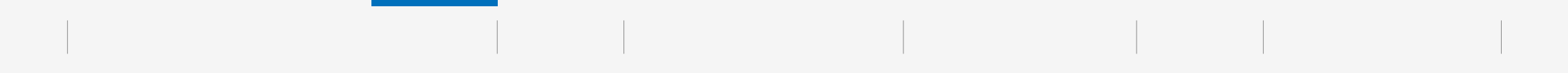
(2) In order to reduce the CO₂ emission rate (basic unit) by at least 1% over the previous fiscal year, we set targets for each factory and reduced energy input in conjunction with quality improvements. Three out of the six locations (Head Office, NII Koka Factory, and NPT Kaga Factory) achieved at least a 1% reduction compared to the previous fiscal year. However, three locations (NPT Himeji Factory, NPT Kyoto, and NCI) did not achieve the target.

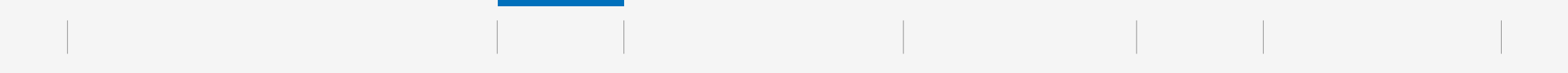
(1) Each factory is working to improve its yield rate and efficiency through quality improvement activities and reducing the amount of wasted materials by improving production efficiency. For the fiscal year ended December 2021, because the NII Koka Factory and NPT Himeji Factory did not achieve their 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.

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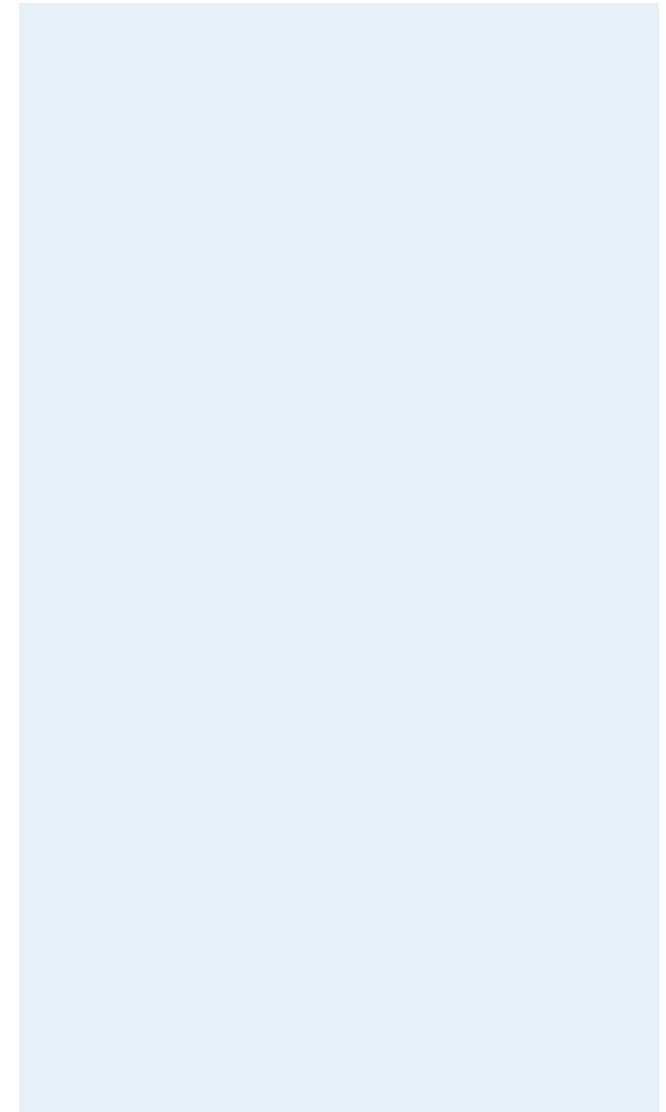
We improved production facilities at the NPT Kaga Factory and achieved over 1% of water usage reduction. Additionally, we were able to decrease the water usage quantity at the NPT Himeji Factory through water conservation efforts there. We continue to reduce water consumption and save water for miscellaneous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





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



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.

