

# Nisshinbo Group Sustainability



 Message from the President



 Nisshinbo Group Sustainability



Value-Creation Process



Contributing to SDGs



 Information Disclosure Based on TCFD Recommendations

# Environment



The Environment



# Social



 Human Rights and Labor Practices





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 External Ratings and Evaluation

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► Fair Operating Practices





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# **Editing Policy**





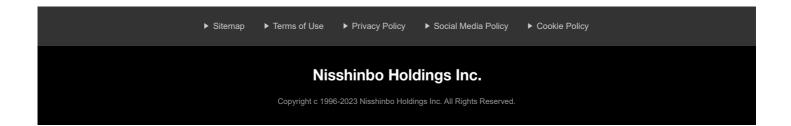
- Editing Policy
- Comparative Table with GRI Standards

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# Message from the President

The Nisshinbo Group will provide solutions for climate-change measures and contribute to achieving carbon neutrality through business activities.

In 2022, the global situation changed to engender greater uncertainty than ever before. The pandemic of new coronavirus infections has not yet been able to converge, and the international political situation has shown unprecedented tension. In this context, the global environment, which has been alarming for decades, is worsening instead of getting better, and the crisis is ongoing in the shadow of an episodic pandemic. This is due to the weakness of the sense of crisis of humankind, which has given top priority to the immediate economy. I strongly believe it must never be forgotten that a company can be established only on the premise of a sustainable global environment, a stable society, and a peaceful world.

The Nisshinbo Group's corporate philosophy is "Change and Challenge! For the creation of the future of Earth and People." Guided by this corporate philosophy, our business policy is to realize a super-smart society as an Environment and Energy Company group. In line with this policy, the Group will advance business with an emphasis on contributing to climate-change measures, and as a long-term environmental target, the Nisshinbo Group aims to achieve carbon neutrality by 2050. The attainment of that goal requires a specific roadmap to be drafted and supported by risk and opportunity identification. Accordingly, in 2021, the Group began conducting scenario analyses on climate change and focused its analyses of climate change in the Wireless and Communication (solutions business), the Automobile Brakes, and the Chemicals businesses. Since 2022, the Nisshinbo Group has been developing the Wireless and Communication business (marine systems, ICT/mechanics, and mobility), the Micro Devices business, the Precision Instruments business, and the Textiles business. As a result of the scenario analysis, the Group has seen the direction to advance. In June 2022, Nisshinbo Holdings declared carbon neutrality and supported the efforts of the TCFD (Task Force on Climate-related Financial Disclosure).

In addition, as a roadmap for achieving carbon neutrality by 2050, Nisshinbo formulated the medium-term environmental target up to 2030 in both qualitative and quantitative terms.

Primary targets			
Provide sustainable solutions Increase ratio of products that contribute to a sustainable society	Global warming countermeasures Reduce greenhouse gas emissions*1	Contribute to the realization of a recycling society Improve the recycling ratio	Water resource countermeasures Reduce water usage per unit of sales
to <b>70</b> % or more of total sales	by <b>50</b> % or more compared to fiscal 2014	to <b>95</b> % or more	by <b>70</b> % or more compared to fiscal 2014

\*1 To target the long-term environmental goal of carbon neutrality by fiscal 2050, the short- and medium-term environmental targets for greenhouse gas emission reduction items were revised.

In addition, the Nisshinbo Group has formulated the Fifth Sustainability Promotion Plan, including these, and promote the initiatives. The Fourth Sustainability Promotion Plan for fiscal year 2021 was largely achieved, but in the

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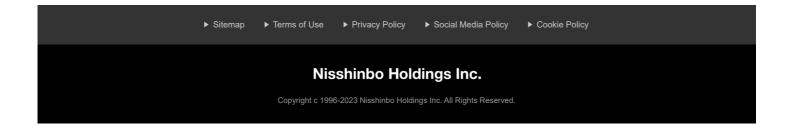
Fifth Plan, the Group is continuing and changing its initiatives and KPI targets based on some remaining issues and past results.

With regard to the Sustainability Promotion Activities, the Sustainability Promotion Office, which was established in April 2022 through organizational reforms, will lead efforts to strengthen the organizational foundation with an optimal structure that contributes to sustainability management. The two key elements that support this foundation are digital transformation (DX) and diversity and inclusion (D&I). The emphasis on human resource diversity and inclusiveness and the use of digital will lead to business model transformation and innovation recall.

Since its foundation, the Nisshinbo Group has been implementing a strategy that embodies the philosophy of a public entity *that contributes to society through business activities*. For this reason, the SDGs and ESG are not merely signs and topics but are the ideas that place them at the heart of corporate management. Going forward, the Group will continue to create a number of product groups that lead to sustainability, and while contributing to a resolution to the social and environmental issues throughout the Group, the Nisshinbo Group will also achieve its own targets at the same time.

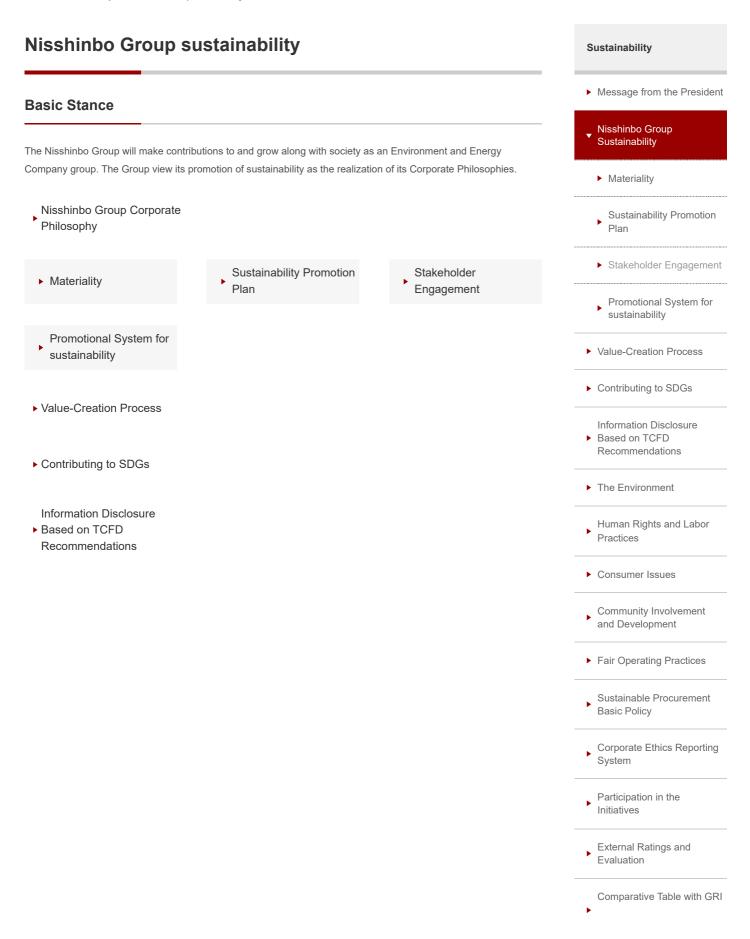
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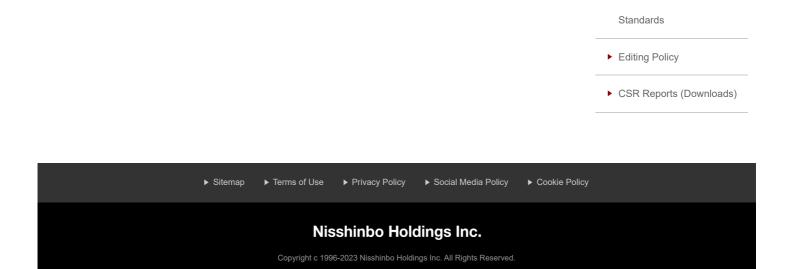
Masahiro Murakami Representative Director and President, Nisshinbo Holdings Inc.



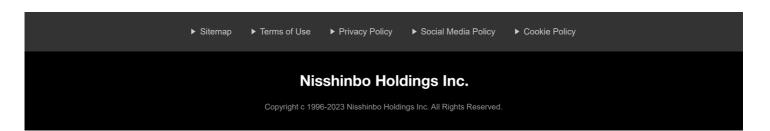
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Corporate Philosophy	Group Overview
Revised Jan. 1, 2019	<ul> <li>Message from the Presiden</li> </ul>
Our corporate philosophy expresses the values we share as members of the Nisshinbo Group.	<ul> <li>Corporate Vision</li> </ul>
	Nisshinbo Group Corporate Philosophy
[Corporate Philosophy]	
Change and Challenge! For the creation of the future of Earth and People.	Business Conduct Guidelines
Furthermore, we have stipulated the values and stance that we will supply in order to realize this corporate	<ul> <li>Transition of Business</li> <li>Portfolio</li> </ul>
philosophy in VALUE.	<ul> <li>Strategic Business Domain</li> </ul>
[VALUE]	Corporate Profile
<ul> <li>We provide our customers with eco-friendly products and services to create a safer and more secure society with integrity.</li> </ul>	Corporate Governance (Link to IR)
We create new value to inspire and satisfy our customers.	
<ul> <li>We improve upon our corporate value and meet the expectations of our shareholders.</li> <li>We hold dear a corporate culture in which our employees can proudly work with vigor and boldly engage</li> </ul>	



in new endeavors.

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Materiality	Sustainability
n February 2015, the Nisshinbo Group identified material issues for the Group in order to clarify issues that required	<ul> <li>Message from the Presider</li> </ul>
ction to achieve sustainable growth for the Nisshinbo Group's business together with society.	<ul> <li>Nisshinbo Group</li> <li>Sustainability</li> </ul>
Materiality for the Nisshinbo Group	<ul> <li>Materiality</li> </ul>
Global compliance	Sustainability Promotion Plan
Contribution to the environmental and energy field	
Creation of a safe and secure society	<ul> <li>Stakeholder Engagemer</li> </ul>
	Promotional System for

# Relationship between key issues and global guidelines

	Materiality	SDGs	ISO26000		
E Environmental Initiatives	Contribution to the environmental and energy field	Name         Factor         Pactor         Pactor </td <td>Environment</td>	Environment		
S Social Initiatives	Creation of a safe and secure society		Human Rights Labor Practices Consumer Issues Community Involvement and Development		
<b>G</b> Corporate Governance	Global compliance		Organizational Governance Fair Operating Practices		
SDGs with Close Links to the Nisshinbo Group's Businesses					
Ensure availability and sustainable management of	9. Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	12 tesponsible consumption and production Ensure sustainable consumption and production patterns	<ul> <li>13. Climate action</li> <li>Take urgent action to combat climate change and its impacts</li> </ul>		

# Key Risks and Opportunities Associated with the Materiality and Responses

Comparative	Table	with	GRI
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**Basic Policy** 

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Initiatives

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Practices

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ESG	Materiality	Major risks and opportunities	Risks	Opportunities	Responses to risks and opportunities
🖏 E: Environmental Initiatives	Contribu- tion to the environmental and energy field	Climate change	<ul> <li>Impact on supply chains from major natural disasters caused by extrem weather</li> <li>CO<sub>2</sub> emission costs due to introduction of carbon tax</li> <li>Costs to reduce CO<sub>2</sub> emissions</li> <li>Costs to respond to tighter rules on SOx/NOx emissions worldwide</li> <li>Impact on business activities from tighter rules on greenhouse gas emissions</li> </ul>	<ul> <li>Address the greater demand for fuel cell vehicles as the hydrogen society gains momentum</li> <li>Grow the number of new ships built amid rising demand for biomass fuel transportation</li> <li>Expand businesses that provide disaster prevention/mitigation solutions to address rising wind and flood damage</li> </ul>	Responses to Risks: • Develop a business continuity plan (BCP) based on the assumption of major natural disasters: conduct training to improve the Group's response to the risk of business disruption • Take steps to reduce CO <sub>2</sub> emissions • Introduce SOx/NOX removal equipment • Increases the sales ratio for "products that contribute to the creation of a sustainable society" to 70% by 2030 <b>Responses to Opportunities:</b> • Improve technological capabilities for developing fuel cell parts and materials • Increase production capacity and strengthen sales for marine wireless communication equipment to address the rising demand for new biomass fuel transportation vessels • Sell water/river management systems, weather radar and other disaster prevention/mitigation solutions developed in Japan to customers overseas • Conduct climate change scenario analyses according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations: identify climate change risks and opportunities facing the Group in the future and utilize them in formulating business strategies
s		Human rights	<ul> <li>Widespread sexual and power harassment that undermines the working environment</li> <li>Human rights abuses in the supply chain</li> </ul>	-	<ul> <li>Establish a human rights group and a diversity development department at HD to maintain and raise awareness across the Group</li> <li>For segments that fall under the conflict minerals issues, investigate usage and report that to our stakeholders</li> </ul>
S: Social Initiatives		Human resources	Difficulties hiring and retaining talented people	<ul> <li>Promote the overlap between the Corporate Philosophy and the growing interest in ESG among younger people, leading to more hiring opportunities</li> </ul>	Use RPA, IoT and other tools to increase automation and realize labor savings Implement strategic PR activities to improve the corporate visibility and image Provide human resources and financial support to joint research projects with academia Use targeted local recruitment activities
ö		Occupational injuries	<ul> <li>Impact on business of failure to ensure employee health and safety worldwide</li> </ul>	-	<ul> <li>Encourage HD and Group companies to work together to roll out high-level health and safety approaches from Japan to sites worldwide</li> </ul>
~		Quality	<ul> <li>Loss of trust, claims for damages or product recalls due to quality issues or defects with products or services</li> </ul>	-	<ul> <li>Use the risk management system to minimize risk probability and potential impact</li> <li>Establish a quality assurance team at HD to oversee quality assurance and product safety activities at Group companies</li> </ul>
		Group management	Management issues due to greater business diversity Large number of duplicate functions among Group businesses	<ul> <li>Harness the Group's diverse strengths by integrating businesses/ organizations to drive innovation and increase resilience to changes in the operating environment</li> </ul>	<ul> <li>Reform the business portfolio to align with changes in issues faced by society; improve cash flow</li> <li>Improve efficiency by overhauling Group-wide organizations and outsourcing</li> <li>Maintain Group integration by consolidating the oversight of Group company management at HD and establishing financial discipline</li> </ul>
overnance		Business management	<ul> <li>Increasing complacency in governance</li> </ul>	<ul> <li>Take risks based on a balance between proactive and defensive governance</li> </ul>	<ul> <li>Build on pioneering steps such as the introduction of the outside director system in 2006, the adoption of the HD system in 2009 and the termination of the advisor/ consultant system in 2017; establish an advanced governance system that balances management transparency with bold risk-taking</li> </ul>
G: Corporate Governance	Global compliance	Compliance	<ul> <li>Loss of trust and damage to corporate value caused by legal violations such as corruption or anti- competitive practices, or by corporate behavior that diverges from social norms</li> </ul>	-	Employ messaging from the president of HD to underscore the importance of fair business practices Provide continuous compliance training Impose severe penalties for misconduct Appoint outside directors with legal background
0		Fraud/illegal conduct	Financial window-dressing, accounting irregularities, etc.	-	Use the internal control system and the corporate ethics reporting system to prevent misconduct     Employ regular rotation to prevent misconduct
		Information security	Unauthorized disclosure of personal information, customer information or trade secrets Information leaks or data corruption caused by computer viruses	-	Conduct continuous training and annual internal audits to assess information security     Use the risk management system to minimize risk probability and potential impact

For risks related to business, please see pages 22-24 of the 179th Securities Report.

# Process of Determining Materiality

1. Identify social issues for consideration	First we identified social issues, referring to ISO 26000, the fourth edition of the GRI Guidelines, the 10 principles of the UN Global Compact and other social norms. We then evaluated their relationship to the Group's businesses and identified 22 social issues for consideration.
	$\checkmark$
2. Prioritize social issues	During the Nisshinbo Group's Sustainability Promotion Conference, the Group prioritized the social issues the Group had identified from the perspective of its importance to stakeholders and its importance to the Nisshinbo Group, coming up with a draft proposal.
	$\checkmark$
3. Deliberate and approve at the	The Corporate Strategy Conference, chaired by the president of Nisshinbo Holdings Inc. and comprising all managing officers, deliberated the issues' materiality. After

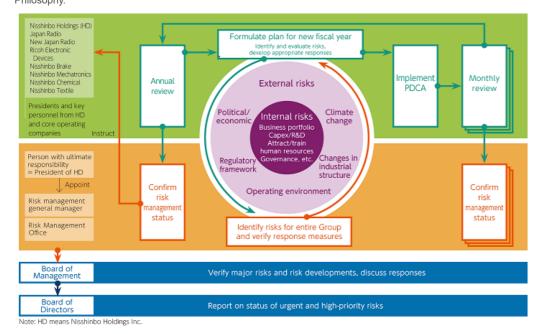
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## Managing Risks and Opportunities

The Nisshinbo Group has established a risk management system, shown in the diagram below, to appropriately address business risks and minimize any losses associated with those risks. Additionally, in order to turn business risks into opportunities that support sustained growth, the Nisshinbo Group routinely works to identify and analyze any changes in the operating environment, aiming to create new growth opportunities by contributing to society as an Environment and Energy Company group – a business strategy that aligns with the Group's Corporate Philosophy.

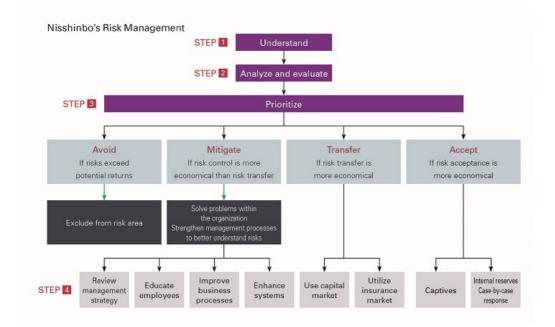


# The Nisshinbo Group Risk Management

We clearly identify, analyze and evaluate risks in each business in accordance with the Nisshinbo Group Risk Management Rules. Managing directors in each business prioritize risks and develop scenarios that assume a significant impact on operations from those risks. That information is collated and mapped by the Corporate Strategy Center and then discussed by the Board of Management and the Board of Directors.

The Nisshinbo Group classifies risks into four categories – avoid, control, transfer and accept – and develops economically rational responses.

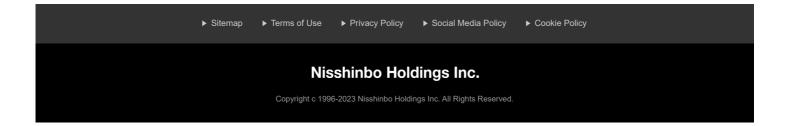
Nisshinbo's Risk Management

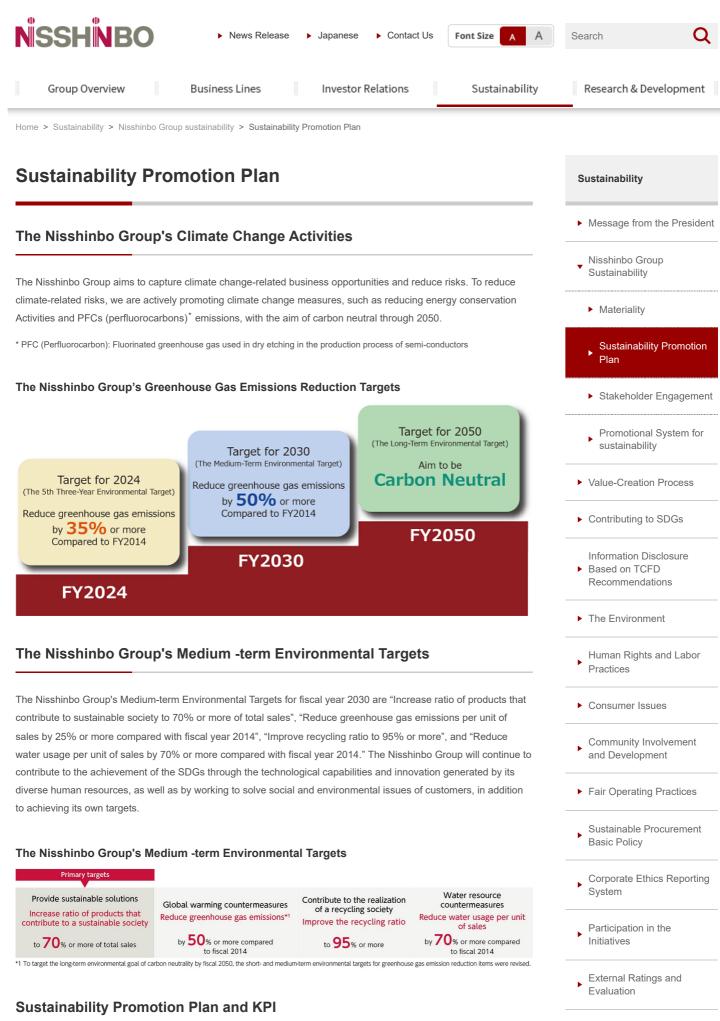


Key risks and opportunities are described in detail in the Integrated Report  $\Box$ .

For details of risks and opportunities and the Group's responses by item, please refer to the Investor Relations Webpage.

Managing Risks and
 Opportunities





Comparative Table with GRI

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Since November 2016, the Nisshinbo Group has been implementing KPI activities in order to increase corporate value, after formulating CSR plans in fiscal year 2008, implementing the CSR promotion activities, and promoting the activities more reliably. In fiscal year 2022, the Group changed the name of the CSR Plan to the Sustainability Promotion Plan, and continues to promote activities to achieve sustainability.

KPIs are used to provide activities on items that can be grasped on a numerical basis in order to achieve the target. The Nisshinbo Group aims to confirm the status of achievement by using KPIs in activities for all employees to achieve the goals and to improve the content for better activities.

The Fifth Sustainability Promotion Plan, which began in fiscal year 2022, revised its content and the KPI targets based on an evaluation of the degree of achievement and the results of the 20 targets from the previous fiscal year plan. In order to contribute and grow together with society, the entire Group is working together on sustainability promotion.

Relationship between the Corporate Philosophy and the Fifth Sustainability Promotion Plan (FY2022-2024)

#### Standards

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CSR Reports (Downloads)

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					1-	Lindige indge
		Corporate Philosophy (Business Conduct Guidelines)	Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator
					Improvement of the sales percentage by the products that contribute to the development of the sustainable society	60% or more of total sales
					Reduction of greenhouse gas emissions	Reduce by 35% or more Compared to FY 2014
	a mara v/∳ <mark>♡</mark>				Reinforcement of the maintenance of biodiversity	Activities in Japan and abroad At more than 5 new sites
Е		Awareness and Concern towards our Environmental	Contribution in the Areas of Environment and Energy	Promote environmental management	Reduction of water usage per unit of sales	Reduce by 65% or more Compared to FY 2014
Environment		Impact			Promote Life Cycle Assessment (LCA)	60% or more of total sales
	<b>1</b>				Reduction of the energy consumption per unit of sales	Reduce by 15% or more Compared to FY 2014
					Reduction of the volume of PRTR substances emissions per unit of sales	Reduce by 30% or more Compared to FY 2014
					Improvement of recycling rate	Increase the recycling rate to 90% or more
		Respect Human Rights		Respect human Rights	Enhance human rights awareness-raising activities and prevent harassment	Rate of companies that conducted overall training (theme by fiscal year), 100%
		Respect for Diversity			Increase employment rate of disabled persons	Employment rate of persons with disabilities(Ratio of achieving companies)100%
			Creation of a Safe and Secure Society	Promote diversity	Promotion of globalization of human resources	
					Create a comfortable workplace environment for employees	Achievement rate of FY2024 targets In accordance with the Act on Promotion of Women's Perticipation and Advancement in the Workplace – General Business Operator Action Plans (Ratio of companies that achieved), 100%
S 5008						Achievement rate of FY2024 targets in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children – General Business Operator Action Plans (Rato of companies that achieved), 100%
		Safety is the Basis for		Promote activities for occupational safety and health	Prevent occupational injuries	The number of serious accidents "0"
		Everything		Cultivate employee health	Promote health management	Participation rate of regular health examination 100% Implementation rate of stress check, 95%
		Quality Communication		Improve quality and customer satisfaction	Continuously promote measures to improve customer satisfaction	The number of violations of the Product Liability Act "0"
				Development of social contribution activities	Participate in local contribution activities	
				Instill the Corporate Philosophy	Instill the revised Group Corporate Philosophy	Rate of companies that have released management messages based on the Group's corporate philosophy, 100%
				Thorough compliance	Regularly implement compliance training	Participation rate of compliance training 100%
	enter Mil del	Thorough compliance			Operate a corporate ethics reporting system	Response rate to corporate ethics reporting system 100%
Governance	¥ 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8		Global Compliance	Strengthen internal controls	Continuously develop and operate an internal control system	
	×			Promote risk management activities	Improve the effectiveness of risk management	
				Strengthen information security measures	Defend against external threats	
		Fair and Transparent Business Practices		Promote of sustainable procurement	Improve sustainable procurement in collaboration with suppliers	Evaluation of improvements based on the results of sustainability survey of major suppliers (covering 70% of transaction value), 100%
		Corporate Philosophy (Business Conduct Guidelines)	Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator

## 5th Sustainability Promotion Plan and KPI Targets

In the Fifth Sustainability Promotion Plan, Nisshinbo will again establish 20 KPIs for key activity items that can be quantified and work to achieve the targets.

## Summary of the 5th Sustainability Promotion Plan

## **Environment Areas**

#### Planning summary by field

The Nisshinbo Group will continue to work by setting even higher targets for priority activity items identified in the previous fiscal year Sustainability Promotion Plan by expanding the sales of products that contribute to a sustainable society and by reducing greenhouse gas emissions.

#### **KPI: 8 items**

Major changes in the 5th-period Plan

# Products contribute to a sustainable society

Percent of total sales 4th-period plan 55% or more 5th-period plan 60% or more

# Reduction of greenhouse gas emissions

Compared to fiscal year 2014 4th-period plan 10% or more 5th-period plan 35% or more

#### Promotion of Life Cycle Assessment (LCA)<sup>™1</sup>

Percent of total sales 4th-period plan 50% or more • 5th-period plan

60% or more

## Social Areas

#### Planning summary by field

Efforts will continue for changing the KPI targets to prevent harassment, expand human rights awareness, and develop work environments where employees are more comfortable.

**KPI: 8 items** 

Major changes in the 5th-period Plan

**Enhancing Human Rights** 

Awareness Activities and

4th-period plan

**5th-period plan** 

Rate of companies that

conducted overall train-

Improvement of workplace

environments where emp-

loyees are more comfortable

4th-period plan

**5th-period plan** 

targets based on the Act

**Raising Next-Generation** 

Children as the General

**Employers Action Plan** 

100% of the 2024

on Advancement of Measures to Support

Rate of reinstatement after child care leave 100%

ing (theme by fiscal

Preventing Harassment

Rate of companies that

provided human rights

training, 100%

year), 100%

## **Governance Areas**

#### Planning summary by field

The Nisshinbo Group will continue its activities after changing the content of the previous fiscal year plan, including the Group Philosophy and Sustainable Procurement. KPI targets for important items, such as thorough compliance and strengthened internal controls, will continue.

#### **KPI: 4 items**

Major changes in the 5th-period Plan

# Penetration of the Group's corporate philosophy

4th-period plan Dissemination of Philosophy, Value, and Action Guidelines to Employees

### 5th-period plan

Communicating messages from the management based on the Group's corporate philosophy

# Improving sustainable procurement in cooperation with suppliers

Expanding the number of procurers covered by questionnaires

4th-period plan Transaction amount 60%

> 5th-period plan Transaction amount **70%**

## 5th Sustainability Promotion Plan (FY2022-2024)

Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator			
Environment	Environment					
Contribution in the Areas of Environment and Energy	Promote environmental management	Improvement of the sales percentage by the products that contribute to the development of sustainable society	60% or more of total sales			
		Reduction of greenhouse gas emissions	Reduce by 35% or more Compared to FY2014			
		Reinforcement of the maintenance of biodiversity	Activities in Japan and abroad At more than 5 new sites			
		Reduction of water usage per unit of sales	Reduce by 65% or more Compared to FY2014			

Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator
		Promote Life Cycle Assessment (LCA)	60% or more of total sales
		Reduction of the energy consumption per unit of sales	Reduce by 15% or more Compared to FY2014
		Reduction of the volume of PRTR substances emissions per unit of sales	Reduce by 30% or more Compared to FY2014
		Improvement of recycling rate	Increase the recycling rate to 90% or more
Social			
	Respect human rights	Enhance human rights awareness-raising activities and prevent harassment	Rate of companies that conducted overall training (theme by fiscal year), 100%
		Increase employment rate of disable persons	Employment rate of persons with disabilities (Ratio of achieving companies), 100%
	Promote diversity	Promotion of globalization of human resources	-
Creation of a Safe and Secure Society		Create a comfortable workplace environment for employees	Achievement rate of FY2024 targets in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace – General Business Operator Action Plans (Ratio of companies that achieved), 100% Achievement rate of FY2024 targets in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children – General Business Operator Action Plan (Ratio of companies that achieved), 100%
	Promote activities for occupational safety and health	Prevent occupational injuries	The number of serious accidents "0"
	Cultivate employee	Promote health management	Participation rate of regular health examination, 100%
	health		Implementation rate of stress check, 95%
	Improve quality and customer satisfaction	Continuously promote measures to improve customer satisfaction	The number of violations of the Product Liability Act "0"
	Development of social contribution activities	Participate in local contribution activities	-
Governance			
Global Compliance	Instill the Corporate Philosophy	Instill the revised Group Corporate Philosophy	Rate of companies that have released management

Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator
			messages based on the Group's corporate philosophy, 100%
		Regularly implement compliance training	Participation rate of compliance training, 100%
	Thorough compliance	Operate a corporate ethics reporting system	Response rate to corporate ethics reporting system, 100%
	Strengthen internal controls	Continuously develop and operate an internal control system	-
	Promote risk management activities	Improve the effectiveness of risk management	-
	Strengthen information security measures	Defend against external threats	-
	Promote of sustainable procurement	Improve sustainable procurement in collaboration with suppliers	Evaluation of improvements based on the results of sustainability survey of major suppliers (covering 70% of transaction value), 100%

\*1 Life Cycle Assessment : Grasping the amount of environmental impact throughout the product life cycle, from raw materials to production, use, and disposal.

\*2 PRTR substances : Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof"

# Results and Evaluation of the Fourth Sustainability Promotion Plan (FY2019-2021)

The Nisshinbo Group evaluated the achievements of the 20 targets set in the Fourth Sustainability Promotion Plan by field. The evaluation results are as follows:

## 4th Sustainability Promotion Plan Performance Summary by Field

## **Environment Areas**

Of the eight KPIs, the Nisshinbo Group achieved the targetsfor five items. In the three items that were not reached, although measures are ongoing, progress toward the target has been achieved to a certain extent, but the Group will promote activities to target the higher KPIs developed in the 5th Plan.

## Social Areas

Of the eight KPIs listed, five were not reached. Because of the effects of the COVID-19 pandemic, efforts for training and dispatches abroad have been limited and not reached. The Nisshinbo Group will continue to work to achieve the goals.

## **Governance Areas**

Of the four KPIs, two achieved their goals. Because of delays in the expansion of activities at overseas bases, two items were not achieved. The Group will continue to promote activities by changing some parts of the KPIs and setting even higher KPIs for items that haveprogressed well.

Please refer to below for more information on Activities results of the Fourth Sustainability Promotion Plan.

## 4th Sustainability Promotion Plan (FY2019-2021)

Environment	Materiality Key Action Items		The Nisshinbo Group's Initiatives	Key Performance Indicator	KPI Results
	Environment				

Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator	KPI Results
		Improvement of the sales percentage by the products that contribute to the development of sustainable society	55% or more of total sales	52%
		Reduction of greenhouse gas emissions	Reduce by 10% or more Compared to FY2014	14%
		Reinforcement of the maintenance of biodiversity	Activities in abroad At more than 5 new sites	5 sites
Contribution in the Areas of Environment and Energy	Promote environmental management	Reduction of water usage per unit of sales	Reduce by 3% or more Compared to FY2017	33%
and Energy	management	Promote Life Cycle Assessment (LCA) <sup>*1</sup>	50% or more of total sales	57%
		Reduction of the energy consumption per unit of sales	Reduce by 10% or more Compared to FY2014	9%
		Reduction of the volume of PRTR substances <sup>*2</sup> emissions per unit of sales	Reduce by 10% or more Compared to FY2017	55%
		Improvement of recycling rate	Increase the recycling rate to 90% or more	88%
Social				
Creation of a Safe and Secure Society	Respect human rights	Enhance human rights awareness-raising activities and prevent harassment	Implementation rate of human rights training, 100%	94%
	Promote diversity	Increase employment rate of disable persons	Employment rate of persons with disabilities (Ratio of achieving companies), 100%	94%
		Promotion of globalization of human resources	-	-
		Create a comfortable workplace environment for female employees	Achievement rate of FY2021 targets in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace – General Business Operator Action Plans (Ratio of companies that achieved), 100% Rate of reinstatement	
			after child care leave, 100%	100%

Materiality	Key Action Items	The Nisshinbo Group's Initiatives	Key Performance Indicator	KPI Results
	Promote activities for occupational safety and health	Prevent occupational injuries	The number of serious accidents "0"	0
	Cultivate employee	Promote health management	Participation rate of regular health examination, 100%	99%
	health		Implementation rate of stress check, 100%	96%
	Improve quality and customer satisfaction	Continuously promote measures to improve customer satisfaction	The number of violations of the Product Liability Act "0"	0
	Development of social contribution activities	Participate in local contribution activities	-	-

## Governance

	1	1		1
Global Compliance	Instill the Corporate Philosophy	Instill the revised Group Corporate Philosophy	Implementation rate of training on Nisshinbo Group Corporate Philosophy, 100%	89%
		Regularly implement compliance training	Participation rate of compliance training, 100%	94%
	Thorough compliance	Operate a corporate ethics reporting system	Response rate to corporate ethics reporting system, 100%	100%
	Strengthen internal controls	Continuously develop and operate an internal control system	-	-
	Promote risk management activities	Improve the effectiveness of risk management	-	-
	Strengthen information security measures	Defend against external threats	-	-
	Promote of CSR procurement	Improve CSR procurement in collaboration with suppliers	Evaluation of improvements efforts based on the results of the CSR survey of major suppliers, 100%	100%

\*1 Life Cycle Assessment : Grasping the amount of environmental impact throughout the product life cycle, from raw materials to production, use, and disposal.

\*2 PRTR substances : Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof"

# Received high evaluation in Toyo Keizai CSR company ranking

In its latest assessment of CSR, the 2022 CSR Company Rankings, Toyo Keizai Inc. (hereafter, Toyo Keizai) rated Nisshinbo Holdings Inc. highly for the various initiatives being deployed by the Group. Toyo Keizai awarded the Group a ranking of AAA on human resources utilization, the environment, corporate governance and a ranking of AA on social services.

Conducted annually since 2005 by Toyo Keizai, the CSR Corporate Rankings draw on survey results to select a list of "trusted companies" from the perspectives of both corporate social responsibility (CSR) and finance, which are becoming increasingly complex. This 2022 CSR Company Ranking is the 16th. The Nisshinbo Group pays close attention to the CSR corporate rankings, which evaluate companies from the four CSR-related perspectives of human resource utilization, the environment, corporate governance and social performance, and finance.

For the third party evaluation information, please refer to "External Ratings and Evaluation" webpage.

External Ratings and Evaluation



Toyo Keizai CSR company ranking

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# Stakeholder Engagement

Continuous dialogue with stakeholders is important for sustainable enhancement of corporate value. The Nisshinbo Group dialogue with customers, stockholders, employees, and other stakeholders involved with the Group in its search for solutions, as stipulated in VALUE.

## **Stakeholder Engagement Initiatives**

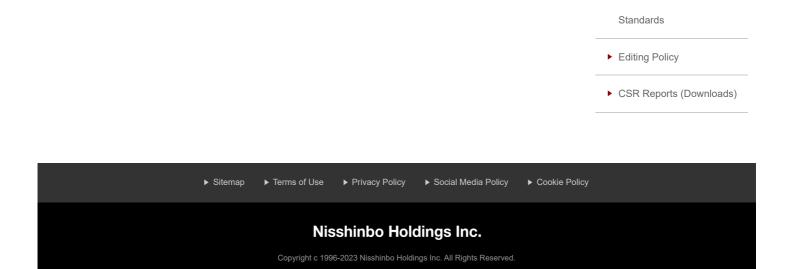
Stakeholder	Examples of engagement	Times	Key department/site
-	Exhibitions	29 times	
Customers	Online seminars	Six times	<ul> <li>Marketing/engineering</li> </ul>
	General Meeting of Shareholders	One time	
Shareholders/ investors	Briefings and small meetings for institutional investors	Briefings: Twice annually, One-on-one meetings: 68 times	- Corporate communication
	Online information and publications for investors	Publication of integrated report	<b></b>
	Publication of internal newsletter	Published seasonally (published quarterly)	Corporate communication:
	Employee surveys	One time	Diversity
Employees	ESG education	Four times	Sustainability Developmen
	Internal whistleblower system	Six cases	Sustainability Development
	Disclose and raise awareness of Green Procurement Guidelines	One time	Procurement Division
	Group education	One time	
Suppliers	Water consumption volume and hazardous substance product inspections	Water consumption four times annually Chemical substances in products annually	- Sustainability Developmen
	Sustainable procurement surveys	One time	
	Factory tours, workshops	13 times	Factories, engineering departments
NGOs, NPOs, government agencies	Participation in projects to protect biodiversity	Four times	Business sites
	Participation in neighborhood cleaning activities	17 times	Business sites

Research & Development
Sustainability
<ul> <li>Message from the President</li> </ul>
<ul> <li>Nisshinbo Group</li> <li>Sustainability</li> </ul>
<ul> <li>Materiality</li> </ul>
Sustainability Promotion Plan
<ul> <li>Stakeholder Engagement</li> </ul>
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<ul> <li>Value-Creation Process</li> </ul>
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Comparative Table with GRI



# NSSHNRC

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Group Overview

**Business Lines** 

Investor Relations

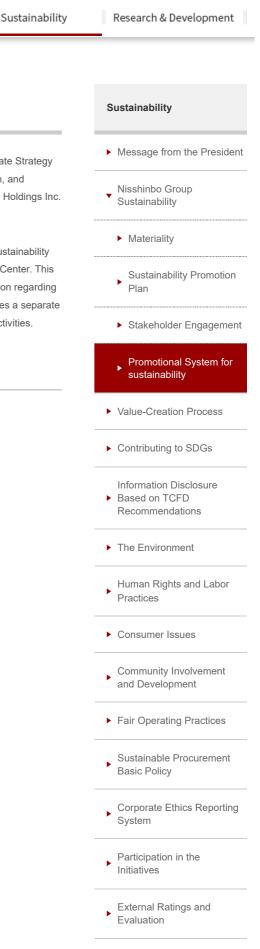
Home > Sustainability > Nisshinbo Group sustainability > Promotional System for Sustainability Activity

# **Promotional System for Sustainability Activity**

The Nisshinbo Group is promoting group-wide sustainability activities under the direction of the Corporate Strategy Meeting, which is responsible for business execution functions under the corporate governance system, and centered on the Sustainability Development Department of the Corporate Strategy Center of Nisshinbo Holdings Inc. Each department reports management reviews and issues to the Corporate Strategy Committee.

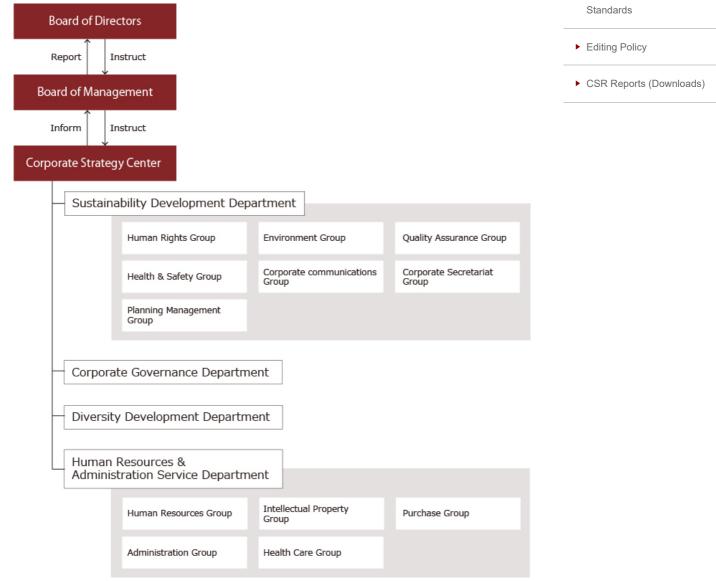
The Nisshinbo Group has established the Group Sustainability Promotion Council that is made up of sustainability promotion supervisors from each business group and is chaired by the chief of the Corporate Strategy Center. This council determines policies and key action items and formulates KPIs. It also regularly shares information regarding implementation statuses and issues, promoting unified initiatives. Furthermore, the Company establishes a separate promotional system for environment, safety and health initiatives and is developing concrete, related activities.

# **Sustainability Promotion Structure**



Comparative Table with GRI

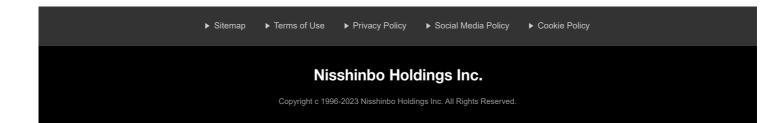
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[The Corporate Strategy Meeting]

The Corporate Strategy Meeting, which is composed of directors, executive managing officers, and others,

deliberates on important matters related to the execution of the Group's business. In principle, the Corporate Strategy Meeting is held once a month.



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	Group Overview	Business Lines	Investor Relations	Sustainability	Research & Development	č

# **Value-Creation Process**

## Values of the Nisshinbo Group expressed in our corporate philosophy

Since its inception, the Nisshinbo Group, whose corporate philosophy is "Change and Challenge! For the creation of the future of Earth and People," has been guided by the concept of the company as a public entity that contributing to society is companies' reason for being, and that contribution is the engine that drives their growth. As a company that contributes to the realization of a sustainable society, in 2006, the Group positioned global environmental protection as its top-priority social issue. The Nisshinbo Group has been promoting its business under business policy of "Realizing a Super Smart Society as an Environment and Energy Company group."

## ESG is Nisshinbo's founding spirit

E In 2006, we positioned global environmental protection as our top-priority social issue and reformed our business with a focus on the environment and energy.

S Public Entity—Our founding spirit of contributing to society through business activities We engage in ongoing dialogue with stakeholders (customers, shareholders, employees, business partners, regional companies, etc.) to understand their requests and evaluations and reflect this information in our business activities.

 Image: G
 2006
 We embarked on governance reforms, including the introduction of an outside director system, before the enactment of Japan's Corporate Governance Code

 2015
 Abolished takeover defense measures

 2017
 Abolished internal advisor and consultant system and formulated Nisshinbo's Corporate Governance Policy

## History as an Environmental and Energy company group

The history of the Nisshinbo Group began with operating companies such as Nisshin Cotton Spinning, Japan Radio, and TMD. Since 1907, when Nisshin Cotton Spinning was founded, the Company had been exposed to competition from low-cost foreign textile products, and it has continued to grow by aggressively promoting portfolio reforms, believing that its mission is to contribute to human society through its business in line with the needs of the times.

The Nisshinbo Group has created new value through a number of product lines, including sensors and electronic devices, automobile brake friction materials, fuel cell parts and materials fuel cell materials, CARBODILITE, a functional chemical essential for the manufacture of biodegradable resins and water-based paints, and product lines for disaster prevention and disaster mitigation, that contribute to solving environmental problems such as climate change and realizing a safe and secure society. In addition, the Group has been striving to expand its governance system, which serves as the foundation of its management, ahead of the demands of society.

Even before the term "ESG management" began to be used frequently, ESG was always at the center of the Nisshinbo Group's management strategy.

The diverse businesses and product lines that the Nisshinbo Group globally expands are its strengths, and furthermore, they contribute significantly to achieving the targets of the SDGs (Sustainable Development Goals).

#### Sustainability

	Message	from	the	President
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Nisshinbo Group Sustainability

#### Value-Creation Process

- Contributing to SDGs
- Information Disclosure
   Based on TCFD Recommendations
- The Environment

Contributing to the SDGs

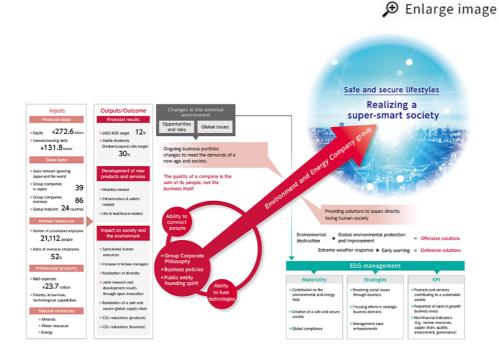
through our business

- Human Rights and Labor Practices
- Consumer Issues
- Community Involvement and Development
- Fair Operating Practices
- Sustainable Procurement Basic Policy
- Corporate Ethics Reporting System
- Participation in the Initiatives
- External Ratings and Evaluation
- Comparative Table with GRI Standards
- Editing Policy
- CSR Reports (Downloads)

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1878~	1940~	1950~	2000~ <sup>°</sup>	2012.3 2013.3 2014.3 2015.3 2016.3 2017.3 2018.3 2018.12 2019.12 2020.12 2021.12
Business portfolio reforms				
Ware White Collect Lts.     Ware White Collect Lts.     by Annual Collection Statement Collection     Viewer Collection Spring Coll. Ltd. founded     Viewer Collection Spring Coll. Ltd. founded     Viewer Japan Rado Col. (Ltd.)	Postution of Netion materials started     Solar Control Sperry Co., U.S.     starts operating to Net Are Silar as a     descalar production facility     Topological Spectra Co., U.S.     display specification facility     Topological Spectra Co., U.S.     display specification facility     Topological Spectra Co., U.S.     Topological Spectra Co., U.S.     display specification Co., U.S.     display specification Co., U.S.     Topological Spectra Co., U.S.     display specification Co., U	Backined Networkse Co.     List, begin provident of plant:     bottom     bottom     * New Japan Rado Co., List, founded	E000 -hew Japan Rado Co. (M. tenorema a transformed schedulby	<ul> <li>Agend Reids Co., M.K. et Magner, monocide Marko, M.K. et Marko, M.K. hereits and Marko, M.K. hereits and</li></ul>
Challenges in each era	National modernization and     Industrialization	Transition in key industries (from to the ties to automobiles)	Global warning and other     shared issues faced by markind	
Nisshinbo Group's role	Contributed to Japan's modernizat as a cotton textile maker	on Supported development of a specialist supplier of the		Helping to create a super-smart society as an Environment and Energy Company group

# **Strategic Business Domains and Value Creation**

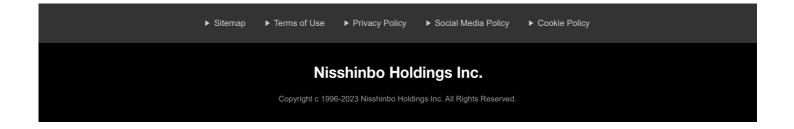
As an Environment and Energy Company group, the Nisshinbo Group will promote our business in three strategic business domains: Mobility, Infrastructure & Safety, and Life & Healthcare with the vision of Realizing a Super Smart Society as an Environment and Energy Company group.



In the process, the Nisshinbo Group will continue to develop and provide products that contribute to a sustainable society as the Group has in the past, and the Nisshinbo Group will also aim to expand and grow its business domain by developing service businesses that utilize the Group's technologies and products cultivated through its manufacturing activities. Moreover, innovation is indispensable for the transformation of our business model. The Group will accelerate innovation by promoting the "two-Ds" of DX (Digital Transformation) and D&I (Diversity & Inclusion).

The Nisshinbo Group will create business value as a whole through the synergistic effects of its diverse businesses, enhance its own corporate value, and contribute to the realization of a sustainable society.

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Home > Sustainability > Contributing to SDGs

# Contributing to SDGs

The Nisshinbo Group placed the ESGs at the heart of corporate management guided by its basic philosophy as a public entity, which has been passed down over many years; the Group will contribute to the SDGs by focusing on business in strategic fields.

Since the adoption the Sustainable Development Goals (SDGs) at the United Nations Summit of September 2015. various organizations, including governments, local governments, local governments, businesses and civil societies, have been accelerating their efforts to tackle SDGs.

The corporate philosophy of the Nisshinbo Group is "Change and Challenge! For the creation of the future of Earth and People." Since its inception, the Group has passed down through the generations its basic belief as a public entity that contributing to society is companies' reason for being, and that contribution is the engine that drives their growth.