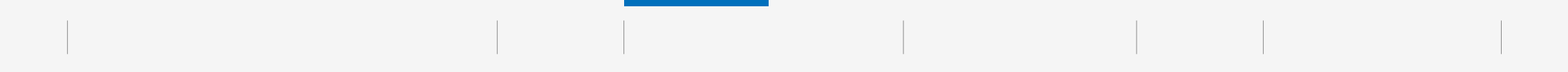
We have also established both an internal harassment consultation service, which is available to all employees, and an external hotline consultation service

12. Human Resources

 Human Resources System

Diversity

12-2 Respect for Diversity



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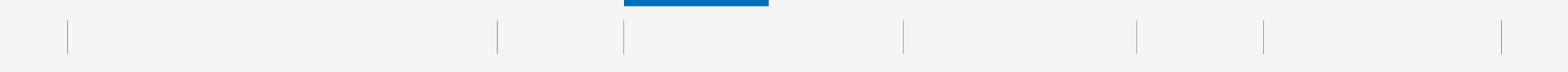
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The Japanese Act on Promotion of Women's Participation and Advancement in the Workplace requires companies with 301 or

12-3 Human Resources Development

The Nissha Group regards the source of the company's strengths as "employees", and are working on human resource develop-



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

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 attributes, and our organizational

strength, and sense of unity are improved. We previously had employee stakeholder training programs in place. () TJ0.085 Tc 0 -1.423 Td[w)0.5 h

12-4 Employee Engagement

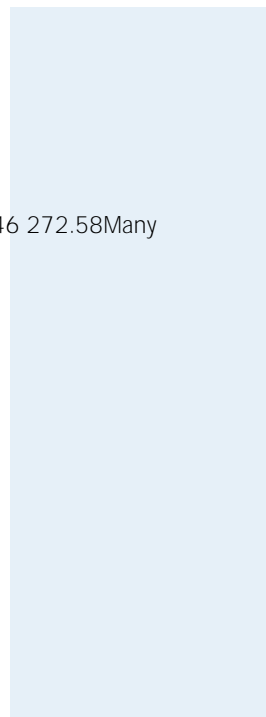
Nissha Group has established Diversity and Inclusion as one of the Shared Values, which is the principle of employee behavior, and is working to create a workplace where human resources with diverse values and diverse backgrounds can maximize their abilities. At Nissha Group in Japan, we are implementing 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

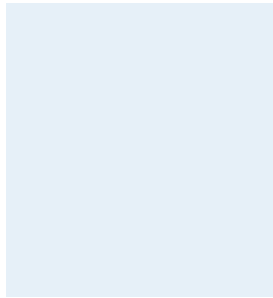
We have introduced a flextime system to promote work-life balance, as well as to flexibly accommodate the time difference between Japan and overseas, enabling working styles that meet both the needs of our customers and variations in business hours. In FY2023, 272,580 employees utilized the flextime system, an increase of 8.96% from 250,000 employees in FY2022.

12-4-2 Telework System

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



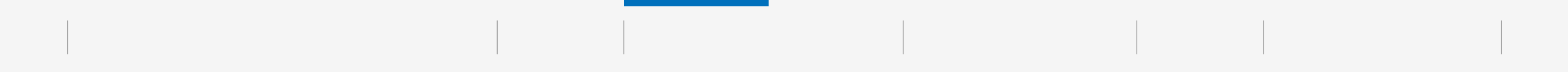
The reinstatement rate and retention rate (1 year) after child-rearing leave are given below. Many employees are reinstat-



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.

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



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 pas.

Subscription Status of Employee Stock Ownership Plan

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.

12-5 Safety and Health of Employees

12-5-1 Safety and Health

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.

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

The Nissha Group in Japan has set safety and health targets in

“

12-5-2 Health and Productivity Management

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 Manage-

Promotion of Health and Productivity Management

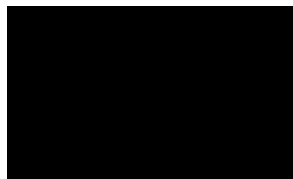
Since our foundation, Nissha has continued to grow while changing our own capabilities based on our advanced technological capabilities and identifying changes in the market environment as business opportunities. To that end, we are focused on the development of human resources based on the idea that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

In the fiscal year ended December 2021, as part of our effort to get

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 De



Avoid checking your phone before bed!

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 Produc-

13. Initiatives Related to Information Security

13-1 Policy and Principles

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



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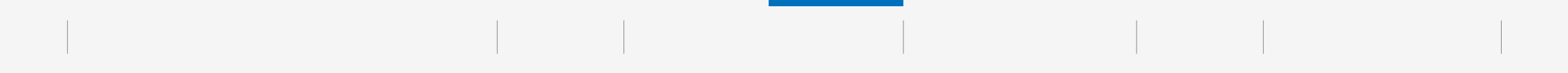
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14. Initiatives Related to Intellectual Property

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



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 2017 AEO program was implemented in the United States.