#### Nisshinbo Group Corporate Philosophy

#### Change and Challenge! For the creation of the future of Earth and People.

- **Business Conduct Guidelines** VALUE Standards of behaviour expected of every Group employee employee Respect for Human Rights
- -The value we provide and the approach we take to realize our Corporate Philosophy We provide our customers with eco-friendly products and services to create a safer and . more secure society with integrity
- · We create new value to inspire and satisfy We improve upon our corporate value and meet the expectations of our shareholders.
- We hold dear a corporate culture in which our employees can proudly work with vigor and boldly engage in new endeavors.
- Thorough-Going Compliance
   Respect for Diversity Awareness and Concern towards our Source and a source of the source of th · Quality Communication

The Group was launched in 1907 as a manufacturer of spun cotton, contributing to the modernization and industrialization of the country. In the 1970s, Japan's mainstay industry shifted from textiles to motor vehicles. Since that time, the Group has contributed to the development of the motor vehicle industry as a specialty supplier of frictional materials. From the 1990s onward, when environmental issues caused by global warming emerged as a common issue for humankind, the Group has continuously transformed its business portfolio, advocating a role for itself as an Environment and Energy Company Group. In 2019, the Nisshinbo Group identified three strategic business areas: Mobility, Infrastructure & Safety, and Life & Healthcare. Through our seven existing businesses, the Group is focusing on solving these issues and realizing a super-smart society.

While continuing to contribute to society through its products and services, the Nisshinbo Group has been proactively working through our business activities, guided by our Corporate Philosophy, to recognize and consider environmental impact, respect human rights and diversity, and ensure thorough compliance. Today, attention is increasingly focused on ESG management, which emphasizes the three key elements of the environment (E), society (S), and governance (G) as important factors in the long-term growth of companies. The Nisshinbo Group positioned this concept at the center of its corporate management even before the public focus on ESG began to grow.

Since the adoption the SDGs at the United Nations Summit, the Nisshinbo Group has become aware of all the goals of SDGs. The Group is working to identify the core goals thought to be directly linked to the Group's contribution to achieving SDGs.

# Sustainability Message from the President Nisshinbo Group Sustainability Value-Creation Process Contributing to SDGs Information Disclosure Based on TCFD Recommendations The Environment Human Rights and Labor ۲ Practices Consumer Issues Community Involvement ► and Development Fair Operating Practices Sustainable Procurement **Basic Policy** Corporate Ethics Reporting ► System Participation in the Initiatives External Ratings and Evaluation Comparative Table with GRI ► Standards Editing Policy

CSR Reports (Downloads)

The Nisshinbo Group's Corporate Philosophy is "Change and Challenge! For the creation of the future of Earth and People." Our aspirations dovetail closely with the SDGs. The Group will contribute to the achievement of the SDGs through its business, in the Group's corporate activities as a whole and as an Environment and Energy Company group.



# SDG goals that are intimately involved in the Group's business

The Nisshinbo Group will contribute to the achievement of the SDGs, whose aims dovetail with its intended direction, in all processes in the value chain. The Group bears all of the SDGs in mind as it focuses on contributions to specific Goals. Through business strategies that encompass corporate activities as a whole as well as strategic business fields, the Group is identifying and pursuing core goals that the Nisshinbo Group believes will directly contribute to the achievement of the SDGs.

	Core SDG goals that contributed by all corporate activities					
	E Environment	S Society	G Governance			
Procurement of raw materials	<ul> <li>Promotion of LCA activities to reduce emissions of chemical substances and waste and to develop products that contribute to a sustainable society</li> <li>Life Cycle Assessment</li> <li>Promotion of activities for chemical substance management</li> <li>Chemical Substance Management</li> </ul>	<ul> <li>Formulation of Sustainable Procurement Guidelines and disseminate to suppliers. Furthermore, we use supplier questionnaires.</li> <li>Sustainable Procurement Basic Policy.</li> </ul>	<ul> <li>Formulation of Anti- Corruption Guide and using it for anti- bribery measures, including at the Group's overseas companies.</li> <li><u>Compliance</u></li> </ul>			

	Core SDG goal	s that contributed by all corp	orate activities
	E	S	G
Manufacturing	<ul> <li>Environment</li> <li>Development of zero-emission (recycling rate of 99% or more) activities</li> <li>Waste reduction activities with the goal of achieving a 95% recycling rate</li> <li>Resource Conservation</li> <li>Conducting water risk assessments for business sites and major supply chains. In addition, conducting water consumption surveys and management.</li> <li>Water Resources</li> </ul>	<ul> <li>Society</li> <li>Respect diversity in all aspects, including human rights and employment, and promote work-family life balance.</li> <li>Health and Safety Activities</li> <li>Human Rights and Labor Practices</li> <li>Promotion of health management through the Group Health Management Division Meeting</li> <li>Health</li> <li>Active participation by employees in environmental contribution activities and environmental beautification activities</li> <li>Community Involvement and Development</li> </ul>	Governance
Logistics	<ul> <li>Promotion of efficient use of natural resources such as fuel by reducing transportation volume</li> <li><u>Transport Volume</u></li> </ul>		
Sales	<ul> <li>Increasing the ratio of products that contribute to a sustainable society</li> <li>Environmental Activities</li> <li>Promotion of reuse of packaging materials and reduction of usage.</li> <li>Resource Conservation</li> </ul>	<ul> <li>Planned measures to achieve continuous promotion of measures to improve customer satisfaction</li> <li><u>Consumer Issues</u></li> </ul>	<ul> <li>Operation of corporate ethics reporting system, early detection of legal violations, correction and prevention of recurrence</li> <li>Corporate Ethics Reporting System</li> </ul>



Details of business strategies, including strategic business areas, can be found in the Integrated Report

SDG goals and key activity targets contributed by our business activities



Ø

Ensure healthy lives and promote well-being for all at all ages.

5. Gender Equality

Achieve gender equality and

empower all women and girls.



١

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

## 6. Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all.



7. Affordable and Clean Energy Energy is central to nearly every major challenge and opportunity.



# 8. Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



# 9. Industry, Innovation, and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



## 13. Climate action

Take urgent action to combat climate change and its impacts.



# Ensure sustainable consumption and production patterns.

12. Responsible consumption,

production

Institut

## **16. Peace, Justice and Strong Institutions** Promote peaceful and inclusive

societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



## 17. Partnerships for the goals

Strengthen the means of implementation and revitalize the global partnership for sustainable development.



The Nisshinbo Group supports the Sustainable Development Goals (SDGs).

For the SDGs and the Nisshinbo Group's activities, please refer to "The Nisshinbo Group's Contributions to the SDGs" on each Webpage of The Environment, Human Rights and Labor Practices, Fair Operating Practices, Consumer Issues, and Community Involvement and Development.

For more specific examples of initiatives, please refer to "Core goals and Targets and the activities of the Nisshinbo Group" on each Webpage

- The Environment
- Human Rights and Labor Practices
- Fair Operating Practices

- Consumer Issues
- Community Involvement and Development

The Nisshinbo Group pays close attention to the Nikkei SDG Management Survey, which ranks companies based on active engagement in "SDG management" leading to increased corporate value.

In the overall rankings of the 2021 Nikkei SDG Management Survey, which rates and evaluates companies on their ability simultaneously to improve corporate value and contribute to the SDGs, the Group was awarded a four-star rating.

The Nikkei SDG Management Survey consists of questions in four areas: SDG strategy/economic value, social value, environmental value, and governance. The survey defines SDG management as efforts to contribute to the SDGs through business activities in ways that lead to improved corporate value. The evaluation of companies draws on surveys of companies and publicly available data based on 17 evaluation indicators. This year, the second year of the survey, 846 companies participated in the survey, including companies listed on Japanese exchanges.



Nikkei's 2021 SDG Management Survey

## Certified as three stars in the 5th Nikkei Smart Work Management Survey

The Nisshinbo Group was recognized with a three-star rating in the overall assessment of the fifth Nikkei Smart Work Management Survey, which selects advanced companies that are accepting the challenge of a productivity revolution through work-style reforms.

This survey has been conducted by Nikkei Inc. since 2017. Targeting listed companies nationwide and leading unlisted companies, we define Smart Work Management as an initiative to maximize organizational performance based on three factors: the realization of diverse and flexible work styles, the structure to create new businesses, and the ability to develop markets. The survey is evaluated on a fivestar scale. In 2021, 807 companies, including domestic listed companies, participated in the survey.



Nikkei Smart Work Management Survey 2022

## SDG awareness-raising activities in the N+ Group Magazine

In the quarterly newsletter N+, special features related to the SDGs are published in each issue. The various activities objectives that each Group company pursues are consistent with the goals of the SDGs over the long term, and Nisshinbo Holdings is working to promote understanding by implementing a variety of cases. In the autumn issue in 2021, the Company addressed the topic of respect for human rights, which is the foundation of the SDGs, in an attempt to understand business and human rights, which has been emphasized in recent years.



Group newsletter N+

## Activities to raise awareness of the SDGs through environmental news

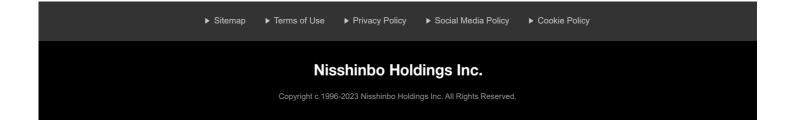
The Nisshinbo Group publishes environmental news four times a year to disseminate environment-related information to the Group companies in Japan. By explaining the relationship between environmental activities conducted by the Group and the SDGs, the Nisshinbo Group is promoting activities to raise awareness of the SDGs.



environmental news







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Group Overview

**Business Lines** 

Investor Relations

Sustainability

Research & Development

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# Information Disclosure Based on TCFD Recommendations

# **Outline of TCFD Response**

Climate change is a global challenge for all countries and regions, and the reduction of greenhouse gases is a global long-term target. The Nisshinbo Group believes that it is crucial to incorporate business opportunities caused by climate change and appropriately respond to risks. Accordingly, in fiscal year 2021 the Group began analyzing climate change scenarios in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In June 2022, the company expressed its agreement to the TCFD recommendations.

Through climate change scenario analyses, the Group will identify the risks and opportunities that climate change may pose to the business in future, develop more flexible and robust strategies by leveraging the opportunities in the development of business strategies, and increase the resilience against future risks.

## **TCFD** Disclosure Item

Governance

Strategy

Risk Management



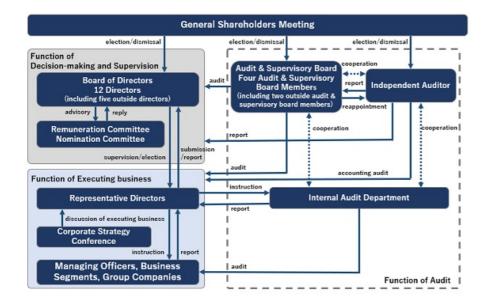
## Governance

As shown in the diagram below, the Nisshinbo Group established and operates a framework for appropriately responding to risks and opportunities related to climate change. In order to make risk an opportunity for sustainable growth, the Group will constantly identify and analyze changes in the various business environments. Based on the business policies derived from the Group's corporate philosophy, the Nisshinbo Group will create new growth opportunities by contributing to society as an Environment and Energy Company group. Responsibilities for climaterelated issues are borne by such meetings as the Corporate Strategy Conference, which is composed of the president and executive officers, and reports to the Board of Directors. The Board of Directors discusses responses to the reported climate-related issues and oversees goals and the progress made.

## **Governance Structure**

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•	Editing Policy

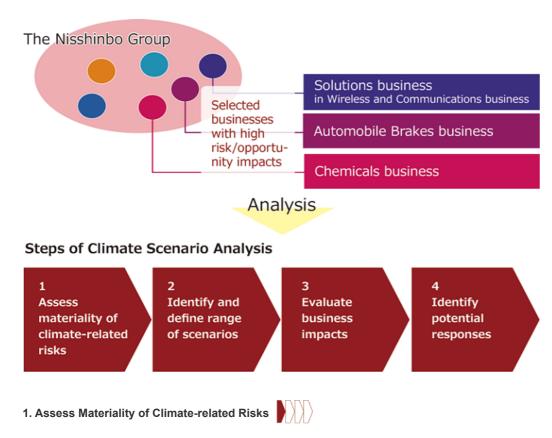
CSR Reports (Downloads)



## Strategy

### An Overview

The Nisshinbo Group is involved in a wide range of businesses; consequently, the following steps were taken to analyze climate-change scenarios. The first step was for the Solutions business in the Wireless and Communication business, the Automobile Brakes business, and the Chemicals business where risks and opportunities are expected to have a significant impact. The climate change scenarios used are for a world where warming progresses (warming progression scenario, 2.6°C to 4°C) and a world where warming is controlled and active transitions occur (decarbonization scenario, 1.5°C to 2°C).



As the first step in the scenario-analysis, the Nisshinbo Group identified the material risks and opportunities for each of the three targeted businesses with reference to the external literature related to TCFD Final Report and industries. Because the impacts of climate change have the potential to materialize over the medium to long term, the Group qualitatively assessed the risks and opportunities on a large, medium, and small basis, not only in the short term but also over the medium to long-term time horizon up to 2050. As a consequence, the following table shows the significant risks and opportunities associated with business continuity and the creation of new businesses

in the Wireless and Communication business's Solutions business, the Automobile Brakes business, and the Chemicals business.

Risk Type	Assessi	nent Item	Wireless and	Automobile Chemicals		Risks	Opportunities
нак туре	Cate	egory	Communications <sup>*1</sup>	Brakes	onemicals	11313	opportunities
	Policy and Legal	Carbon price		~	~	Automobile Brakes Chemicals Taxing emissions by introducing a carbon tax	Automobile Brakes Increase in sales of brake friction materials due to change in demand for automobiles Chemicals Increase in sales of cross-linking agents due to rising demand for cold-drying paints
Transition Risks	Market and Technology Shifts	Energy mix			~	Chemicals Increase in energy costs caused by fluctuations in crude oil and/or electricity prices	-
	Reputation	Customer preferences		~	~	Automobile Brakes Chemicals Responding to GHG reduction requests from customers	Chemicals Increase in sales of insulation materials due to the popularization of ZEB Chemicals Increase in sales of fuel cell bipolar plates due to proliferation of fuel cells
Physical	Acute	Precipitation, Weather patterns	V			-	Wireless and Communications Increase in demand for disaster prevention products and services due to increased flood risk
Risks	Chronic	Severity of extreme weather events		~	~	Automobile Brakes Chemicals Physical damage and loss of business interruption caused by flooding	-

✓:The significant risks and/or:

\*1 Solutions in the Wireless and Communication business

\*2 GHG: Greenhouse gas (greenhouse gases)

\*3 ZEB: Net zero energy building

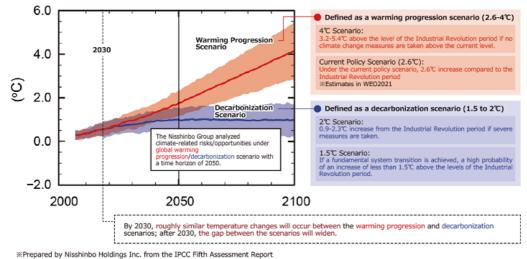
# 2. Identify and Define Range of Scenarios



The Nisshinbo Group analyzed climate-related risks and opportunities under the warming progression and decarbonization scenarios using 2050 years as the time axis. For the analysis, see the following literature.

	International Energy Agency (IEA)	Intergovernmental Panel on Climate Change (IPCC)
Warming Progression Scenario	Stated Policies Scenario (STEPS)     Reference Technology Scenario (RTS)	• RCP8.5
Decarbonization Scenario	Net-Zero Emissions Scenario (NZE)     Sustainable Development Scenario	RCP2.6 or RCP4.5





\*Prepared by Nisshinbo Holdings Inc. from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report

Organizing the global view of the warming progression scenario and the decarbonization scenario predicts that physical risks will be manifested at some sites, while increased demand for disaster prevention-related products and services will be expected in the warming progression scenario. In the decarbonization scenario, demand for the replacement of friction materials decreases because of the longer life of friction materials for brakes as the EV ratio of automobiles rises as a result of the progress of decarbonization, but demand for insulation materials and highly functional materials that contribute to energy savings is expected to increase. Each image looks like the following:





\*1 xEV: Electric Vehicle (electric cars)

\*2 ZEH/ZEH: Net Zero Energy House / Net Zero Energy House

## 3. Evaluate Business Impacts



In this scenario analysis, the Group evaluated the financial impact of each business.

In Solutions Business in the Wireless and Communication business, although there are differences in scale perceptions, demand for disaster prevention products and services is expected to grow in all possible scenarios in line with the increase in damage from natural disasters, such as floods.

In both scenarios, the Automobile Brakes business is expected to increase demand for friction materials for brake assemblies with increasing demand for motor vehicles, but in the decarbonization scenario, the increase in demand for friction materials for braking replacements is expected to be limited by the prolongation of friction materials due to the widespread use of EVs. In addition, the scenario contains increased risks because future carbon regulations will be a factor in the reduction of benefits; therefore, decarbonization-related responses will be an important issue in the future.

In the Chemicals business, increased sales of separators are expected to provide potentially significant opportunities in both scenarios from the proliferation of fuel cells. In addition, in the decarbonization scenario, the popularization of ZEB is expected to increase the demand for insulation materials for building materials, increase the demand for additives as demand for plastics expand, and the demand for cross-linking agents will also increase from the expanded use of cold-drying paints.

		+ : Positive Impact -	• : Negative Impact	
		Assessment of Impacts		
Negative Impact	Negative Impact	Warming Progression Scenario	Decarbonization Scenario	
Carbon price	Taxing emissions by introducing a carbon tax			
	Increase in sales of brake friction materials due to change in demand for automobiles	+++	+ +	
	Increase in sales of cross-linking agents due to rising demand for cold-drying paints	+ +	+ + +	
Energy mix	Increase in energy costs caused by fluctuations in crude oil and/or electricity prices	-	-	
Customer preferences	Responding to GHG reduction requests from customers			
	Increase in sales of insulation materials due to the popularization of ZEB	+ +	+ + +	
	Increase in sales of fuel cell bipolar plates due to proliferation of fuel cells	++++	++++	
Precipitation, Weather patterns	Increase in demand for disaster prevention products and services due to increased flood risk	+ +	+ +	
Severity of extreme weather events	Physical damage and loss of business interruption caused by flooding	-	-	

# 4. Identify Potential Responses



In the future, based on the results of the scenario analysis, all business divisions will minimize risks related to greenhouse gas emissions while focusing on capturing the actual and potential opportunities related to the products and services of each business division in the medium to long term.

In fiscal year 2022, the Nisshinbo Group will expand its TCFD response to include the Wireless and Communication business (Marine System, ICT/Mechanics, and Mobility), the Micro Devices business, the Precision Instruments business, and the Textiles business, and promote climate change scenario analyses.

Business	Outline of Business Impacts	Direction of Responses
Common to all projects*	<ul> <li>Risk of incurring additional costs due to the introduction and higher cost of carbon taxes</li> <li>In addition, suppliers may increasingly request GHG emission reductions and be forced to respond to such requests.</li> </ul>	- Avoidance of carbon tax and reduction of energy costs through GHG reduction/energy conservation
Wireless and Communications Solutions business in Wireless and Communications business	<ul> <li>Frequent occurrence of natural disasters may increase flood risk, thereby increasing demand for disaster prevention products and services</li> </ul>	- Capturing demand for disaster prevention products and services
Automobile Brakes	<ul> <li>Although demand for brake friction materials is expected to increase due to rising demand for automobiles, the longer service life of brake friction materials may reduce demand for brake repairs as the percentage of EVs increases</li> <li>Possibility of property damage and loss of business due to increased flooding</li> </ul>	<ul> <li>Providing products and services that comply with the changes and regulations associated with the promotion of decarbonization</li> <li>Preventing and mitigating property damage and lost business due to flooding</li> </ul>
Chemicals	<ul> <li>Potential for increased demand for cross-linking agents due to expanded use of low-temperature drying paints</li> </ul>	<ul> <li>Capturing demand for cross-linking agents due to increased demand for low-temperature drying paints</li> </ul>

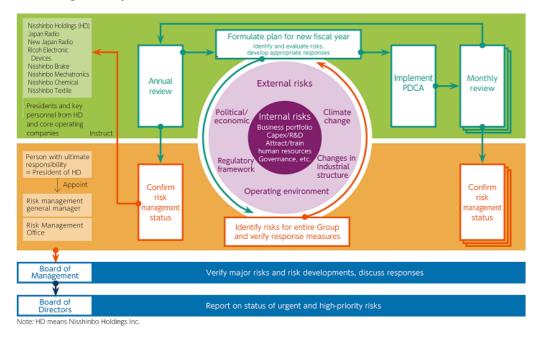
Business	Outline of Business Impacts	Direction of Responses
	- Potential for demand for insulation materials for	- Capturing demand for heat insulating materials
	building materials to increase due to the spread of	due to the spread of ZEB
	ZEB.	- Capturing demand for fuel cell bipolar plates due
	- Potential for sales of fuel cell bipolar plates to	to the spread of fuel cells
	grow in proportion to the expansion of the fuel cell	- Providing products and services that comply with
	market	the changes and regulations associated with the
	- Possibility of property damage and loss of	promotion of decarbonization
	business due to increased flooding	- Preventing and mitigating property damage and
		lost business due to flooding

\* Description of risks and opportunities in each business that require group-wide efforts.

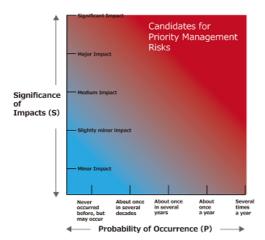
# **Risk Management**

The Nisshinbo Group has established and operates a risk management system to appropriately respond to management risks of business and to minimize losses in the event of management risks. With regard to the risks and opportunities related to climate change that the Group should be aware of, the Nisshinbo Group will primarily identify, analyze, and evaluate the risks in each business segment based on the Risk Management Regulations. Each business segment director will prioritize the risks and assume the magnitude of impact on the business under future scenarios. The Corporate Strategy Center is responsible for the overall mapping of this data, which is then discussed in the Corporate Strategy Conference and the Board of Directors.

#### **Risk Management System**

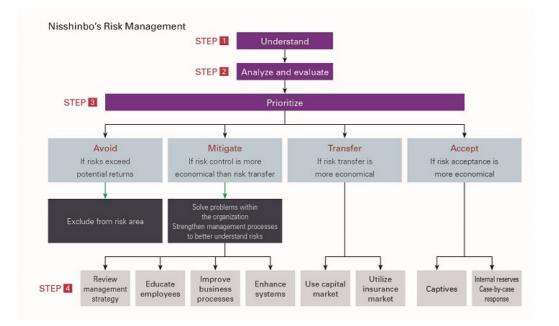


Risks and opportunities are assessed on a five-point scale based on the probability of occurrence and the degree of influence. Items whose products are more than constant are identified as important risks.



Taking into account the economic impact of identified risks, the Nisshinbo Group strives to respond by category to any of the four types of risk that can be avoided, mitigated, transferred, and held.

### **Risk Analysis Steps**

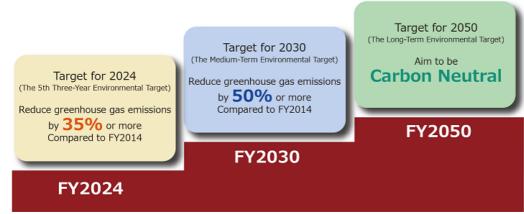


The details of the risks and opportunities that the Group perceives as having the potential to have an important impact on the linkage performance and response can be found on the " <a> Managing Risks and Opportunities</a> " page.

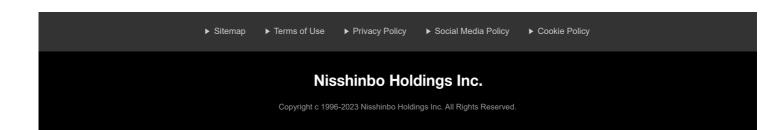
## **Metrics and Targets**

The Nisshinbo Group aims to capture climate change-related business opportunities and reduce risks. To reduce climate-related risks, the Nisshinbo Group actively promotes climate change measures, such as reducing energy conservation activities and PFC (perfluorocarbon)<sup>\*</sup> emissions with the aim of carbon neutrality by 2050.

\*PFCs (Perfluorocarbons): Fluorinated greenhouse gases used in dry etching in the production process of semiconductors



The business activities and environmental impact of the Group can be found in the " 
Material Balance " section.



<b>N</b> SSHINBO	► News Release ► Japanese ► Contact Us	Font Size A A	Search Q
Group Overview	Business Lines Investor Relations	Sustainability	Research & Development

Home > Sustainability > The Environment

# The Environment



### **Basic Stance**

The Nisshinbo Group is aiming to increase corporate value as a more united corporate group by realizing its Corporate Philosophy — "Change and Challenge! For the creation of the future of Earth and People." As an Environment and Energy Company group, we will continue to offer new products and systems that help protect the environment, save energy and create alternative sources of energy, while also providing solutions that address some of the greatest issues faced by humanity today, such as environmental destruction and natural disasters caused by climate change, to make life safer and more secure for people everywhere.

Nisshinbo Group Corporate Philosophy



Environmental Activities



Material Balance



 Environmental Management



► Life Cycle Assessment



Sustainability Message from the President Nisshinbo Group Sustainability Value-Creation Process Contributing to SDGs Information Disclosure • Based on TCFD Recommendations The Environment Environmental Activities Material Balance Environmental ۲ Management **Climate Change** ► Countermeasures Energy Conservation Life Cycle Assessment Resource Conservation Water Resources

- Chemical Substance
   Management
- Biodiversity
- Transport Volume
- Environmental
   Contribution Activities
- .....

Environmental

 Accounting,
 Environmental Data by Principal Company



 Climate Change Countermeasures









Resource Conservation





Water Resources





 Chemical Substance Management







Biodiversity





Transport Volume





 Environmental Contribution Activities



Consumer Issues Community Involvement ۲ and Development Fair Operating Practices Sustainable Procurement ▶ **Basic Policy** Corporate Ethics Reporting ► System Participation in the ۲ Initiatives External Ratings and ► Evaluation Comparative Table with GRI ► Standards Editing Policy CSR Reports (Downloads)

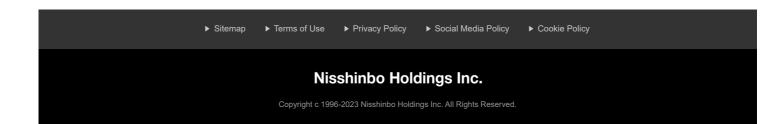
Human Rights and Labor

▶

Practices



 Environmental Accounting, Environmental Data by Principal Company



<b>N</b> SSHNBO	<ul> <li>News Release</li> </ul>	▶ Japanese ▶ Contact Us	Font Size A A	Search Q
Group Overview	Business Lines	Investor Relations	Sustainability	Research & Development

Home > Sustainability > The Environment > Environmental Activities

# **Environmental Activities**

### The Nisshinbo Group's Efforts on the SDGs

The objectives of the Nisshinbo Group are aligned with those of the SDGs. The Group aims to contribute to the achievement of the SDGs through its business activities.

The Group frames specific goals to which it can contribute, bearing all of the SDGs in mind. As its business activities are centered on manufacturing, the Nisshinbo Group believes that the following four goals stand at the core of our business activities.

1 ™ ₽₩₽₽₽ ₽ <b>₩₽₽₽₽</b>	2 HINER	3 CODE HEALTH AND WELL-BEINE 	4 силету Бисклан		6 CLEAN WATER AND SANTETIEN	8 BEEDET WERK AND ECONOMIC FRONTH	9 ADINFESTRY, MACHANDAM ADINFESTRUCTURE
10 MEQUALITIES		12 REPONSE CONSUMPTION AND PRODUCTION	13 CLINAVE	14 LIFE BELOW MATER	15 Int of LAND	17 MATINICIANS	

# SDGs Goals deeply involved in Our Businesses



### 6. Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all.



#### 9. Industry, Innovation, and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



# 12. Responsible consumption, production

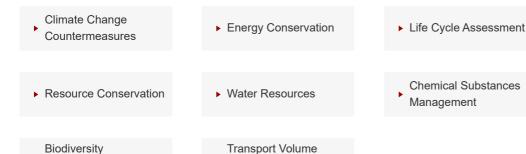
Ensure sustainable consumption and production patterns.



### 13. Climate action

Take urgent action to combat climate change and its impacts.

For details about the core SDGs goals and specific environmental activities of the Nisshinbo Group, please refer to "Core SDGs Goals and Targets and the Nisshinbo Group's Activities" in the sections on Energy Conservation, Climate-Change Countermeasures, Life Cycle Assessment, Resource Conservation, Water Resources, Chemical Substance Management, Biodiversity and Transport Volumes.



# Sustainability Message from the President Nisshinbo Group Sustainability Value-Creation Process Contributing to SDGs Information Disclosure Based on TCFD Recommendations The Environment Environmental Activities Material Balance Environmental ۲ Management **Climate Change** ► Countermeasures Energy Conservation Life Cycle Assessment Resource Conservation Water Resources **Chemical Substance** Management Biodiversity Transport Volume Environmental **Contribution Activities** Environmental Accounting,

Environmental Data by Principal Company

### Nisshinbo Group's Environmental Issues

The Nisshinbo group emphasizes the following environmental issues:

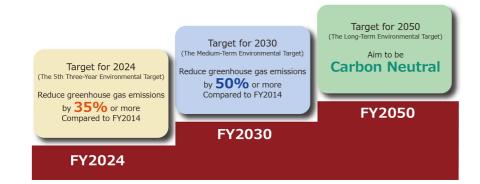
- 1. Providing sustainable solutions
- 2. Taking action against global warming
- 3. Contributing to a recycling-oriented society
- 4. Water-resource conservation measures

By seeking solutions to these issues, the Group aims to contribute to the achievement of the sustainable, decarbonizing and resource-recycling society advocated by Japan and the United Nations, and to find solutions for customers' social and environment issues. In so doing the Group is continuing to contribute to achieving the SDGs.

### **Revised the Nisshinbo Group's Environmental Targets**

### The Nisshinbo Group's Greenhouse Gas Emissions Reduction Targets

The Nisshinbo Group aims to capture climate change-related business opportunities and reduce risks. To reduce climate-related risks, we are actively promoting climate change measures, such as reducing energy conservation Activities and PFCs (perfluorocarbons) emissions, with the aim of carbon neutral through 2050. Moreover, in June 2022, the Nisshinbo Group revised its environmental targets for reducing greenhouse gas emissions.



### The Nisshinbo Group's Medium-term Environmental Targets

The Group positioned the environmental target, which is to be achieved by fiscal year 2030, as the midterm environmental target and will work together as a company to achieve the targets for the four items shown in the table below by expanding sales of products that contribute to a sustainable society<sup>\*</sup> as the top target.

\* Within all products, the Group identifies products that contribute to a sustainable society.

Primary targets	l		
Provide sustainable solutions Increase ratio of products that contribute to a sustainable society	Global warming countermeasures Reduce greenhouse gas emissions*1	Contribute to the realization of a recycling society Improve the recycling ratio	Water resource countermeasures Reduce water usage per unit of sales
to <b>70</b> % or more of total sales	by <b>50</b> % or more compared to fiscal 2014	to <b>95</b> % or more	by <b>70</b> % or more compared to fiscal 2014
1 To target the long-term environmental goal of ca	rbon neutrality by fiscal 2050, the short- and medium	n-term environmental targets for greenhouse	e gas emission reduction items were revise

### The Nisshinbo Group's Three-Year Environmental Targets

Human Rights and Labor Practices
<ul> <li>Consumer Issues</li> </ul>
Community Involvement and Development
► Fair Operating Practices
Sustainable Procurement Basic Policy
Corporate Ethics Reporting System
Participation in the Initiatives
External Ratings and Evaluation
Comparative Table with GRI Standards
<ul> <li>Editing Policy</li> </ul>
<ul> <li>CSR Reports (Downloads)</li> </ul>

The Group is developing activities to achieve the target for the following eight items, including the above four items, with the environmental target as the fifth three-year environmental target, which will be achieved in fiscal year 2024.

### The 5th Three-Year Environmental Targets (FY 2022-2024)

The Nisshinbo Group's Initiatives	Key Performance Indicator
Improvement of the sales percentage by the products that contribute to the development of the sustainable society	60% or more of total sales
Reduction of greenhouse gas emissions	Reduce by 35% or more Compared to FY 2014
Reinforcement of the maintenance of biodiversity	Activities in Japan and abroad At more than 5 new sites
Reduction of water usage per unit of sales	Reduce by 65% or more Compared to FY 2014
Promote Life Cycle Assessment (LCA)	60% or more of total sales
Reduction of the energy consumption per unit of sales	Reduce by 15% or more Compared to FY 2014
Reduction of the volume of PRTR substances emissions per unit of sales	Reduce by 30% or more Compared to FY 2014
Improvement of recycling rate	Increase the recycling rate to 90% or more

\*1 Greenhouse gas emissions are targeted by Scope 1+Scope 2

- \*2 Life cycle assessment (LCA): Understanding of environmental load, through the life cycle of a product, from raw materials, to production, use, and finally to disposal.
- \*3 PRTR substances: Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof" and reports of their amounts of release and transfer must be filed.

# Results and Assessment of the 4th Three-Year Environmental Targets (FY 2019-2021)

The Nisshinbo Group evaluated the results of the activities related to the fourth three-year environmental target, which will be achieved in fiscal year 2021.

Of the eight key items, five met the target. Particular progress has been made in reducing water use per sale and reducing PRTR substance output per sale. This is the result of advances in water recycling by the Textiles business and significant reductions in water use, as well as the replacement of the Precision Instruments business and the Automobile Brakes business with raw materials that do not contain PRTR substances.

On the other hand, the target was not reached for three items. The sales expansion of products that contribute to a sustainable society was partly due to the fact that the sales ratio for the products included in the calculation did not increase compared to total sales. An LCA-based analysis will promote efforts to clarify the superiority of existing products and increase the number of aggregated products, including products that contribute to the SDGs.

Regarding the reduction of energy consumption per unit of sales, although the impact of the coronavirus crisis has been alleviated and demand is on a recovery trend, The Group did not recover to the level of fiscal year 2014, which is the base year, and the Group failed to achieve the target for the reduction of energy consumption per unit of sales. Promote energy conservation efforts by accumulating activities in the future.

In terms of improved recycling rate, there was 11% progress in three years in the fourth period due to the progress in recycling of abrasive polishing powder for braking abrasion abroad in the Automobile Brakes business, but the target was not reached. The Group will investigate further recycling methods and aim to achieve the target.

Key Action Items	The 4th Three-Year Environmental Targets	Result as of end-FY2021
Improvement of the sales percentage by the products that contribute to the development of the sustainable society	55% or more of total sales	52% of total sales
Reduction of greenhouse gas emissions	Reduce by 10% or more Compared to FY 2014	Reduced by 14% Compared to FY 2014
Reinforcement of the maintenance of biodiversity	Activities in abroad At more than 5 new sites	At 5 new sites
Reduction of water usage per unit of sales	Reduce by 3% or more Compared to FY 2017	Reduced by 33% Compared to FY 2017
Promote Life Cycle Assessment (LCA)	50% or more of total sales	57% of total sales
Reduction of the energy consumption per unit of sales	Reduce by 10% or more Compared to FY 2014	Reduced by 9% Compared to FY 2014
Reduction of the volume of PRTR substances emissions per unit of sales	Reduce by 10% or more Compared to FY 2017	Reduced by 55% Compared to FY 2017
Improvement of recycling rate	Increase the recycling rate to 90% or more	88%

\*1 The Greenhouse Gas Emissions

· Scope1 :

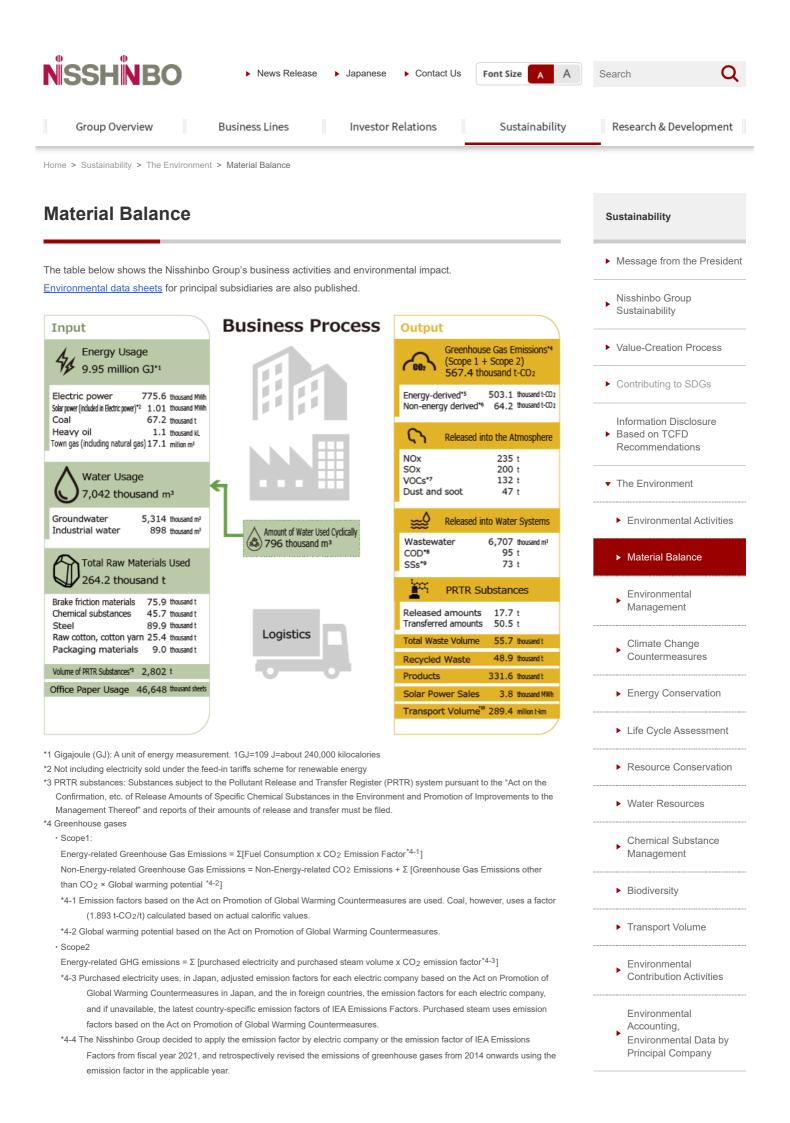
- Energy related Greenhouse Gas Emissions =  $\Sigma$ [Fuel Consumption × CO<sub>2</sub> Emission Factor<sup>\*1-1</sup>]
- Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO<sub>2</sub> Emissions +  $\Sigma$  [Greenhouse Gas Emissions other than CO<sub>2</sub> × Global Warming Potential<sup>\*1-2</sup>]
- \*1-1 Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor (1.893 t-CO<sub>2</sub>/t) calculated based on actual calorific values.
- \*1-2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

- Energy related Greenhouse Gas emissions =  $\Sigma$  [purchased electricity and purchased steam volume x CO2 emission factor  $^{*1\text{-}3}$ ]
- \*1-3 Purchased electricity uses, in Japan, adjusted emission factors for each electric company based on the Act on Promotion of Global Warming Countermeasures, and in foreign countries, the emission factors for each electric company, and if unavailable, the latest country-specific emission factors of IEA Emissions Factors. Purchased steam uses emission factors based on the Act on Promotion of Global Warming Countermeasures.
- \*1-4 For purchased electricity, alternative emission factors by electric power supplier were used until fiscal year 2020 based on the Act on Promotion of Global Warming Countermeasures. For data for past fiscal years after fiscal year 2014, greenhouse gas emissions were retroactively adjusted using the emission factors in \*1-3 above.
- \*2 Fiscal year2019 Activities started: Shenzhen NJRC Technology Co., Ltd. (China) and PT. Nikawa Textile Industry (Indonesia). Fiscal year2020 Activities started: Nisshinbo Micro Devices (Thailand) Co., Ltd.), Nisshinbo Somboon Automotive Co., Ltd. (Thailand), and NANBU Philippines Incorporated (Philippines).
- \*3 Life cycle assessment (LCA): Understanding of environmental load, through the life cycle of a product, from raw materials, to production, use, and finally to disposal.
- \*4 PRTR substances: Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof" and reports of their amounts of release and transfer must be filed.

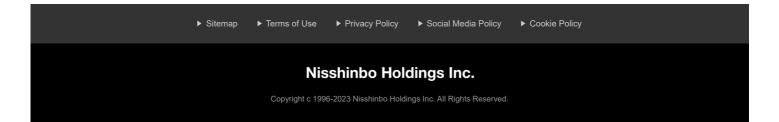
<sup>·</sup> Scope2 :

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\*5 Energy-derived greenhouse gas emissions: Greenhouse gas emissions due to fuel consumption. Human Rights and Labor \*6 Non-energy derived greenhouse gas emissions: Greenhouse gas emissions due to reasons other than fuel consumption, e.g. ▶ Practices manufacturing process, waste products, etc. \*7 Volatile Organic Compounds (VOCs): Emissions of volatile organic compounds such as toluene. \*8 Chemical Oxygen Demand (COD): Chemical Oxygen Demand, or Chemical Oxygen Consumption, is an indicator that shows water Consumer Issues contamination levels. \*9 Suspended Solids (SSs): The amount of foreign substances floating in water. \*10 Transport volumes in international waters are not included. Community Involvement ► and Development Input/Output Details [ m 118KB] Fair Operating Practices Sustainable Procurement ▶ Basic Policy Corporate Ethics Reporting ► System Participation in the ۲ Initiatives External Ratings and ► Evaluation Comparative Table with GRI ► Standards Editing Policy CSR Reports (Downloads)



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# **Environmental Management**

## **Environmental Management Promotion Structure**

In order to contribute as an Environment and Energy Company Group to the realization of a sustainable society, the Nisshinbo Group has established environmental management promotion guidelines. The Group has also put in place an environmental management promotion structure, led by the president of Nisshinbo Holdings Inc. as the highest environmental officer.

All sites that have acquired ISO 14001 certification are following these standards by developing PDCA cycles and promoting environmental management.

At all group companies, its executives conducts management reviews every year. The Group conducts management reviews at its Corporate Strategy Conference and obtains instruction from the President and CEO. Management reviews are also reported to the Board of Directors.

## The Status of Environmental Management System

As of the end of December 2021, 55 sites were certified in accordance with ISO 14001. Certain operations are pursuing integrated certification in the aim of conducting environmental activities more intertwined with their business operations.

At the TMD Group, all manufacturing plants and one service department have received ISO 14001 certification. The group is also pursuing certification under the ISO 50001 standards for energy management systems, and 12 business locations have received certification.

### Organizations with ISO 14001 Certification (As of December 31, 2021)

(Details of related affiliated companies and business sites within each plant included in the scope of registration have been omitted.)

### In Japan (23 organizations)

Nisshinbo Holdings Inc.	(integrated authentication)	(Chuo-ku, Tokyo)
Nisshinbo Holdings Inc.	R&D Center	(Chiba City, Chiba)
Japan Radio Co., Ltd.	(integrated authentication)	(Mitaka City, Tokyo)
JRC Tokki Co., Ltd.	Main Plant Kure Office Sasebo Office	(Yokohama City, Kanagawa)
Japan Radio Glass Co., Ltd.		(Fujimino City, Saitama)

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Environmental Accounting, Environmental Data by Principal Company

Nagano Japan Radio Co., Ltd.	(integrated authentication)	(Nagano City, Nagano)
NJ Components Co., Ltd.	Sanyo Office Okazaki Office	(sanyoonoda City, Yamaguchi)
Ueda Japan Radio Co., Ltd	(integrated authentication)	(Ueda City, Nagano)
Nisshinbo Micro Devices Inc.	Head Office Kawagoe Plant	(Chuo-ku, Tokyo)
Nisshinbo Micro Devices Inc.	(integrated authentication)	(Ikeda City, Osaka)
Nisshinbo Micro Devices AT Co., Ltd.		(Kanzaki-gun , Saga)
Nisshinbo Micro Devices Fukuoka Co., Ltd.		(Fukuoka City, Fukuoka)
Nisshinbo Brake Inc.	(integrated authentication)	(Chuo-ku, Tokyo)
Nisshinbo Mechatronics Inc.	Miai Machinery Plant	(Okazaki City, Aichi)
Nisshinbo Mechatronics Inc.	Hamakita Plant	(Hamamatsu City, Shizuoka)
Nisshinbo Precision Instrument & Machinery Hiroshima Corp.	(integrated authentication)	(Higashihiroshima City, Hiroshima)
Nanbu Plastics Co., Ltd.	(integrated authentication)	(Haibara-gun, Shizuoka)
Excel Tokai Co., Ltd.		(Gotemba City, Shizuoka)
Nisshinbo Chemical Inc.	Asahi Plant	(Asahi City, Chiba)
Nisshinbo Chemical Inc.	Chiba Plant	(Chiba City, Chiba)
Nisshin Environmental Planning Inc.		(Adachi-ku, Tokyo)
Nisshinbo Textile Inc.	Osaka Office Yoshinogawa Plant Fujieda Plant	(Osaka City, Osaka)
Nisshinbo Textile Inc.	Tokushima Plant y	(Tokushima City, Tokushima)

## In Other Countries (32 organizations)

Shenzhen NJRC Technology Co., Ltd.	(China)
Nisshinbo Micro Devices (Thailand) Co., Ltd.	(Thailand)
TMD/ Leverkusen*	(Germany)
TMD/ Leverkusen (Services)*	(Germany)
TMD/ Essen*	(Germany)
TMD/ Coswig*	(Germany)
TMD/ Hamm*	(Germany)
	4

Þ	Human Rights and Labor Practices
Þ	Consumer Issues
Þ	Community Involvement and Development
Þ	Fair Operating Practices
Þ	Sustainable Procurement Basic Policy
Þ	Corporate Ethics Reporting System
Þ	Participation in the Initiatives
Þ	External Ratings and Evaluation
Þ	Comparative Table with GRI Standards
Þ	Editing Policy

CSR Reports (Downloads)

TMD/ Hartlepool*	(The United Kingdom)
TMD/ Caransebes <sup>*</sup>	(Romania)
TMD/ Creutzwald <sup>*</sup>	(France)
TMD/ Valencia <sup>*</sup>	(Spain)
TMD/ Salto	(Brazil)
TMD/ Querétaro <sup>*</sup>	(Mexico)
TMD/ Shijiazhuang <sup>*</sup>	(China)
TMD/ Hangzhou <sup>*</sup>	(China)
Nisshinbo Automotive Manufacturing Inc.	(The United States)
Nisshinbo Somboon Automotive Co., Ltd.	(Thailand)
Saeron Automotive Corporation	(Republic of Korea)
Saeron Automotive (Beijing) Co., Ltd.	(China)
Nisshinbo Saeron (Changshu) Automotive Co., Ltd.	(China)
Saeron Automotive (Yantai) Co., Ltd.	(China)
Nisshinbo Mechatronics (Shanghai) Co., Ltd.	(China)
Nisshinbo Mechatronics (Thailand) Ltd.	(Thailand)
Nisshinbo-Continental Precision Machining (Yangzhou) Co., Ltd.	(China)
Nisshinbo Mechatronics India Private Limited	(India)
Nanbu Philippines Incorporated	(Philippines)
Toms Manufacturing Corporation	(Philippines)
PT. Standard Indonesia Industry	(Indonesia)
PT. Nikawa Textile Industry	(Indonesia)
PT. Nisshinbo Indonesia	(Indonesia)
Nisshinbo Do Brasil Industria Textil LTDA.	(Brazil)
PT. Naigai Shirts Indonesia	(Indonesia)

 $^{\ast}$  Also received certification for ISO 50001 Energy Management System.

# Nisshinbo Holdings Inc.

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# **Climate Change Countermeasures**



# The Nisshinbo Group's Contributions to the SDGs

The Nisshinbo Group contributes to the achievement of the Sustainable Development Goals (SDGs) through activities to tackle climate-change.

The Group manages key performance indicators (KPIs) as part of the systematic measures to achieve its environmental targets for reducing greenhouse gas emissions and expanding sales of products that contribute to a sustainable society.

## Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group considers SDGs 9.4 and 13.3 as core targets. The Group is promoting the following activities to tackle climate-change.

①The Group is advancing reduction of greenhouse gas emissions through ISO 14001 activities

②The Group is advancing activities to reduce Scope 1 (in-house emissions) and Scope 2 (off-site emissions of electricity, etc.) at manufacturing sites, and to establish environmentally friendly facilities

(3)In the Micro Devices business, the Group is expanding equipment to reduce the emissions of PFCs<sup>\*1</sup> and SF6<sup>\*2</sup> from semiconductor production facilities.

④The Group is developing, manufacturing and sell ingseparator materials, core components of the fuel cells that contribute to the development of a hydrogen-based society. We are also advancing the use of CFCs\*3 in insulation products in our Chemicals business.

(5) In the Wireless and Communications business, the Group is offering products for adaptation to climate change. These include dam and river management systems to prevent flooding damage and disaster prevention notification and communication systems to protect local residents in the event of a disaster.