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,

17. Quality Management, Efficiency and Productivity Improvement

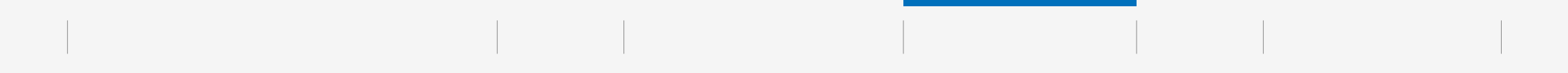
In April 2022, along with a revision of our Quality Policy, we established the Nissha Quality Way as a code and standard of conduct necessary to actualize the Quality Policy. These are our fundamental philosophies for quality in the Nissha Group and upper level policies for all quality policies currently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

These philosophies are spread and percolated through the Nissha Group in an array of opportunities

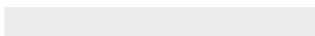


17-1-6 Quality and Safety of Products

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, we are striving to improve the quality of our products and services.

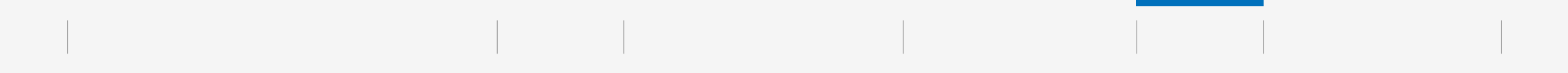


18. Corporate Governance



We make major business judgments and oversees the execution





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

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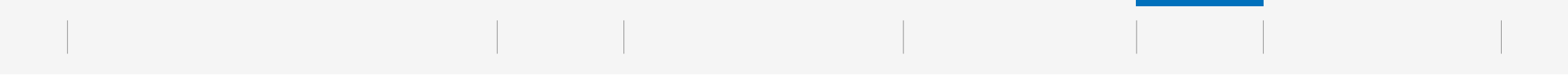
requirements of not only the Companies Act but also the standards for independence of independent officers, established by our Board of Directors.

Having received reporting from the Nomination and Compensa-

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

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 Super-Compensation for Audit and Supervisory Board Members without responsibility for Audit and Supervisory Board Members.



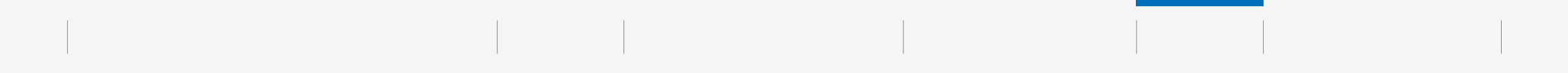


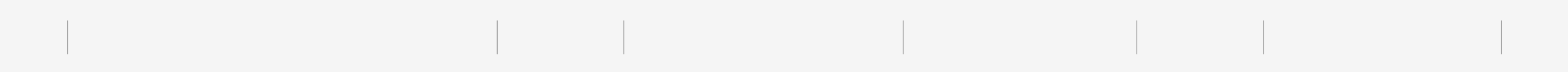
The Group has sets “Act with Integrity” (we shall act with sincerity and remain a trusted company) as

1. Fair business practices (corruption and bribery, antitrust)

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.

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





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.

Nissha Group formulates business continuity plans to minimize damage and work towards prompt business

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.

Nissha has in place a set of Emergency Response Regulations that defines “



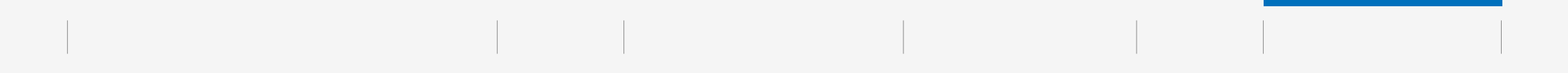
Initiatives Related to Conflict Minewm

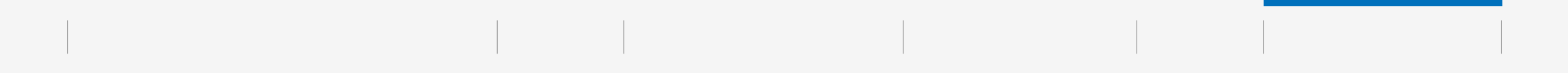
26. Management System and other Certification Acquisitions

The Nisshnr2oup has received m

Nissha Sustainability Report 2022 refers to GRI Sustainability Reporting Standards. The relationship



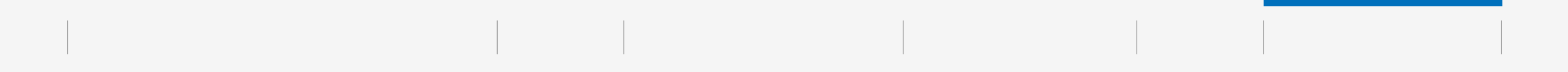




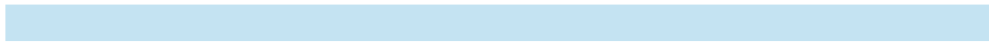
The ESG Data is a compilation of quantitative information shown in Nissha Sustainability Report and some additional information. The data for the five years from FY2017 to FY2021 are collected for each theme. In addition, a list of policies, principles and guidelines is posted at the end of this document.







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Human Rights