\*1 PFCs: Perfluorocarbons

\*2 SF6: Sulfur hexa-fluoride

\*3 CFCs: Chlorofluorocarbons



# 9. Industry, innovation, infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

### Targets: 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Sustainability Message from the President Nisshinbo Group Sustainability Value-Creation Process Contributing to SDGs Information Disclosure Based on TCFD Recommendations The Environment Environmental Activities Material Balance Environmental ۲ Management **Climate Change** Countermeasures Energy Conservation Life Cycle Assessment Resource Conservation Water Resources **Chemical Substance** Management Biodiversity Transport Volume Environmental **Contribution Activities** Environmental Accounting,

13. Climate action

Targets: 13.3

Environmental Data by Principal Company



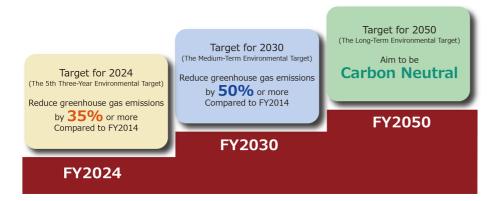
Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

### The Nisshinbo Group's Climate Change Activities

The Nisshinbo Group aims to capture climate change-related business opportunities and reduce risks. To reduce climate-related risks, we are actively promoting climate change measures, such as reducing energy conservation Activities and PFCs (perfluorocarbons)\* emissions, with the aim of carbon neutral through 2050.

\* PFC (Perfluorocarbon): Fluorinated greenhouse gas used in dry etching in the production process of semi-conductors

### The Nisshinbo Group Greenhouse Gas Emissions Reduction Targets



# Analysis of climate change scenarios

The Nisshinbo Group conducted climate change scenario-based analyses in accordance with the recommendations of TCFD<sup>\*</sup>. In fiscal year 2021, these analyses targeted solutions to the Wireless and Communication and the Automobile Brakes businesses, as well as the Chemicals business. See "Disclosure Based on TCFD Suggestions" for the outcomes of climate change scenario analyses.



In fiscal year 2022, the Group plans to expand our operations in the areas of Wireless and Communication (Marine System, ICT/Mechanics, and Mobility), Micro Devices, Precision Instruments, and Textiles to promote climate change scenario analyses.

Through this climate change scenario analysis, the Group will derive the risks and opportunities that climate change will pose to the Group in the future, and utilize this information in the formulation of business strategies to develop more flexible and robust strategies and increase resilience to future risks.

\* Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board

# Selected as a "Zero Emissions Challenge Company" by METI

The following initiatives were highly evaluated, and each of the initiatives selected as Zero Emissions Challenge Companies by the Ministry of Economy, Trade and Industry of Japan: Technology Development Project for Social Implementation of Marine Biodegradable Plastics by Nisshinbo Holdings



ZERO EMISSIONS CHALLENGE



Inc.; Project for Realization of Energy-Saving Society with Robots and Drones by Japan Radio Co. Ltd.; and Industry-Academia-Government Collaboration Problem-solving Research and Development Project about Advancement of Fuel Cells, etc. Technologies and Utilization Project by Nisshinbo Chemical Inc.

In collaboration with Keidanren, the New Energy and Industrial Technology Development Organization (NEDO), and the Ministry of Agriculture, Forestry and Fisheries (MAFF), METI is working on the Zero Emissions Challenge project, which lists the companies that are accepting the challenge of innovation aimed at achieving 2050 carbon neutrality and which provides investors with useful information.

In cooperation with the Federation of Keidanren, NEDO and MAFF, METI has positioned the company as a Zero Emi Challenge Company to accept the challenge of innovation efforts in order to achieve a decarbonization society. METI announced the TCFD Summit 2021 in October 2021 as a second issue following 2020.

The list of companies covers programs run by METI and MAFF tied to the Zero Emission Innovation Strategy, and 45 projects run by NEDO. A total of 624 companies that agreed to the aims of the Zero Emi Challenge are listed.

### Participation in Keidanren's Challenge Zero

The Nisshinbo Group participates Challenge Zero (Challengenet Zero Carbon Innovation), a project led by the Federation of the Japanese Economic Organization (hereinafter referred to as the "Keidanren"), participates.

Challenge Zero is a new initiative in which the Keidanren, in cooperation with the Japanese government, strongly promotes and publicizes innovative action by companies and organizations in Japan and overseas that are tackling the challenge of realizing a "decarbonizing society". This initiative positions the aims of the International Framework for Climate Change Control, known as the Paris Agreement, as a long-term goal.

In light of the goal of Challenge Zero, Nisshinbo Holdings Inc. will promote the creation of innovation in order to reduce greenhouse gases and contribute to the realization of a carbon-free society through its business activities.

Keidanren's official "Challenge Zero" website <u>https://www.challenge-zero.jp/jp/</u>



Challenge Zero

## **CDP Climate Change 2021 Assessment**

The CDP is an international NGO working in the environmental field. The CDP surveys more than 13,000 companies worldwide and assigns scores from A to D in more than 1,000 cities, states, and regions to assess how companies effectively responds to the issues of climate change, deforestation, and water security. The Nisshinbo Group received a B– rating in Climate Change 2021.

Nisshinbo Hol	dings Inc.	understa	Score Report allows c nd their score and indic	cate which
Region	Asia	scoring le	s require attention to re wels. This enables con towards environmenta	mpanies to
Country	Japan	peers, in	enchmarking and com order to continuously i	improve their
Questionnaire	General	receive a	overnance. Investors w copy of the CDP Score For further feedback pl	e Report upon
Activity Group	Media, telecommunications 8 services		nanager or your key C	
Your CDP sco B-	ro	В	B-	B-
	re			
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CDP Climate Change 2021 Assessment

### Independent Practitioner's Assurance of Environmental Data

The Nisshinbo Group obtained independent practitioner's assurance from Deloitte Tohmatsu Sustainability Co., Ltd. in its Nisshinbo Group Greenhouse Gas Emissions Data 2021 in the Japanese version to improve the reliability of its Greenhouse Gas Emissions (Scope1, Scope2) environmental performance data.

Nisshinbo Group Greenhouse Gas Emissions Data 2021

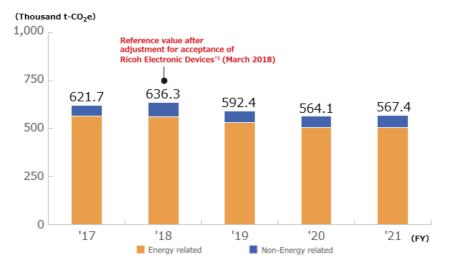
### **Greenhouse Gas Emissions**

The Nisshinbo Group's actual greenhouse gas emissions were approximately 567.4 thousand t-CO2e, up 1% from the previous fiscal year's greenhouse gas emissions. Decreased greenhouse gas emissions were attributed to the abolition of coal boiler fuels in the Textiles business and the switch from HFCs (hydrofluorocarbons) to HFOs (hydrofluoroolefins) in the Chemicals business. However, the recovery demand from the effects of new coronavirus infections resulted in a slight increase in greenhouse gas emissions for the entire group from the restoration of production.

Perfluorocarbons (PFCs) composed 87% of non-energy related greenhouse gas emissions. The PFCs emissions were mainly from the semiconductor product manufacturing process at Nisshinbo Micro Devices Inc.\*

\* In January 2022, New Japan Radio Co., Ltd., and Ricoh Electronic Devices Co., Ltd., merged to form Nisshinbo Micro Devices Inc.

**Trends in Greenhouse Gas Emissions** 



\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

\*1 In January of 2022, Ricoh Electronic Devices Co., Ltd. changed its name to Nisshinbo Micro Devices Inc.

						(111000	
			2017	2018 (Reference value after adjustment) *1	2019	2020	2021
		(Energy related + Non- Energy related)	255.0	263.4	243.8	246.7	237.9
Greenh	Scope1	(Energy related)	198.4	187.0	183.1	187.7	173.7
Greenhouse Gas Emissions		(Non- Energy related)	56.6	76.3	60.7	59.0	64.2
	Scope2	(Energy related)	366.7	373.0	348.6	317.4	329.4
	Scope1 + Scope2	(Energy related + Non- Energy related)	621.7	636.3	592.4	564.1	567.4 <sup>*2</sup>

(Thousand t-CO2e)

\*1 The same reference values are shown in the graph above for Trends in Greenhouse Gas Emissions.

\*2 Data on greenhouse gas emissions are assured by a third party (Deloitte Tohmatsu Sustainability Co., Ltd.).

Nisshinbo Group Greenhouse Gas Emissions Data 2021

### [Calculation method]

#### · Scope1 :

Energy related Greenhouse Gas Emissions =  $\Sigma$ [Fuel Consumption × CO<sub>2</sub> Emission Factor<sup>\*1</sup>] Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO<sub>2</sub> Emissions +  $\Sigma$ [Greenhouse Gas Emissions other than CO<sub>2</sub> × Global Warming Potential<sup>\*2</sup>]

- \*1 Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor (1.893 t-CO<sub>2</sub>/t) calculated based on actual calorific values.
- \*2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

#### · Scope2 :

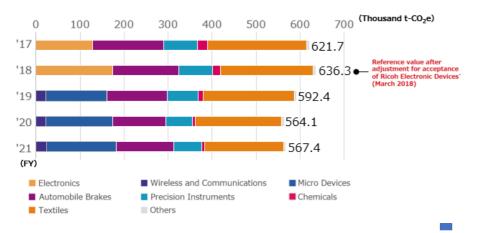
Energy related Greenhouse Gas emissions =  $\Sigma$  [purchased electricity and purchased steam volume x CO<sub>2</sub> emission factor<sup>\*3</sup>]

- \*3 Purchased electricity uses, in Japan, adjusted emission factors for each electric company based on the Act on Promotion of Global Warming Countermeasures, and in foreign countries, the emission factors for each electric company, and if unavailable, the latest country-specific emission factors of IEA Emissions Factors. Purchased steam uses emission factors based on the Act on Promotion of Global Warming Countermeasures.
- \*4 For purchased electricity, alternative emission factors by electric power supplier were used until fiscal year 2020 based on the Act on Promotion of Global Warming Countermeasures. For data for past fiscal years after fiscal year 2014, greenhouse gas emissions were retroactively adjusted using the emission factors in \*3 above.

#### [Subject Organizations]

In fiscal year 2021, a total of 102 companies, including Nisshinbo Holdings Inc. and 101 consolidated subsidiaries, were counted.

In greenhouse gas emissions by business, the Textiles business accounted for 32% of total emissions. This was followed by the Automobile Brakes business and the Micro Devices business, each of which accounted for 28%.



#### Greenhouse Gas Emissions by Business

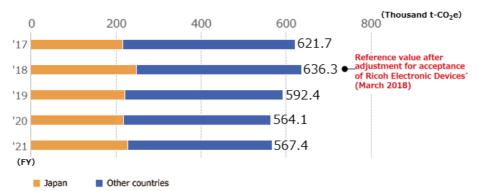
\* In January of 2022, Ricoh Electronic Devices Co., Ltd. changed its name to Nisshinbo Micro Devices Inc.

					,
	2017	2018 (Reference value after adjustment)	2019	2020	2021
II Electronics	128.6	173.4			
II Wireless and Communications			21.5	23.0	24.6
II Micro Devices			139.0	150.4	158.4
II Automobile Brakes	162.0	150.9	138.2	121.2	129.5
II Precision Instruments	76.7	76.9	70.4	61.3	64.4
II Chemicals	22.7	17.2	10.3	6.3	6.7
II Textiles	225.8	212.1	207.7	196.5	179.1
Others	5.9	5.8	5.3	5.3	4.6
Total	621.7	636.3	592.4	564.1	567.4

#### (Thousand t-CO2e)

- \*1 In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.
- \*2 In fiscal year 2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

Emissions in Japan accounted for 40% of greenhouse gas emissions.



### Greenhouse Gas Emissions in Japan and Other Countries

\* In January of 2022, Ricoh Electronic Devices Co., Ltd. changed its name to Nisshinbo Micro Devices Inc.

				(Thous	and t-CO2e)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Japan	216.0	248.0	220.7	217.5	228.2
Propotion	35%	39%	37%	39%	40%
Other countries	405.7	388.3	371.7	346.5	339.2
Propotion	65%	61%	63%	61%	60%
Total	621.7	636.3	592.4	564.1	567.4

 Total
 621.7
 636.3
 592.4
 564.1
 567.4

 \*In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which

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# Introduction of Renewable Energy

Operations of photovoltaic modules installed by the Nisshinbo Group remained steady throughout fiscal 2020, generating 4.8 thousand MWh of power.

In fiscal year 2022, new photovoltaic modules will be established and operated at Nisshinbo Micro Devices (Thailand) Co., Ltd.

#### Generation Capacity by Business Site in Fiscal 2021

Installation site	Generation capacity (kW)	Year operation commenced	Use
Nisshinbo Mechatronics Inc. Miai Machinery Plant	430	2010	Self- consumption

Installation site	Generation capacity (kW)	Year operation commenced	Use	
Nisshinbo Chemical Inc. Chiba Plant	150	2011	Electric power sales, self- consumption	
Nisshinbo Brake Inc. Tatebayashi Plant	300	2011	Self- consumption	
Nagano Japan Radio Co., Ltd. Head Office & Factory	110	2013	Electric power sales	
Nisshinbo Holdings Inc. Tokushima Plant	1,768	2013	Electric power sales, test facility	
Nisshinbo Precision Instrument & Machinery Hiroshima Corp.	1,020	2015	Electric power sales	
New Japan Radio Co., Ltd. (the present Nisshinbo Micro Device Inc.) Kawagoe Works	19	2018	Self- consumption	
Total	3,797	-	×	

# **Examples of the Nisshinbo Group Activities**

### Expanding the use of renewable energy

The Nisshinbo Group is promoting the use of renewable energy.

In April 2022, the Nisshinbo Holdings Inc. Head Office<sup>\*</sup> began using electricity derived from renewable energy sources. As a result, CO<sub>2</sub> emissions from the use of electricity at the head office will be zero, and a CO<sub>2</sub> reduction effect of 400 t-CO<sub>2</sub> per year is expected.

The Group will continue to work to expand the use of renewable energy.

\* Electricity contracts at Nisshinbo Holdings Inc. head office sites include the head office sites of Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., and Nisshinbo Textile Inc., as well as the Tokyo head office of NISSHINTOA IWAO INC.

### Adoption of Low Pollution Vehicles

Nagano Japan Radio Co., Ltd., is successively switching company-owned cars to low-pollution cars (HVs). In fiscal year 2021, the company updated one vehicle; now, 10 out of 22 are low-pollution vehicles. In fiscal year 2022, the company plans to employ lowpollution cars for four of the five renewals. As a reduction in environmental impact, the company expects a 7% reduction in the use of gasoline from the fiscal year 2021 results.



The company selects a car type and chooses an HV vehicle based on the distance traveled. In addition, JRC Logistic Service Co., Ltd., which is responsible for delivering in-house mail, employs electric cars (two light cargo vehicles). The company and its affiliates are working to reduce CO<sub>2</sub> by switching to low-pollution cars.

Low emission vehicle



Electric Vehicles for In-house Distribution

# Reducing emissions of greenhouse gases by introducing PFC detoxification facilities

PFCs (perfluorocarbons)<sup>\*1</sup> and power emissions of greenhouse gases are high in Nisshinbo Micro Devices Fukuoka Co., Ltd.

With the aim of reducing the use of three burning-type decontamination devices with great reduction effects in facilities that use PFCs, the company introduced one PFC decontamination device for "Concept-One" equipment (two) in CVD<sup>\*2</sup> process in 2018, which has been in full-scale operation since 2019.

As of 2021, the introduction of a second system has been postponed because of the economic downturn. In fiscal year 2021, the production load increased by 22.0% from the previous fiscal year, PFC emissions decreased to 16,980 t-CO2 per year, and total greenhouse gas emissions decreased to 29,292 t-CO2 per year. The introduction of the second PFC detoxification system, which is being delayed, is ensured by the 2022 facility investment plan, and the plan now is to introduce the third system by 2030, while observing any changes in greenhouse gas emissions.

\*1 PFC (perfluorocarbon) is a type of alternative fluorocarbon gas used in the manufacturing process of microdevice products.
\*2 CVD (chemical vapor deposition): Methods for supplying raw material gases to substrates and surface treatment of substrates by chemical reactions



PFC detoxification system

### Initiatives on Dust with Neighborhood Farmers on Dust

Nisshinbo Micro Devices (Thailand) Co., Ltd., sometimes experienced odors from dust and smoke of PM 2.5<sup>\*</sup> every February to April. The dust and smoke were caused by the yearly burning by farmers adjacent to the plant for crop cultivation before tillage. There was also a problem of the need to discharge water around the external walls of the company in order to prevent the spread of the fires.

Awareness of the importance of reducing PM2.5 and other dust and smoke levels, the company discussed the situation with farmers in 2020 and suggested ways to till fields rather than burning prior to tillage. In February 2021, the company incorporated a budget to harvest the field and contracted with farmers about cultivating the field rather than burning it. The field was cultivated twice a year in February and June, and the personnel section checked the

conditions of the site after cultivation. As a result, fields have not been burned since 2021. This has resulted in a 100% reduction of PM2.5 dust and smoke produced by burning fields.

\* Very small particles 2.5µm (1µm (micrometer) = 1000 times 1 mm) or less in diameter suspended in the atmosphere



Plowing the field

### Participate in Manufacture 2030 platforms

Nisshinbo Automotive Manufacturing Inc. in the USA participated in the Manufacture 2030 Platform in fiscal year 2021 to ascertain and reduce CO<sub>2</sub> emissions. This platform allows the company to set up projects aimed at optimizing the process of reducing energy use in plants, tracking and reducing waste, reducing water use, and reducing carbon emissions in the production processes.

To reduce CO<sub>2</sub> emissions, the company is working to reduce the use of city gas and electricity in the manufacturing processes of its plants and to reduce the volume of wastewater treated to reduce the environmental impact. In fiscal year 2021, eight projects were launched in an effort to reduce emissions through activities to plan and implement improvement measures for each project, and the company was able to reduce emissions by approximately 129 t-CO<sub>2</sub>.

# Selected as grade 3 in companies with excellent achievements in the reduction of greenhouse gases

Saeron Automotive Corporation in Republic of Korea was awarded a grade 3 by the Korean Environmental Corporation (KECO) after evaluating its achievement of reducing greenhouse gas emissions in fiscal year 2021.

As part of the support for greenhouse gas reduction policies under the Greenhouse Gas and Energy Target Management System, KECO selected designated controlled companies that have substantially reduced greenhouse gas emissions from the previous year. For the selection, a reduction grade category\* has been established according to the amount of reduction. In 2021, 164 companies were selected.

Category	Grade 1	Grade 2	Grade 3	Grade 4	Total
Number of companies	16	34	48	66	164

\* Reduction grade: Grade 1 (10% reduction), grade 2 (20% reduction), grade 3 (30% reduction), grade 4 (40% exclusion)

In Korea, a greenhouse gas emission trading system based on the Law Concerning Allocation and Trading of Greenhouse Gas Emissions has been implemented, and the government has allocated the allowable total emissions to greenhouse gas multi-discharging companies. The company was able to reduce greenhouse gas emissions to 97% in 2019 and 88% in 2020. As part of the initiative, the company installed a function to automatically turn off the power supply to the filtration dust collector and compressor when they stop to reduce power consumption. In addition, the company was able to reduce the use of city gas by installing regenerative exhaust gas treatment equipment (RTO).

Category	2019	2020
Discharge allowance	22,723 t-CO2e	24,610 t-CO2e
Emission results	22,154 t-CO2e	21,579 t-CO2e
Difference	569 t-CO2e	3,031 t-CO2e
Emission rate	97%	88%

### Promote non-CFC use of rigid urethane foam foaming agents

Nisshinbo Chemical Inc. is working to switch from HFCs (hydrofluorocarbons) for fluorocarbons to water and HFOs (hydrofluoroolefins) for rigid urethane foam used in the insulation for housing and buildings, freezing and cooling vehicles, cold chain-related operations for freezing and cooling units, and cavity restoration work on the back of tunnels to HFCs (hydrofluorocarbons) for non-fluorocarbons.

As a result of this initiative, HFC consumption in the first half of fiscal year 2021 was reduced by 22.3% compared to the same period the previous fiscal year. In this context, by 2024, the target fiscal year based on the Freon Emission Control Law, it was necessary that the GWP<sup>\*</sup> weighted average of foaming agents used for insulation materials of rigid polyurethane foam be 100 or less (before 2024, the target fiscal year for other designated product categories), and the demand for switching to HFOs with very low GWP has increased.

However, because of the worldwide supply shortage of HFOs in the second half of fiscal year 2021, some customers had to use HFCs as a primary measure to maintain production systems. As a consequence, in fiscal year 2021, HFC consumption was reduced by only 7% compared to the previous fiscal year, resulting in a reduction of approximately 891 metric t-CO2 in emissions. After the concern about the supply of HFO is resolved, the company will continue to switch to HFOs to help prevent global warming and conserve energy.

\* GWP: Global warming potential (the factor that describes how many times the gas has a greenhouse effect than carbon dioxide)

### Expand manufacturing and marketing of carbon separators for fuel cells

Nisshinbo Chemical Inc. has been delivered carbon separators to fuel cell manufacturers worldwide since 2000.

In 2009, the household fuel cell Enefarm was commercialized, and mass production and marketing of carbon separators were initiated. In the meantime, the company's separators has been patronized by clients at home and abroad, even in the setting of emergency power supplies.

In recent years, carbon neutral has been required globally, and fuel cell applications have expanded to include emergency power supplies for data centers and power supplies for factories and offices. As a result, demand for fuel cells continues to grow; therefore, the company will contribute to the prevention of global warming through the manufacture and sale of carbon separators.



Fuel cell carbon separator

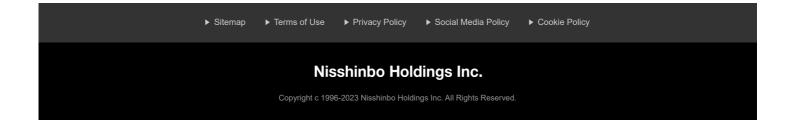
PT. Nikawa Textile Industry stopped its coal power plant in November 2021, which has been in operation for about 16 years since 2005. The company plans to reduce greenhouse gas emissions by approximately 89 thousand t-CO<sub>2</sub> on an annual basis.

Along with the shutdown of the coal power generation facilities, which were responsible for supplying about half of the electricity and steam used by the company, all of the electricity switched to purchased electricity from a stateowned company and to steam supplied from natural gas boilers, which have a lower environmental impact.

The company is located in one of the world's leading coal-producing countries in Indonesia, the decision was made to stop using the equipment by considering the magnitude of greenhouse gas emissions and environmental impacts, although there were geopolitical advantages of coal self-generation that could provide a stable supply. In the future, the company will continue to conduct activities aimed at a sustainable manufacturing base.



In-house coal power generation facilities that have been shut down



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# **Energy Conservation**



# The Nisshinbo Group's Contributions to the SDGs

The Nisshinbo Group contributes to the achievement of the Sustainable Development Goals (SDGs) through energy conservation activities.

The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental target of reducing energy use per unit of sales.

## Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group is promoting energy conservation activities with SDG 12.2 as a core target, as follows.

①Promoting activities to curb energy consumption through ISO 14001 activities

②Selecting environmentally friendly equipment when renewing equipment and continuously implementing energy conservation measures through improvement activities

3 Systematic use of LEDs for lighting

④Pursuit of the introduction of energy-saving equipment in new buildings and warehouses and the reduction of energy consumed by air conditioning



12. Responsible consumption, production Ensure sustainable consumption

and production patterns.

Targets: 12.2By 2030, achieve the sustainable managementand efficient use of natural resources.

# Energy Use by Type of Fuel

The Nisshinbo Group's energy usage amounted to 9.95 million GJ, up 2 % year-on-year (YoY). Energy usage per unit of sales was 19.49 GJ per million yen, down 8 % YoY.

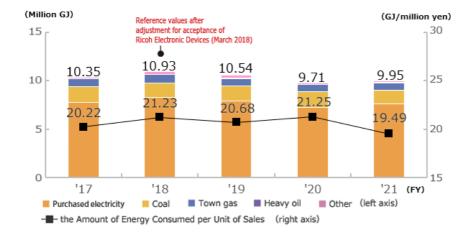
With the demand for recovery from the impact of the COVID-19 pandemic, production increased in many operations, energy use increased during production, while marketing increased and energy use per production unit decreased.

By type of fuel used, purchased electricity accounted for 76 % of the total. Of the total energy used, 14 % was represented by coal used at two Indonesian subsidiaries in the textiles segments (PT. Nikawa Textile Industry and PT. Nisshinbo Indonesia).

Trends in the Amount of Energy Consumed and the Amount of Energy Consumed per Unit of Sales

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 Environmental Data by Principal Company



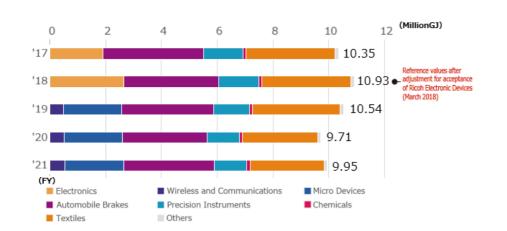
					(Million GJ)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Purchased electricity	7.74	8.27	7.93	7.25	7.58
Coal	1.66	1.51	1.50	1.60	1.41
Town gas	0.77	0.85	0.80	0.73	0.77
Heavy oil	0.06	0.05	0.04	0.05	0.04
Other	0.12	0.25	0.27	0.10	0.15
Energy usage	10.35	10.93	10.54	9.71	9.95
(GJ/million yen)					
The Amount of Energy Consumed per Unit of Sales	20.22	21.23	20.68	21.25	19.49

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

# Amount of Energy Consumed by Business

Amount of Energy Consumed by Business

The automobile brakes business accounts for the largest portion of energy consumed, at 3.23 million GJ, followed by the textiles business at 2.64 million GJ.



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(Million GJ)

	2017	2018 (Reference value after adjustment)	2019	2020	2021
II Electronics	1.89	2.64			
II Wireless and Communications			0.48	0.52	0.53
II Microdevices			2.09	2.07	2.13
II Automobile Brakes	3.63	3.42	3.29	3.06	3.23
II Precision Instruments	1.41	1.43	1.30	1.14	1.18
II Chemicals	0.11	0.11	0.10	0.11	0.13
II Textiles	3.19	3.20	3.16	2.70	2.64
1 Others	0.12	0.12	0.12	0.12	0.10
Total	10.35	10.93	10.54	9.71	9.95

\*1 In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

\*2 In fiscal year 2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

# Effect of Introducing LED Lighting

The energy conservation impact of new conversion to LED lighting in fiscal year 2021 was 866 MWh, as indicated in the table below.

### **Reduction in Electricity Consumption**

Business Category	Reduced Consumption(MWh)
Wireless and Communications	181
Microdevices	304
Automobile Brakes	132
Precision Instruments	134
Chemicals	102
Textiles	13
Real Estate	13
Textiles	866

\* In fiscal year 2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

### **Promotion of energy-saving Activities**

At Nisshinbo Micro Devices Inc., Kawagoe Plant, four measures were developed in 2021 to reduce the use of power. Reducing power consumption also helped to reduce CO2 emissions.

First, the turbo chillers, which are air-conditioning equipment for clean rooms, became obsolete, so they were replaced with high-efficiency inverters and non-CFC models in January. As a result, Nisshinbo Micro Devices reduced electricity consumption by an 277 MWh per year (137.3 t-CO<sub>2</sub>) by reducing operating losses during periods when the impact on air-conditioning equipment is low (March-June, October-November). The non-CFC type also eliminated the use of refrigerants, which are the cause of ozone layer depletion.

Second, the filters installed to remove impurities from the air compressor facilities used at the plant were refurbished in January to reduce pressure loss and reduce excessive operation, thereby reducing electricity consumption by approximately 140MWh per year (69.5 t-CO<sub>2</sub>).

Third, the Kawagoe Plant replaced the fluorescent lamps in clean rooms, which operate 24 hours a day, with LEDbased lights (462 units) in stages, reducing electricity consumption by 96 MWh (CO<sub>2</sub> emissions by 47.5 t-CO<sub>2</sub>) per year.

Fourth, the Kawagoe Plant reduced electricity consumption by 28 MWh (CO2 emissions by 14.0 t-CO2) per year by replacing obsolete commercial air conditioners with high-efficiency units (nine).

These four measures were effective in reducing electricity consumption by an annual 542 MWh (268.3 t-CO<sub>2</sub>) and 7.6 million yen per year for the entire Kawagoe Plant.



Renewed chillers

# Reduction in energy consumption by changing cold-water conveyor control for the cold water supply system

Nisshinbo Micro Devices Inc., Yashiro Plant, delivers chilled water to the air conditioners for the clean rooms to maintain the clean room environment where semiconductors are manufactured.

Before the improvement, the company operated a pump to deliver chilled water using a constant pressure control system that adjusted the opening of the two-way valve at the pump outlet so that the water supply pressure reached the set pressure.

As an improvement measure, the Yashiro Plant introduced the set pressure fluctuation and rotational speed control to connect the pump and the control system, calculate the optimum water supply pressure by water supply flow rate, and implement inverter-controls for the rotational speed of the pump, thereby realizing the operation of the pump with the minimum required power. (There is no effect of air conditioner control because the set pressure and flow rate fluctuate within the range where the two-way valve of the end air conditioner operates.)

As a result of these efforts, the company was able to reduce electricity consumption by 65 MWh per year.



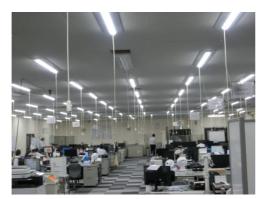
Chilled water supply control system

#### Reduction of energy consumption by renewal of equipment

Nisshinbo Micro Devices AT Co., Ltd., promotes energy-saving conversion of the lights on the premises to LEDs. In the office, individual switches are provided for each lighting fixture. In addition to an on/off switch for each area, an on/off switch for the fixture alone helps to raise awareness of energy conservation. Reducing power consumption through the use of LEDs in offices (145 fluorescent lamps) and gymnasiums (24 mercury-vapor lamps) resulted in savings of 42 MWh per year.

In the production process, a large volume of air (compressed air) is used to drive equipment and convey products. When replacing an air compressor due to aging, the company selected high-efficiency models and reduced the number of units in operation by increasing the size of the compressor, thereby reducing electric power consumption. Specifically, the renewal of low-pressure compressors required two 160 kW units before, but by introducing equipment (275 kW) with twice the existing capacity, Nisshinbo Micro Devices AT was able to cover it with one unit, enabling efficient control of the number of units in operation. For the renewal of dryers, inverter controllers were introduced, and for the renewal of high-pressure compressors, a device capable of reducing electric power by 7% with energy-saving logic that cuts unnecessary boosting was introduced.

Through these efforts, the company was able to reduce annual power consumption by 96 MWh per year.



Offices equipped with individual switches for lighting

#### Various Energy-Saving Initiatives

Nisshinbo Micro Devices Fukuoka Co., Ltd., implemented the following energy conservation measures:

1 Introduction of eco-pumps for water pumps

For the purpose of spiral-type pumps and motor aging, an eco-pump unit incorporating a premium-efficiency motor (IE3) into a highly efficient eco- pump was introduced for normal-temperature cooling water (two units) and hot water

(two units). The use of eco-pumps for cold water (37 kW) resulted in a reduction of 45 MWh per year, while the use of eco-pumps for hot water (15 kW) resulted in a reduction of 11 MWh per year.

#### 2 L23 system 200V system transformer with high efficiency

Thirty-three-year-old transformers (750 kVA  $\times$  2 transformers) were operated in parallel with two systems. However, considering the load situation and the absence of previous failure history, the company replaced them with single high-efficiency transformers (1,000 kVA  $\times$  1 transformer) to reduce consumption by 19 MWh per year.

#### ③ Emergency lamp lighting LED

LEDs for general lighting (1564 lights) were installed by fiscal year 2019, and 85 were installed by fiscal year 2020 under the promotion of LEDs for emergency lighting (223 lights) the same year. Eighteen LEDs were installed in fiscal year 2021 to reduce annual energy use by 5 MWh per year. Nisshinbo Micro Devices Fukuoka will continue to switch the remaining 120 emergency lights to LEDs.

As for power reduction, in fiscal year 2021, the production burden increased by 22.0% compared to the previous year, and the use of electric power worsened by 7.3% (2,166 MWh) compared to the previous year. In fiscal year 2022, Nisshinbo Micro Devices Fukuoka will implement measures to upgrade the low-voltage distribution pane L24 system (200 V system), which was completed in January, to improve the efficiency (reduce 18.8 MWh per year), introduce inverters for pure water MF (precision filtration), use heat-shielding paint for the roofs of the factory buildings, and install LEDs for emergency lighting, which are scheduled to be completed in May. In addition, two non-CFC inverter turbo freezers (R-1 and R-2) were installed in advance (scheduled to be completed in April) from December 2021.



Eco-pump unit for hot water

#### **Energy Conservation Activities at Overseas Sites**

Nisshinbo Micro Devices (Thailand) Co., Ltd., actively promotes energy conservation activities.

#### 1. Whole-company switch to LED lamps

Since 2017, the company has been working to convert fluorescent lights to LED lamps. In fiscal year 2021, Nisshinbo Micro Devices (Thailand) considered converting all remaining fluorescent lights to LED lamps. LED lamps are characterized not only by low power consumption but also by a large amount of light, and the fluorescent lamps can be substituted with fewer LED lamps. In fiscal year 2021, the company replaced 1,493 fluorescent lamps with 1,200 LED lamps in June, July, and December, reducing use by 16.4 kW, 144 MWh per year, and 86.1 t-CO2 per year.

#### 2. Application of inverter to main exhaust fan

In July 2021, NIsshinbo Micro Devices (Thailand) introduced invertors into the main exhaust fans in the molding process. The molding process seals wire-bonded ICs and lead frames with resin. In the past, dampers were used to adjust the amount of exhaust gas from the mold equipment. With the introduction of this inverter, the company was able to reduce power consumption by 74% (5.3 kW reduction) from 7.2 kW to 1.9 kW and 46 MWh per year and 27.8 t-CO<sub>2</sub> per year.



Switching to LED lamps

#### Energy saving in plate processing process

Nisshinbo Automotive Manufacturing Inc. in the United States produces brake disc pads.

The company planned and implemented efforts to reduce power use by reviewing the temperature control of the preheated dryer in the plate processing process of disc pads.

Based on the results of verification experiments, the company calculated the minimum required energy for primer drying, and as a result of lowering the temperature of the preheating drying furnace than before, the company was able to reduce power consumption by 79.2 kWh. This effort resulted in power savings of 665 MWh per year.

#### Reduction of power by participating in Demand Response business

Saeron Automotive Corporation (SAC) in the Republic of Korea participated in the Demand Response project to reduce power consumption in response to power demand since December 2020. Demand response is used to control the power on the user side to balance the demand (consumption) and supply (generation) of electricity. In advance, SAC concluded a contract with a power company to save power in response to a request from a power company when power supply and demand are tight. In addition, the company bid the amount of power surplus to a power company and sold the dispensed volume to a power trade office. SAC utilized this mechanism, and in 2021, 119 MWh power was sold through successful bids.

#### Promote energy saving by modifying the circulation pump of the cooling tower

Nisshinbo Mechatronics Inc., Miai machinery Plant, uses 19 molding machines. Cold water facilities are used to cool the molds. The chilled water facility has a total of three chillers: two 15 kW and one 11 kW. For cooling the three chillers, cooling water is circulated using a 3.7 kW circulation pump with a cooling tower. Until the modification, this cooling tower circulation pump had operated 24 hours a day, irrespective of water temperature and season, which wasted electricity.

This time, Nisshinbo Mechatronics Inc., Miai machinery Plant examined the use of inverters for cooling tower circulation pumps from in-house production, installed temperature sensors at the inlet of the chillers, and modified them to obtain the proper flow rate by controlling the pump revolutions at a water temperature setting of 20°C.

This modification reduced annual electric energy consumption of the cooling tower circulation pump by 42% and conserved 11 MWh of energy and 4 t-CO2.



Circulation pump mounting inverter

#### Promote energy conservation through improved Activities

Nisshinbo Mechatronics Inc., Hamakita Plant, is implements improved activities to promote energy conservation.

Exhaust fans (0.52 kW × 8 units) in the rooftop air-conditioning machine room of the factory building had operated intermittently by thermos-control at the maximum load for the commercial frequency (60 Hz), but the capacity became excessive because of the temperature, which resulted in wasteful use of electricity. Therefore, the company changed the intermittent thermo-control operation to inverter control and set it to 55 Hz when the room temperature was 32°C or higher, 20 to 50 Hz when it was 18°C to 32°C, and stopped the unit when it was 18°C or lower. This resulted in an annual energy savings of 16 MWh.

In addition, air-cooled chillers for air conditioning in the factory building sometimes run under high loads that exceed the rated currents in summer due to the thermal load. Therefore, the Hamakita Plant set up a water sprinkler nozzle to spray water when the outside air temperature reached 27°C or higher. Water sprinkling lowers the ambient temperature of the facility and reduces the burden on the air chiller, thereby reducing the current rating, further reducing annual energy consumption by 10 MWh.



Water spraying nozzle installation equipment

#### Promote energy conservation by introducing central mist filter equipment

In response to increasing environmental awareness in China, Nisshinbo Continental Precision Machining (Yangzhou) Co., Ltd., has become possible to recover the solvent mists generated from each plant facility more efficiently by changing from conventional individual mist filter equipment to central mist filter equipment. In China, Nisshinbo Continental Precision Machining (Yangzhou) also realized a significant reduction in the amount of used filter waste discarded as dangerous substances.

Furthermore, in the conventional method, exhaust gas processed by individual mist filters installed at the top of each facility and set of equipment was collected in VOC<sup>\*</sup> facilities, but in the central mist filter facility, the system was changed to a system where the pipes of each facility and VOC facility are directly connected to process mist in an integrated manner, thereby efficiently covering it with a single large motor instead of an individual motor drive, which

resulted in a drastic reduction in power consumption and a reduction in electricity use of approximately 147 MWh per year.

\*VOC: Volatile Organic Compounds

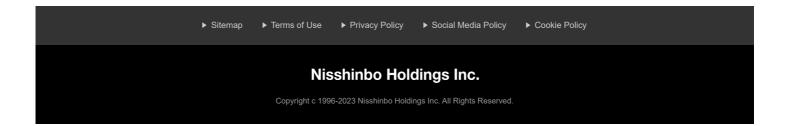
## Reduction of electric power and fuel consumption by changing the reactor temperature control system

Nisshinbo Chemical Inc., Tokushima Plant, manufactures CARBODILITE<sup>®</sup>, a resin additive, in a reaction vessel. Heat cooling in the reaction process is adjusted by the volume of 190°C hot medium and 5°C cold heat medium injected. In 2021, the company tackled two themes as energy conservation measures.

①The miniaturized valves that control the hyperthermic medium, allowing fine injection flow adjustments, eliminated wasted heat medium injection, and the reduced temperature irregularities reduced the load on heating and cooling devices.

②When reaction vessel temperature regulation was not required, the reaction vessel warm conditioning pump continued to run with a bypass line that did not supply heat medium to the reaction vessel, but a program to stop the reaction vessel warm conditioning pump was introduced, and the power of the pump decreased.

As a result of the above measures, the company was able to reduce annual power consumption by 58 MWh, kerosene fuel consumption by 2.7 kL, and carbon dioxide emissions by 40 t-CO<sub>2</sub> per year.



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#### Life Cycle Assessment



Life cycle assessment (LCA) is a process used to numerically assess the use of raw materials, their environmental impact, and their potential environmental impact on the earth and ecosystem over the entire life of a product, spanning the procurement of raw materials through to production, distribution, use and disposal. To determine and reduce its environmental impact, the Nisshinbo Group calculates LCA data, which it uses to improve product planning and manufacturing processes.

#### The Nisshinbo Group's Contributions to the SDGs

The Nisshinbo Group contributes to the achievement of the Sustainable Development Goals (SDGs) through its Life Cycle Assessment (LCA) activities. The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental goal of promoting LCA.

#### Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group promotes LCA activities with SDG 12.4 as their core target, through the following efforts.

①Enhancing user convenience by concluding an unlimited end-user license for LCA software
②Promoting the development and expansion of operators by holding LCA software utilization seminars
③Reduction of chemical substances and waste emissions based on product LCA results
④Introduction of LCA from the product development stage and application of it for the development of environmentally friendly products

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

#### Target: 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

#### Advancement of LCA activities

production

12. Responsible consumption,

Ensure sustainable consumption

and production patterns.

The Nisshinbo Group is advancing the development of environmentally friendly products by expanding its LCA activities while putting LCA software to effective use.

Naturally, the Group draws on LCA product results to reduce energy consumption in manufacturing and emissions of chemical substances. Additionally, we introduced LCA from the product development stage, contributing to the

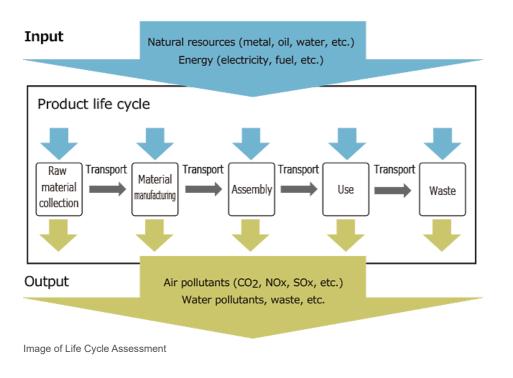
# Message from the President Nisshinbo Group Sustainability Value-Creation Process Contributing to SDGs Contributing to SDGs Information Disclosure Based on TCFD Recommendations The Environment Environmental Activities Material Balance

Sustainability

- Environmental
   Management
- Climate Change Countermeasures
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- Life Cycle Assessment
- Resource Conservation
- Water Resources
- ------
- Chemical Substance
   Management
- Biodiversity
- Transport Volume
- Environmental
   Contribution Activities

Environmental Accounting,

Environmental Data by Principal Company expansion of sales of environmentally friendly products.



#### **Examples of the Nisshinbo Group Activities**

#### LCA of Locator for medium and heavy-duty vehicles

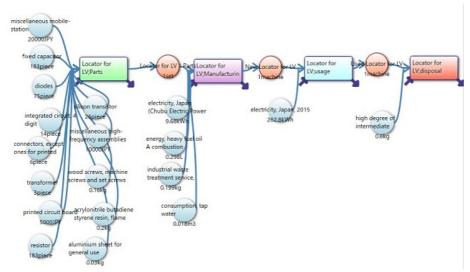
Japan Radio Co., Ltd., conducted the Life Cycle Assessment (LCA) of locators for medium- and heavy-duty vehicles as products for installation in trucks, construction machinery, and heavy machinery.

This product sends location information and vehicle operating status to the user's server through communication carriers and is useful for appropriate vehicle maintenance management, such as operation management, support for fuel-efficient and safe driving, and responses in the event of theft or accidents. The company also uses telecommunications carriers to transmit information, providing a wide range of communications services. The LCA-results are shown below, and the impact on climate change (CO<sub>2</sub> emissions) is nearly eighty percent for the product-use stage. The locator consumes 5.28 watts of power and is always energized during vehicle operation hours. Emissions of CO<sub>2</sub> are about 1.2 kg when power is used for a month. This is the same level of CO<sub>2</sub> emissions as when LED bulbs with a brightness of 40 W or equivalent were turned on only at night, which indicates a lower environmental impact.

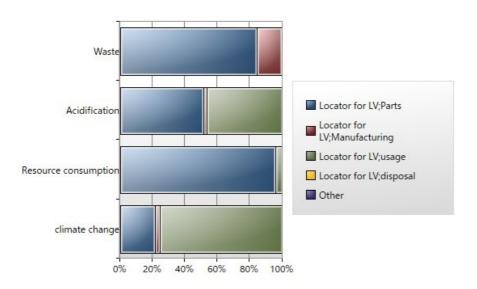


Connected services for commercial vehicles using locators for medium- and heavy-duty vehicles





System diagram (Locators for medium- and heavy-duty vehicles)



LCA analysis results (Locators for medium- and heavy-duty vehicles)

#### **Promotion of LCA activities**

TMD Friction UK Limited, Hartlepool Plant, has promoted the Life Cycle Assessment (LCA) since June 2021. Implementation of LCA allows the company to understand the environmental impact of its product manufacturing processes and led to efforts to reduce the environmental impact.

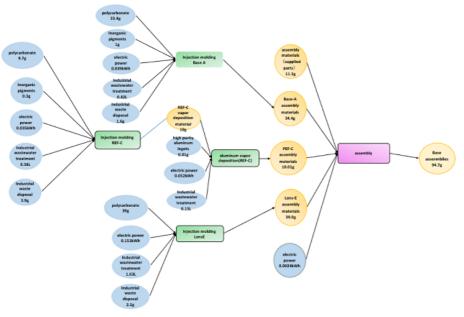
Previously, the company found that there had been improvements in energy conservation by reducing the release of chemical substances into the atmosphere and reducing the amount of transportation and waste in the painting processes. In the future, the Hartlepool Plant will continue to promote LCA for each product and continue to conduct improvement activities.

#### **Promotion of LCA analysis**

Since fiscal year 2020, Nanbu Plastics Co., Ltd., has worked on LCA analyses as a priority issue for environmental activities. Its mother bases at the Susono, Fujieda, and Oigawa plants provide support for LCA analyses at domestic and overseas subsidiaries.

Sales of LCA-analyzed products accounted for 0.8% of total sales of the Nanbu Plastics group in 2019, 45.9% in 2020, and 67.4% in 2021.

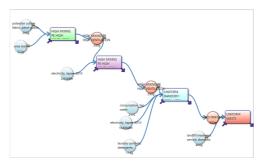
Nanbu Plastics is engaged in the expansion of marketing of products that contribute to a sustainable society by using LCA analysis. The sales ratio in 2021 was 33.9%, which is still struggling, but the company will continue its efforts in the future.



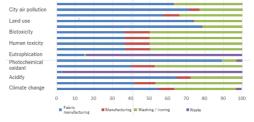
System diagram (Automotive Lamp Components)

#### Initiatives for LCA analysis

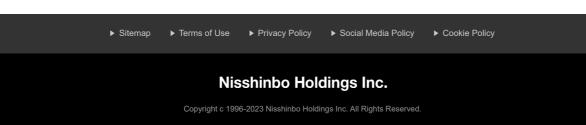
Nisshinbo Textile Inc. promotes the LCA analysis of products manufactured and sold. With increasing awareness of environmental issues, it is necessary to disseminate products and services with as little environmental impact on society as possible. LCA analyses of existing and developed products are considered a very effective means of realizing an environmentally oriented society. Through analyses, Nisshinbo Textile is developing products to reduce the environmental impact from use to disposal, as well as to improve energy conservation and CO2 emissions in the manufacturing processes. In 2021, the company conducted LCA analyses on uniform materials, biomass Nisshinbo Mobilon, and low-temperature heat-fused Nisshinbo Mobilon. As a member of the Environment and Energy Company Group, Nisshinbo Textile will continue to conduct LCA analyses of products, including those of overseas subsidiaries, in order to ensure manufacturing processes that are friendly to the global environment with an emphasis on sustainability in raw materials and production processes.



System diagram (Highly breathable regular fabric)



LCA analysis result (Highly breathable regular fabric)



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#### **Resource Conservation**



#### The Nisshinbo Group's Contributions to the SDGs

The Nisshinbo Group contributes to the achievement of the Sustainable Development Goals (SDGs) through resource conservation activities.

The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental target for improvement of the recycling rate.

#### Core goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group considers SDG 12.5 to be core target. We are promoting resource conservation activities accordingly, as follows.

Proper disposal of industrial waste through ISO 14001 activities while ensuring proper waste disposal governance
 Promotion of reduction of waste discharge, recycling, reuse of packaging materials, reduction of use, etc.
 Selection and consignment of outstanding waste recycling companies and activities to promote the recycling and reuse of waste at overseas sites where the conditions for waste treatment differ



12. Responsible consumption, production Ensure sustainable consumption and production patterns. Targets: 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

#### Volume of Waste Generated

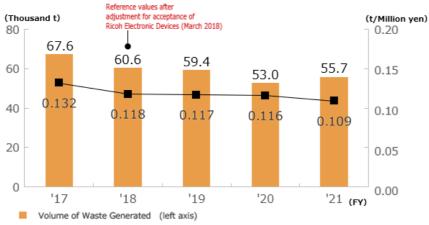
The Nisshinbo Group generated 55.7 thousand tons of waste, 5% increase from the previous fiscal year. The amount of waste generated per unit of sales was 0.109 t/million yen, 6% decrease from the previous fiscal year. The demand for recovery from the impact of the COVID-19 pandemic led to an increase in waste generated in many operations but a decrease in waste generated per production unit due to an increase in sell.

The recycling rate was 88% (an increase of 3% recycling rate in the previous fiscal year). In the Automobile Brakes Segment, the use of polished powder advanced, and activities to improve recycling rates overseas plants moved forward.

Trends in the Volume of Waste Generated and Volume of Waste Generated per Unit of Sales

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)	► Resource Conservation
_	► Water Resources
1	Chemical Substance Management
	► Biodiversity
	► Transport Volume
	Environmental Contribution Activities
	Environmental Accounting,

Environmental Data by Principal Company

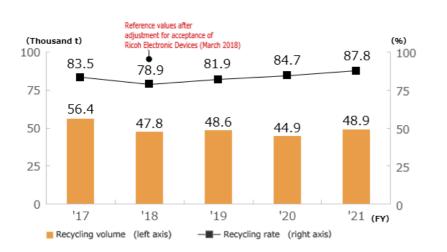


- Volume of Waste Generated per Unit of Sales (right axis)

					(Thousand t)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Volume of waste Generated	67.6	60.6	59.4	53.0	55.7
				(	t/Million yen)
Volume of Waste Generated per Unit of Sales	0.132	0.118	0.117	0.116	0.109

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

#### Trends in the Recycling Volume and Recycling Rates



					(Thousand t)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Recycling volume	56.4	47.8	48.6	44.9	48.9
					(%)
Recycling rate	83.5	78.9	81.9	84.7	87.8

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to

Human Rights and Labor Practices
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FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

#### **Zero Emissions**

Throughout the Nisshinbo Group, we are working toward zero emissions (a recycling ratio of 99% or more). Of our locations that generated 10 tons of waste or more in fiscal year 2020, 34 locations achieved zero emissions.

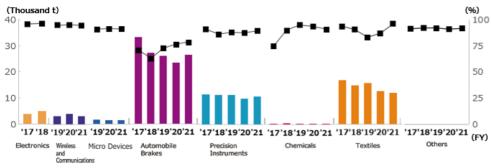
#### Sites that have Achieved Zero Emissions

Nisshinbo Holdings Inc. R&D Center	Nisshinbo Holdings Inc. Asahi Plant
Nisshinbo Holdings Inc. Tokushima Plant	Japan Radio Co., Ltd. Nagano Plant
Japan Radio Co., Ltd. Kanto Logistics Center	Japan Radio Co., Ltd. Tatsumi Office
Japan Radio Co., Ltd. Nagano Plant Ueda Logistics Center	Japan Radio Co., Ltd. Kitashinetsu Branch
Japan Radio Co., Ltd. Chugoku Branch	Japan Radio Co., Ltd. Kyusyu Branch
Nagano Japan Radio Co., Ltd. Head Office & Factory	Ueda Japan Radio Co., Ltd. Togura Plant
JRC Tokki Co., Ltd. Main Plant	Japan Radio Glass Co., Ltd.
NJ Components Co., Ltd. Sanyo Office	Nisshinbo Micro Device Inc. Kawagoe Plant
Nisshinbo Micro Device Inc. Yashiro Plant	Nisshinbo Micro Devices Fukuoka Co., Ltd.
Nisshinbo Brake Inc. Tatebayashi Plant	TMD Friction Services GmbH (Leverkusen Hitdorf)
TMD Friction GmbH (Coswig)	TMD Friction Japan K.K. (Tatebayashi)
Nisshinbo Mechatronics Inc. Hamakita Plant	Nanbu Plastics Co., Ltd. Head Office and Techno Center
Nanbu Plastics Co., Ltd. Oigawa Works	Kyushu Nanbu Plastics Co., Ltd.
Nisshinbo Chemical Inc. Chiba Plant	Nisshinbo Chemical Inc. Tokushima Plant
Nisshinbo Chemical Inc. Toke Development Center	Nissihn Environmental Planning Inc.
Nisshinbo Textile Inc. Tokushima Plant	Nisshinbo Textile Inc. Yoshinogawa Plant

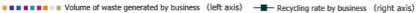
# Trends in Volume of Waste Generated by Business and Recycling Rate by Business

The Nisshinbo Group has set the target of achieving a 95 % recycling rate by fiscal 2030. To this end, The Group are engaging in initiatives to reduce the amount of waste generated by each business.

The Automobile Brakes business accounted for 45% of all waste generated by the business. The recycling rate for brake polishing agents at foreign sites greatly advanced.



Trends in Volume of Waste Generated by Business and Recycling Rate by Business



				_	(Thousand t)
Volume of waste generated by business	2017	2018 (Reference value after adjustment)	2019	2020	2021
II Electronics	3.81	4.96			
II Wireless and Communications			3.20	4.00	3.26
II Microdevices			1.62	1.42	1.57
II Automobile Brakes	34.03	27.97	26.62	24.01	27.11
II Precision Instruments	11.83	11.62	11.45	10.10	10.91
II Chemicals	0.43	0.66	0.30	0.32	0.40
II Textiles	17.29	15.16	16.01	12.95	12.27
1 Others	0.20	0.20	0.19	0.22	0.16

					(%)
Recycling rate by business	2017	2018 (Reference value after adjustment)	2019	2020	2021
II Electronics	96.3	96.8			
II Wireless and Communications			94.9	95.5	94.8
II Microdevices			93.1	93.5	93.3
II Automobile Brakes	72.5	64.1	74.2	78.0	80.2
II Precision Instruments	93.2	88.5	90.1	89.7	91.9
II Chemicals	77.7	93.4	98.8	97.2	94.4
II Textiles	95.6	92.3	84.7	88.7	98.1
II Others	93.9	94.7	94.5	93.5	94.3

\*1 The drop in the recycling rate for the chemicals business in fiscal 2017 was due to routine repairs at the Company's recycling and disposal contractor.

- \*2 In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.
- \*3 In fiscal 2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

#### **Examples of the Nisshinbo Group Activities**

#### Reduction of Calcium Fluoride Sludge Emissions by Introduction of Waterexpressing Sludge Dehydrator

Nisshinbo Micro Devices Fukuoka Co., Ltd. operates a sludge dehydrator in the fluorine-based wastewater treatment process.

Fluorinated wastewater is treated in a flocculation tank using slaked lime, sulfuric acid, sulfuric acid bands, and a polymer flocculant through a calcium fluoride method and a two-step sedimentation method through a primary and secondary reactor. Finally, calcium fluoride sludge is precipitated on the bottom surface of the sludge sedimentation tanks, and the sludge containing moisture is transported to the sludge dehydrator by a sludge pump. The sludge caked by dewatering treatment (press 0.7 MPa) in the air-milling process is crushed and transported as industrial waste (sludge). The moisture content of industrial waste (sludge) was 65%, and the average transport volume by the end of September was 27 t/month.

The sludge dehydrator used in this treatment process (made in 2007) was judged not to be repaired and used continuously due to deterioration and corrosion of the cabinets and mobile parts of the equipment. As a replacement, the company selected a dehydrator with a water-milling system (1.5 MPa treatment pressure) capable of reducing the moisture content (65% to 60%) and planned an update with a medium-to long-term investment plan in 2019. After the preliminary work in fiscal year 2020, the dehydrator was updated in October 2021, and the water content was confirmed to be 59% based on the start-up evaluation. The operation started at the end of the same month. In November through December, the average amount of transport was 30 t per month.

In the future, the company expects to reduce the volume of sludge transported by 12.5 t per year by optimizing the operation time in accordance with the amount of wastewater, while looking at the sludge treatment status.



Sludge dehydrator

#### Started recycling program for cardboard

Nisshinbo Automotive Manufacturing Inc. (NAMI) in the United States has been to recycling cardboard waste since 2012. regulations. In 2021, the company launched a recycling program in partnership with Pratt Industries (USA). NAMI introduced compressors for corrugated cardboard to make it easier to carry used corrugated cardboard for the delivery of compressed corrugated cardboard.

NAMI aims to recycle 50 tons of cardboard annually. In 2021, the recycling volume was 42 t, achieving 84% of the target.



Used cardboard compressor

#### **Shirt Reproduction Project**

Nisshinbo Textile Inc., is working on a project to create and change new shirts from discarded shirts.

Used shirts are collected and cut, and ionic liquids are used to dissolve the cut shirts to extract cellulose. The extracted cellulose is spun and recycled as recycled cellulose fibers. At present, the company is conducting research and development in collaboration with Sinshu University and Nisshinbo Holdings Inc., Business Development Division, and has already successfully spun out high-potency, long cellulose fibers that exceed the current regenerated cellulose fibers at the laboratory level. The ionic liquid used is chosen by Nisshinbo Holdings Inc. and is characterized by no halogen and low risk of environmental contamination.

Technologies will be established in fiscal year 2022, pilot plants will be set up in 2023, and trial production will start in 2024.

#### Campaign to collect unnecessary shirts

Tokyo Shirts Co., Ltd., recovers clients' unnecessary shirts and use the JEPLAN Recycling Infrastructure of Japanese Environmental Design Co., Ltd., to implement resource circulation.

Bring<sup>™</sup> recovery boxes have been consistently recovered from 10 stores , and all stores have conducted unnecessary shirt recall campaigns four times a year. In fiscal year 2021, campaigns were conducted in March, June, September, and November for a total of 77 days.

As a result, the company collected a total of 30,000 shirts, including not only company products but also other companies' products. Against the backdrop of the recent increase in environmental awareness, the collection effort has been well received by clients who have struggled to discard clothing products.

During the June campaign, 140 collected shirts, mainly white shirts, were sent to the Yoshinogawa plant of Nisshinbo Textile Inc. from two stores in the Hiroshima area and the Kannabe store for use as raw materials for the Shirt Recycling Project.

Unnecessary shirts recovered in stores are sent to the Kitakyushu Hibikinada plant of JEPLAN, INC., and are sorted and broken down into raw materials. The shirts are then recycled into raw materials using new recycling technologies to make clothing. The materials are also used in motor vehicle interiors, coke oven gases, hydrocarbon oils, cokes, and industrial waste cloth. In the future, the company will consult with JEPLAN, INC., to create a recovery and recycling stream for clothing other than shirts.





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Group Overview Business Lines	Investor Relations Sustainability	Research & Development
Home > Sustainability > The Environment > Water Resource	S	
Water Resources		Sustainability
6 CELIAN MATER AND SANTIATION		Message from the President
SDGS 👳		Nisshinbo Group Sustainability
The Nisshinbo Group's Contributior	is to the SDGs	<ul> <li>Value-Creation Process</li> </ul>
		<ul> <li>Contributing to SDGs</li> </ul>
esource activities.	the Sustainable Development Goals (SDGs) through water reducing water consumption per unit of sales, The Group is systematic measures, as follows.	<ul><li>Information Disclosure</li><li>Based on TCFD Recommendations</li></ul>
	-,	▼ The Environment
Core SDGs Goals and Targets and t	ne activities of the Nisshinbo Group	<ul> <li>Environmental Activities</li> </ul>
The Nisshinbo Group is promoting water resource activ	ities with SDG 6.4 as a core target, as follows.	<ul> <li>Material Balance</li> </ul>
DPromoting water conservation activities through ISO DExpanding activities such as the introduction of water	-	<ul> <li>Material Balance</li> <li>Environmental Management</li> </ul>
DPromoting water conservation activities through ISO DExpanding activities such as the introduction of water consumption and reuse of treated wastewater	14001 activities -saving equipment at manufacturing sites, reduction of water ites with different water availability conditions, such as use of	Environmental
<ul> <li>Promoting water conservation activities through ISO</li> <li>Expanding activities such as the introduction of water consumption and reuse of treated wastewater</li> <li>Efforts toward sustainable water intake at overseas s rainwater and water recycling (returning to groundwate) Activities in the Textiles business to purify well water neighboring residents free of charge</li> </ul>	14001 activities -saving equipment at manufacturing sites, reduction of water ites with different water availability conditions, such as use of ter) that has been drained and deliver a portion of it to	Environmental Management Climate Change
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<ul> <li>Promoting water conservation activities through ISO</li> <li>Expanding activities such as the introduction of water consumption and reuse of treated wastewater</li> <li>Efforts toward sustainable water intake at overseas s rainwater and water recycling (returning to groundwate)</li> <li>Activities in the Textiles business to purify well water neighboring residents free of charge</li> <li>Contributing to domestic and overseas wastewater trees</li> </ul>	14001 activities -saving equipment at manufacturing sites, reduction of water ites with different water availability conditions, such as use of ter) that has been drained and deliver a portion of it to	<ul> <li>Environmental Management</li> <li>Climate Change Countermeasures</li> <li>Energy Conservation</li> </ul>
<ul> <li>Promoting water conservation activities through ISO</li> <li>Expanding activities such as the introduction of water consumption and reuse of treated wastewater</li> <li>Efforts toward sustainable water intake at overseas service and water recycling (returning to groundwate). Activities in the Textiles business to purify well water neighboring residents free of charge</li> <li>Contributing to domestic and overseas wastewater the treatment in the Chemicals business</li> <li>6. Clean water and sanitation Ensure availability and sustainable management of water and sanitation</li> </ul>	14001 activities -saving equipment at manufacturing sites, reduction of water ites with different water availability conditions, such as use of ter) that has been drained and deliver a portion of it to eatment fields by providing microbial carriers for water <b>Targets: 6.4</b> By 2030, substantially increase water-use efficiency across all sectors and ensure	<ul> <li>Environmental Management</li> <li>Climate Change Countermeasures</li> <li>Energy Conservation</li> <li>Life Cycle Assessment</li> </ul>
<ul> <li>Promoting water conservation activities through ISO</li> <li>Expanding activities such as the introduction of water consumption and reuse of treated wastewater</li> <li>Efforts toward sustainable water intake at overseas service rainwater and water recycling (returning to groundwater)</li> <li>Activities in the Textiles business to purify well water neighboring residents free of charge</li> <li>Contributing to domestic and overseas wastewater treatment in the Chemicals business</li> <li>6. Clean water and sanitation</li> <li>Ensure availability and sustainable</li> </ul>	14001 activities -saving equipment at manufacturing sites, reduction of water ites with different water availability conditions, such as use of ter) that has been drained and deliver a portion of it to eatment fields by providing microbial carriers for water <b>Targets: 6.4</b> By 2030, substantially increase water-use	<ul> <li>Environmental Management</li> <li>Climate Change Countermeasures</li> <li>Energy Conservation</li> <li>Life Cycle Assessment</li> <li>Resource Conservation</li> </ul>
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conduct surveys of water consumption in the supply chain and manage the results of these surveys.

\* AQUEDUCT Water Risk Atlas: Maps based on 12 different water risk indicators, including "physical water stress," "water quality," "water resource regulatory risks," and "reputational risks."



AQUEDUCT Water Risk Atlas

# Human Rights and Labor Practices Consumer Issues Community Involvement and Development Fair Operating Practices Sustainable Procurement Basic Policy Corporate Ethics Reporting System

Participation in the

External Ratings and

Comparative Table with GRI

CSR Reports (Downloads)

Initiatives

Evaluation

Standards

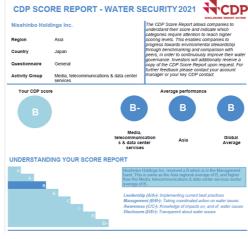
Editing Policy

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#### **CDP Water Security 2021 Evaluation**

The CDP is an international NGO working in the environmental field. The CDP surveys more than 13,000 companies worldwide, assigning scores from A to D and more than 1000 cities, states, and regions to assess how CDP effectively responds to issues such as climate change, deforestation, and water security. The Nisshinbo Group received a "B" rating in Water Security 2021.

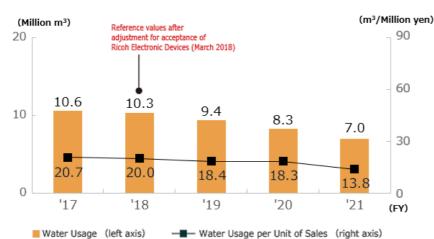


CDP Water Security 2021 Evaluation

#### **Use of Water Resources**

Nisshinbo Group's actual water use was 7.0 million m<sup>3</sup>, a 16% decreased from in the previous year. The volume of water used per sale was 13.8 m<sup>3</sup> per million yen, a 24% reduction in the volume of water used per sale in the previous year. In the Textiles business, the amount of water used was reduced by partially replacing the airconditioning use with recycling.

The volume of water recycled was 0.80 million  $m^3$ . This was an increase of 7% in the recycling volume of water in the previous year. This is an effect of advanced recycling in the Textiles business.



#### Water Usage and Water Usage per Unit of Sales

(Million m<sup>3</sup>)

	2017	2018 (Reference value after adjustment)	2019	2020	2021
Water Usage	10.6	10.3	9.4	8.3	7.0
		·		(m	³/Million yen)
Water Usage per Unit of sales	20.7	20.0	18.4	18.3	13.8

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

#### **Trends of Water Recycled**

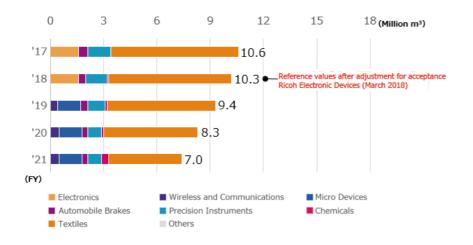


					(Million m <sup>3</sup> )
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Volume of Water Recycled	0.812	1.053	0.743	0.741	0.796

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

The textiles business accounted for 58% of total water usage.

Trends in Volume of Water Usage by Business



					(Million m <sup>3</sup> )
	2017	2018 (Reference value after adjustment)	2019	2020	2021
II Electronics	1.6	1.6			
II Wireless and Communications			0.4	0.5	0.5
II Microdevices			1.3	1.3	1.3
II Automobile Brakes	0.5	0.4	0.4	0.3	0.3
II Precision Instruments	1.3	1.2	1.0	0.8	0.8
II Chemicals	0	0.1	0.1	0.1	0.4
II Textiles	7.2	6.9	6.1	5.3	4.1
1 Others	0	0	0	0	0
Total	10.6	10.3	9.4	8.3	7.0

\*1 In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

\*2 In fiscal 2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

#### **Examples of the Nisshinbo Group Activities**

#### **Reduction of Groundwater Consumption**

Nagano Japan Radio Co., Ltd., owns four deep wells on the premises and uses water-cooled air conditioners that use groundwater. Cold-water air conditioners account for 8% of the volume of groundwater used. As a measure to reduce water consumption, Nagano Japan Radio has been replacing air-cooling air conditioners for several years. In fiscal year 2021, three units were replaced with air-cooled air conditioners, reducing groundwater by 11,000 m<sup>3</sup> per year.

In fiscal year 2022, the company plans to update 18 to air-cooled air conditioners and expects to reduce the use of groundwater by 60,000 m<sup>3</sup> per year.

Currently, water-cooled air conditioners in older warehouses are in operation because of the increase in parts inventory caused by the damage from the coronavirus. To reduce water consumption, the company plans to

#### **Reduction of Water Consumption in Air Conditioning Equipment**

At Nisshinbo Micro Devices Inc., Yashiro Plant, hot water is sent to the air conditioners in the clean rooms to maintain the environment where semiconductors are manufactured. Steam is used for heat exchange to produce hot water. By replacing the heat exchanger with an efficient heat exchanger (from a shell and tube type to a plate type), the amount of steam used was reduced, and the amount of water used was reduced by 431 m<sup>3</sup> per year. In addition, effects other than a reduction in water consumption were also observed as shown below.

 Reduced the use of water treatment chemicals by 120,000 yen per year by reducing the use of water.

②Reduced city gas consumption by 70,728m<sup>3</sup> per year by reducing steam consumption.

③Because of the change of heat exchanger, statutory inspections are not required, and the cost is reduced by 210,000 yen per year. (Change from Class 1 to Class 2 pressure container)



Heat exchanger

#### Reduction of water consumption by recovering cooling water from compressors

At Nisshinbo Micro Devices Inc., Kawagoe Plant, reduced the use of water by reusing cooling water for compressors that was previously drained.

As a measure, the company laid a new pipe that branches from the drain for compressor piping and returns it to the same cooling water tank as the supplier. Although this cooling water is also supplied to factory equipment, pure water was used to reduce the wear from the filter deterioration on the secondary side. Nisshinbo Micro Devices was concerned about the deterioration of water quality by returning water used in facilities that were not initially production systems, but the company was able to determine that there was no effect by prior testing, and the process was implemented.

In February 2021, construction was carried out, and the effect appeared from that month. In 2021, water use was reduced by 46,000 m<sup>3</sup> per year (equivalent to 8.6% of 549,000 m<sup>3</sup> of water used per year at the Kawagoe plant). Since purified water was no longer used, the cost of producing pure water was reduced to approximately 3.4 million per year (purified water unit cost is 74 yen).



Compressor filter (before renovation)



Compressor filter (after renovation)

#### Reuse of sewage through wastewater reuse system (MRO)

With the aim of reusing sewage, Nisshinbo Micro Devices Fukuoka Co., Ltd., treats some of the wastewater discharged into the sewage system with a wastewater reuse system (MRO) device using a reverse osmosis membrane. Treated wastewater MRO water is used in the cooling towers, makeup water for scrubbers, and tap water in the power facilities.

In fiscal year 2021, the production load increased by 22.0% over the previous year. The actual amount of sewerage was 138,000 m<sup>3</sup> per year, an increase of 1.8% (1,455 m<sup>3</sup>) over the previous year, and the actual volume of wastewater MRO water was about 89,000 m<sup>3</sup> per year (an increase of 1.8% over the previous year).

In the future, the company will continue to make planned improvements and continue to investigate future improvements in treatment capabilities, while working to stabilize facilities.



Wastewater reuse system equipment

#### Reduction of Industrial Water Consumption by Reusing Treated Wastewater

In order to reduce the use of industrial water, Nisshinbo Somboon Automotive Co Ltd. in Thailand reused treated water from wastewater treatment facilities to wash water from wet scrubbers, a device that washes effluents from local exhaust systems, in 2021.

This wastewater treatment facility uses an aerobic microorganism that employs a special carrier that attaches bacteria to a Biological Membrane Treatment System (Acticontact). When the pollutant component (BOD) in the wastewater flows into the treatment tank, it comes into contact with bacteria adhering to the carrier, and the pollutant component is decomposed by the action of the bacteria.

By reusing treated wastewater, Nisshinbo Somboon Automotive was able to reduce the use of industrial water by approximately 2,500 m<sup>3</sup> per year. This resulted in approximately a 30% reduction in industrial water used over the

course of a year.

In addition, the exhaust gas from the wet scrubber is regularly measured to ensure that the exhaust treatment is functioning properly.



Waste water treatment equipment

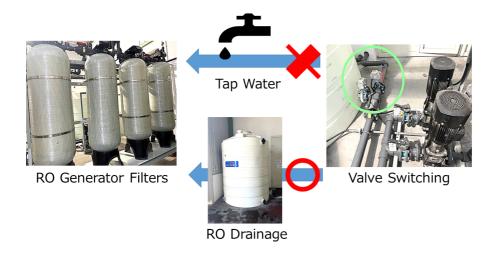
#### Reduction of water consumption through equipment modification, etc.

Nisshinbo Continental Precision Machining (Yangzhou) Co., Ltd., uses RO (Reverse Osmosis: reverse osmosis) water to dilute water-soluble coolant solutions used during manufacturing and to wash high-pressure irrigators.

Since the amount of tap water used to generate RO water and the amount of effluent at the time of production tended to increase with the increase in production and shipments, the company investigated and examined the process of RO water generation in terms of reducing the volume of tap water used.

RO membranes filter tap water (reverse osmosis membranes) to generate RO water. Because calcium and sodium contained in the water adhere to the RO membranes, RO water must be regularly washed back twice a day.

Previously, tap water was used for reverse irrigation of RO membranes, but as an improvement effort, the company drastically reduced the amount of tap water used by reusing wastewater when generating RO water. This approach will reduce the use of tap water by 3,600 t per year.



Reverse washing of RO membranes

#### Water saving by adjusting the operation of water-cooled compressors

At Nisshinbo Chemical Inc., Tokushima Plant, the volume of filtered water used was analyzed by device. Based on the result that about 70% of the filtered water was used for cooling water in the heat exchanger of the 22 kW watercooled compressor in fiscal year 2020, the company set a reduction in the operating hours of the 22 kW watercooled compressor as the target for water reduction in fiscal year 2021. Previously, this compressor stopped only for continuous holidays in January, May, and August, but intensive production resulted in an increase of cessation period of manufacturing facilities by 500 hours per year. By shutting off the unnecessary air supply during the shutdown period and enabling operation of only the standby 7.5 kW air-cooled compressor, the operating time of the compressor was reduced by 500 hours per year.

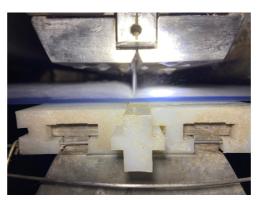
As a result of these efforts, the company achieved a reduction of 2,400 m<sup>3</sup> per year of filtration water consumption in fiscal year 2021 compared to fiscal year 2020 (5% reduction compared to fiscal year 2020).

#### **Reducing Water Consumption by Reusing Spent Water**

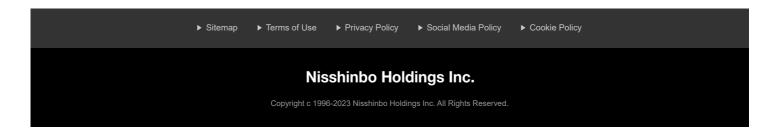
Nisshinbo Textile Inc., Fujieda Plant, is working to reduce the use of industrial water in an effort to achieve a sustainable manufacturing process.

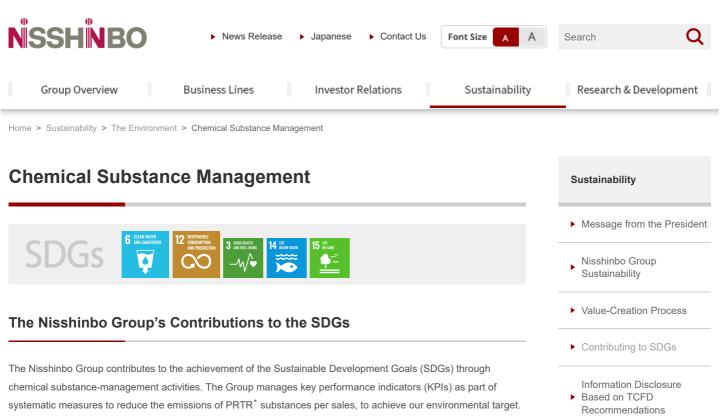
The Fujieda Plant produces nonwoven fabrics by a process called spunlace. This production method uses no chemicals at all, but a large volume of water is used to produce nonwoven fabrics because of the addition of a high-pressure water stream to collect short fibers in sheet form. In an effort to improve the process, the company reduced the volume of water used through the reuse of water during nonwoven fabric production as cooling water for air conditioning.

In addition, the water-cooled air-conditioning carrier facility at the facility is designed to recover air from the plant, which is hot as a result of the operation of the machine, and to lower the temperature with cooling water before being sent to the plant. The use of spent water for the cooling water resulted in a reduction of 0.6 million tons of water consumed per year.



Nonwoven fabric production process





\* PRTR substances: Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof" and reports of their amounts of release and transfer must be filed.

#### Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group considers SDGs 6.3 and 12.4 to be core targets. The Group advances activities to manage chemical substances on that basis, as follows.

①Conducting appropriate control and anti-leakage measures for hazardous materials through ISO 14001 activitie	S
in accordance with the laws and regulations of each country	

②Reducing the use of substances subject to PRTR and reducing the release and transfer of substances subject to PRTR at manufacturing sites

③In the precision instruments business, switching of cleaning agents used in cleaning processes to products not covered by PRTR



6. Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all.

#### Targets: 6.3

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.



12. Responsible consumption, production

Ensure sustainable consumption and production patterns.

#### Targets: 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Sustainability
<ul> <li>Message from the President</li> </ul>
Nisshinbo Group Sustainability
<ul> <li>Value-Creation Process</li> </ul>
<ul> <li>Contributing to SDGs</li> </ul>
<ul><li>Information Disclosure</li><li>Based on TCFD Recommendations</li></ul>
▼ The Environment
<ul> <li>Environmental Activities</li> </ul>
<ul> <li>Material Balance</li> </ul>
<ul> <li>Environmental</li> <li>Management</li> </ul>
Climate Change Countermeasures
<ul> <li>Energy Conservation</li> </ul>
► Life Cycle Assessment
<ul> <li>Resource Conservation</li> </ul>
► Water Resources
Chemical Substance Management
<ul> <li>Biodiversity</li> </ul>
<ul> <li>Transport Volume</li> </ul>
Environmental     Contribution Activities

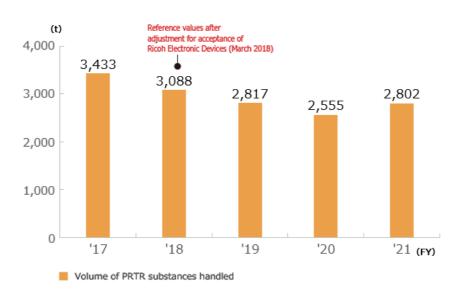
Environmental

Accounting, Environmental Data by Principal Company The volume of substances subject to PRTR handled by the Nisshinbo Group was 2,802 t, up 10% year-on-year (YoY). The increase was due to demand for recovery from the effects of the COVID-19.

Major items making up the Nisshinbo Group's volume of PRTR substances handled were antimony (796 t) and chromium (375 t) for brake materials, as well as methylenebis (4,1-phenylene)=diisocyanate (627 t) and methylenebis (4,1-cyclohexylene)= diisocyanate (434 t) for urethane materials.

The Automobile Brakes segment accounted for 52% of the overall volume of chemical substances handled by the Group.

#### Trends in the Volume of PRTR Substances Handled



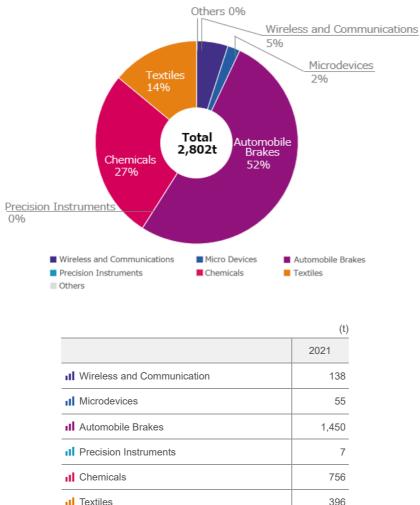
					(t)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Volume of PRTR substances handled	3,433	3,088	2,817	2,555	2,802

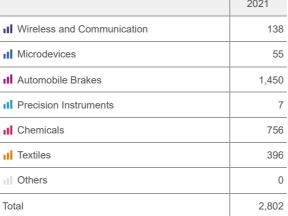
\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

#### Volume of PRTR Substances Handled by Business

Human	Rights	and	Labor
Practice	es		

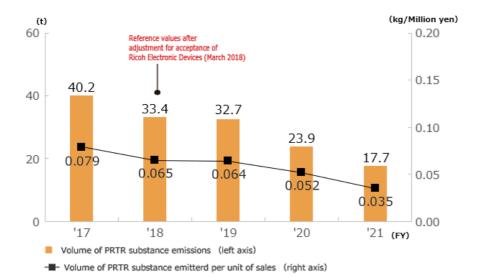
- Consumer Issues
- Community Involvement and Development
- ► Fair Operating Practices
- Sustainable Procurement Basic Policy
- Corporate Ethics Reporting System
- Participation in the Initiatives
- External Ratings and Evaluation
- Comparative Table with GRI Standards
- Editing Policy
- CSR Reports (Downloads)





#### **Volume of Chemical Substance Emissions**

The Nisshinbo Group's volume of PRTR substance emissions totaled 17.7 t, down 26% year on year. Volume of PRTR substance emissions per unit of sales was 0.035 kg per million yen, down 34% year on year. Because of replacing cleaning solvents used at Kyushu Nanbu Plastics Co., Ltd. with products not applicable to the PRTR Law.





					(1)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Volume of PRTR substance emissions	40.2	33.4	32.7	23.9	17.7
				(k	g/Million yen)
Volume of PRTR substance emitted per unit of sales	0.079	0.065	0.064	0.052	0.035

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

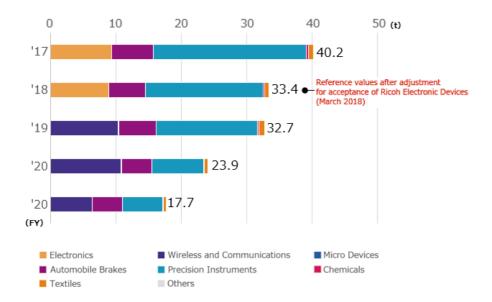
#### **Emission Breakdown by Chemical Substance**

Substance	Discharge volume (t)	Ratio
Toluene	6.3	35.7%
Xylene	4.9	27.5%
Antimony	1.3	7.5%
Hexamethylenetetramine	1.3	7.3%
Ethylbenzene	1.3	7.1%
Phenol	1.2	6.8%
Others	1.4	8.1%

Toluene accounted for the highest proportion of emitted chemical substances, at 36% of the total.

By business, the proportion of the Wireless and Communications business releasing toluene and xylene was 36% of the total.

Volume of PRTR Substances Emitted by Business



					(t)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
II Electronics	9.3	8.9			
II Wireless and Communications			10.3	10.7	6.3
II Microdevices			0.1	0.1	0.1
II Automobile Brakes	6.4	5.6	5.7	4.7	4.6
II Precision Instruments	23.4	18.0	15.5	7.9	6.1
II Chemicals	0.3	0.2	0.2	0.1	0.1
II Textiles	0.8	0.7	0.9	0.5	0.5
11 Others	0	0	0	0	0
Total	40.2	33.4	32.7	23.9	17.7

\*1 In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

\*2 In fiscal 2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

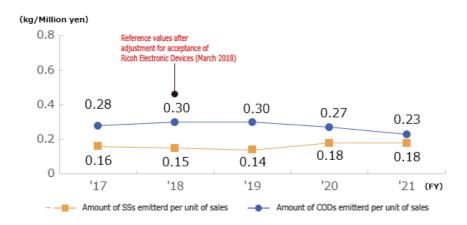
#### **Purification of Wastewater**

The Nisshinbo Group's volume of suspended substances (SSs) emissions per unit of sales totaled 0.18 kg per million yen, down 1% year on year.

Volume of CODs<sup>\*</sup> emissions per unit of sales was 0.23 kg per million yen, down 17 % year on year. The main cause of this was a 22% reduction in the volume of wastewater drained.

\* Chemical Oxygen Demand (COD): An index of water contamination expressed as the volume of oxygen chemically required or chemically consumed

### Trends in Amount of SSs Emissions per Unit of Sales and Amount of CODs Emissions per Unit of Sales



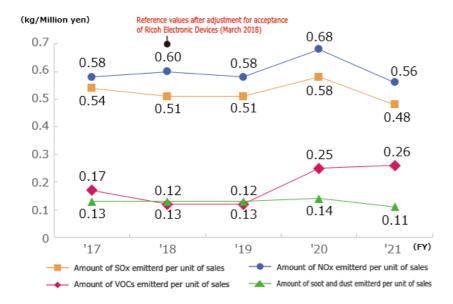
				(kạ	g/Million yen)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Amount of SSs emitterd per unit of sales	0.16	0.15	0.14	0.18	0.18
Amount of CODs emitterd per unit of sales	0.28	0.30	0.30	0.27	0.23

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

#### **Atmospheric Releases**

The Nisshinbo Group's sulfuric oxides (SOx) emissions per unit of sales was 0.48 kg per million yen, down 18% YoY. Nitrogen oxides (NOx) emissions per unit of sales was 0.56 kg per million yen, down 17% YoY. Volatile organic compounds (VOCs<sup>\*</sup>) emissions per unit of sales was 0.26 kg per million yen, up 5% YoY. Soot and dust emissions per unit of sales was 0.11 kg per million yen, unchanged down 20% YoY. \* Volatile Organic Compounds (VOCs): Volatile organic compounds such as toluene

Trends in Amount of SOx Emissions per Unit of Sales, Amount of NOx Emissions per Unit of Sales, Amount of VOCs Emissions per Unit of Sales and , Amount of soot and dust Emissions per Unit of Sales



				(kạ	g/Million yen)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Amount of SOx emitterd per unit of sales	0.54	0.51	0.51	0.58	0.48
Amount of NOx emitterd per unit of sales	0.58	0.60	0.58	0.68	0.56
Amount of VOCs emitterd per unit of sales	0.17	0.12	0.12	0.25	0.26
Amount of soot and dust emitterd per unit of sales	0.13	0.13	0.13	0.14	0.11

\* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019, to match the period of other consolidated fiscal years.

#### **Examples of the Nisshinbo Group Activities**

#### Emergency Response Training in the Event of Hazardous Chemical Spills

Nisshinbo Micro Devices (Thailand) Co., Ltd., provides emergency response training for hazardous chemical spills every year from February to March. The company needs to take prompt action in the event of a hazardous chemical spill. Therefore, the following emergency response exercises are in place.

 Acquisition of knowledge of chemical substances by lecture form (nature, storage method, storage facilities, environmental and human effects)
 Practical training using simulation

In fiscal year 2021, the company provided practical training based on the assumption that a chemical odor leaked from the DI plant No. 2.



Lectures on chemical substances

First of all, employees who notice a chemical odor should confirm that there is a chemical (hydrochloric acid) leak at the site. The site checker who determines that a chemical has leaked from the chemical storage tanks will take steps to contact the drug response team. Then, the team in charge of chemicals will treat the leakage and contact the person in charge of safety and environment.

By providing training on the assumption of these specific situations, the company is preparing for an emergency response to the spill of hazardous chemical substances.

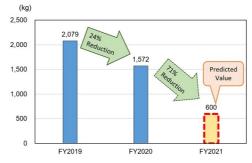


Chemical leakage training

#### Reduction in the use of PRTR-listed substances

Kyushu Nanbu Plastics Co., Ltd., continues to work to reduce the emissions of PRTR toluene, xylene, and ethylbenzene.

Previously, Kyushu Nanbu Plastics used a cleaning solvent thinner containing 56% toluene, xylene, and ethylbenzene to cleanse the appliance after painting and to cleanse it inside the painting pipes. In order to significantly reduce PRTR material emissions, the company investigated cleaning agents that did not contain PRTR materials, and selected among the 10 cleaning agents, cleaning agents with the required cleaning capacity and monitored them for one year, confirming that the quality and cleaning capacity were not problematic. In July 2019, Kyushu Nanbu Plastics changed the use of solvents for cleaning equipment, and in October 2020, the company changed the use of solvents for plumbing equipment. In fiscal year 2021, the total emissions of PRTR chemicals decreased to 334 kg, which was 84% lower than in fiscal year 2020.



Changes in PRTR emissions

#### Improving the ability to respond to shift workers

Nisshinbo Chemical Inc., Tokushima Plant, uses a variety of chemicals to produce products in a 24-hour system. Nocturnal shifts and holidays are operations with significant reductions in personnel. In order to respond appropriately to emergencies, such as fires and chemical leaks even in this condition, the company implemented emergency response training that assumes a response only by shift workers.

In fiscal year 2021, a total of four groups of training were provided for each shift in August as follows: ①Prevention of leakage of chemical substances indoors and reports to seniors. ②Initial firefighting in the event of a fire, operation of



Prevention of chemical leakage training

foam extinguishing systems, and reporting to the site and the fire department.

In addition, two attendees checked whether the actions in an emergency were carried out appropriately and provided discussions and guidance on action points by attendants.

The Tokushima Plant will continue to plan training on a regular basis and work to improve the ability to respond appropriately to emergencies through specific training with a small number of people.



Foam extinguishing system operating training

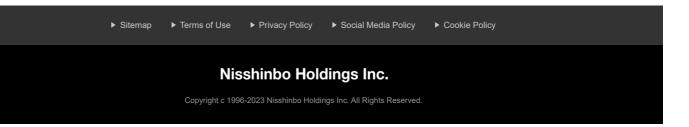
#### **Disaster Prevention training Assuming Large Earthquakes**

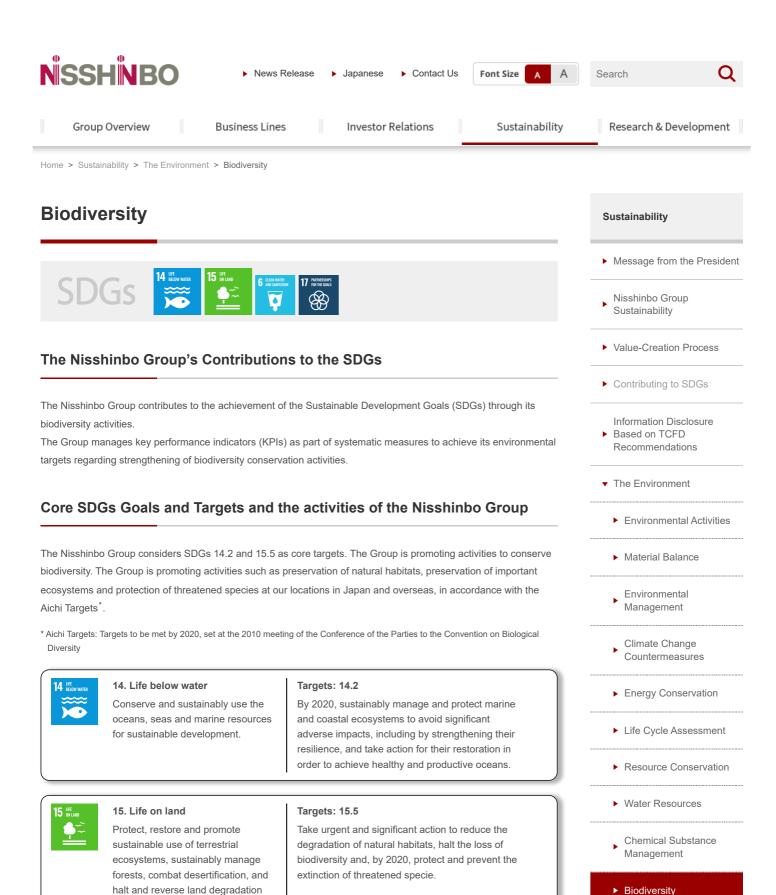
Nisshinbo Textile Inc., Tokushima Plant, is located on the banks of the Imagire River, a tributary of the Yoshino River water system, and has 11 dangerous substances facilities. The company provides training every year to prevent disasters.

In fiscal year 2021, 79 people participated in training for evacuation in the event of a tsunami caused by an earthquake with a magnitude of 6, as well as in the event of leakage of dangerous substances or fires. Leakage of dangerous substance training assumed the occurrence of tears in the fluid ridge (a ridge that serves as a fence to prevent leakage of chemicals, such as liquid from equipment into other parts of the facility) or falls of drums. Measures were implemented to prevent the expansion of the ridge by piling up soil and using adsorption sheets and ladle to collect the spill. Fire training was provided to check the operation of water spraying and foam sprinklers using fire extinguishers and hydrants.

In order to prevent any outflow from the site, the company closed the gate that connects to the river and checked the oil sequestration tanks and stormwater drainage ditches with a visual inspection.

Regular implementation of such training will enable the company to reconfirm the roles and behavioral procedures of each individual in the event of a disaster. In addition, the company will strive to improve safety by finding and improving the malfunctions of equipment and manuals.





and halt biodiversity loss.

local governments.

Participating in the Japan Business and Biodiversity Partnership

Nisshinbo Holdings Inc. participates in the Japan Business and Biodiversity Partnership, a group that engages in

activities to conserve biodiversity. The Partnership is composed of economic organizations, businesses, NGOs, and

#### Biodiversity

Transport Volume

Environmental **Contribution Activities** 

Environmental

Accounting, Environmental Data by Principal Company

The Company's activities to conserve biodiversity began in fiscal 2015, and 9 activities are continuing in Japan. We are also developing biodiversity conservation Activities at 5 sites abroad.

#### Endorsement of the "Keidanren Declaration on Biodiversity and Action **Guidelines (Revised Version)"**

The Nisshinbo Group has endorsed the Declaration of Biodiversity by Keidanren (revised edition). Please refer to the URL below for details of the Keidanren Declaration of Biodiversity and Revised Action Guidelines

https://www.keidanren.or.jp/en/policy/2018/084.html

In 2018, Keidanren revised this declaration and action guidelines in response to major trends both at home and abroad, such as SDGs and the Post-Aichi Targets\*. The revised declaration aims to "realize a sustainable society through the construction of a society in harmony with nature."

In addition, Keidanren released the Keidanren Declaration of Biodiversity Initiative. This report contains the names of 256 companies and organizations (logo marks) that expressed their endorsement with the revised declaration and action guidelines, as well as "Policies for Initiatives for the Future and Specific Examples of Initiatives," and also introduces our Group.





#### Policy for the future:

The Nishiho Group is aiming to increase corporate value as a more united corporate group by realizing its Corporate Philosophy— "Change and Challenge! For the creation of the future of Earth and People." As an Environment and Energy Company group, we will continue to offer new products and systems that help protect the environment, save energy and create alternative sources of energy, while also providing solutions that address some of the greatest issues faced by humanity today, such as environment at destruction and natural disasters caused by climate change, to make life safer and more secure for people everywhere. At implement at more than 5 overseas sites for reinforcement of biodiversity.

wersity.htm

#### Examples of Nisshinbo Group



The total amount of Whitespotted conger that exist in Tokyo Bay has continued to decline since peaking in 1995. In recent years, the amount has been estimated at around 200 to 300 tons. At the same time as investigating the current conditions of the catch of Whitespotted conger and the environment, the company has also verified the sequence of events that led to these conditions, through comparisons with past environment data, nautical chart data, and fish catch data of Tokyo Bay. the company monitors the movements of fibring botts, along with the environment data, naturcia chart data, and isia catch data of 10x/90 BM/. The company monitors the movements of fishing boats, along with the monitoring of their operations, in order to understand how fishing grounds are used. Through these activities, the company cooperates in regeneration business activities aimed at promoting the sustainable use of Tokyo Bay.

Keidanren Declaration of Biodiversity Initiative

Regarding the Keidanren Declaration of Biodiversity Initiative, please refer to the URL below. https://www.keidanren.or.jp/policy/2018/084 honbun.html#p3

In 2009, the Nisshinbo Group endorsed the Keidanren Declaration of Biodiversity and Action Guidelines, established by the Keidanren, and after conducting surveys and educational programs, launched the Biodiversity Conservation Activities in 2015, expanding the scope of our Activities.

uange and Chall of the future of

hallenge! For the re of Earth and Pe

\* Post-Aichi Biodiversity Targets: Global Biodiversity Targets for 2020 and beyond

#### Activities to Conserve Biodiversity

#### Ten domestic sites

Company, Business Site	Related Aichi Targets Details of Preservation Wildlife Being Protected			
Japan Radio Co., Ltd.	Target 6: Preservation of marine resources			
	Activities: Gathering of basic data on the preservation of			

Human Rights and Labor Practices

- Consumer Issues
- Community Involvement ۲ and Development
- Fair Operating Practices
- Sustainable Procurement **Basic Policy**
- Corporate Ethics Reporting • System
- Participation in the ۲ Initiatives
- External Ratings and Evaluation
- Comparative Table with GRI • Standards
- Editing Policy
- CSR Reports (Downloads)

	marine resour Tokyo Bay co with the Tokyo of Marine Scie Technology Wildlife Habitat surver being Whitespotted protected: conducted fro fisherman's p	llaborating o University ence and y of conger, om a	Boat fishing for Whitespotted           conger, equipped with           information-gathering           equipment
Nagano Japan Radio Co., Ltd. Head Office & Factory	Target 5:Preservation habitatsActivities:Afforestation a preservation o near business "Forest of Nag Radio" (Matsu Nagano Prefe 0.4ha)WildlifeEcosystems o species cultiv protected:Japanese large (species to be	and of a forest s sites, the gano Japan ushiro-cho, ecture, or endemic ated in ch forests	Afforestation and preservation activities
Nisshinbo Micro Device Inc. Head Office and Kawagoe Works Japan Radio Glass Co., Ltd. Head Office Plant	Target 11: Preservation ecosystems Activities: Preservation Shingashigaw waterfront em near business (Fujimino, Sa Prefecture) Wildlife Flora and fau being Shingashigaw protected: (species to be not specified)	of important of the va River vironment s sites itama na near the va River e protected	Waterside environmental conservation activities
Nisshinbo Brake Inc. Tatebayashi Plant	Target 12:       Preservation endangered s         Activities:       Preservation endangered s         Activities:       Preservation endangered s         Nishinuma swork       Ora-machi, O         Gunma Prefer       Wildlife         Wildlife       Carassius autor         being       subsp.2 (Miniprotected:         protected:       Environment:         category II), end	species activities at uma vamp in ra-gun, cture ratus stry of the Threatened	Extermination of alien species
Nisshinbo Mechatronics Inc. Miai Machinery Plant	Target 11:Preservation ecosystemsActivities:Habitat creati dragonfly vari on-premises I ParkWildlifeDragonflies (a arrival and bro protected:	on for eties at the Masuda anticipated eeding of	Extermination of alien waterliles

	lessor emperor and other dragonflies)
Nisshinbo Holdings Inc. R&D Center Nisshinbo Chemical Inc. Toke Development Center	Target 12:Preservation of endangered speciesActivities:Surveys, protection and propagation of valuable species living in the surrounding forest (Onodai, Midori-ku, Chiba)Image: Cephalanthera falcata falcata (Thunb.) BlumeWildlife being protected:Cephalanthera falcata (Thunb.) Blume (Ministry protected:Frotection of Cephalanthera 
Nisshinbo Textile Inc. Fujieda Plant	Target 12:Preservation of endangered specieActivities:Preservation of water quality at a pond on the plant siteWildlifeapanese rice fish 
Nisshinbo Textile Inc. and two other companies Tokushima Plant Nisshinbo Textile Inc. Yoshinogawa Plant	Target 12:Preservation of endangered speciesActivities:Propagation of fish fry donated by Tokushima Prefecture in fire protection water tanks and release into the river several years laterImage: Comparison of the target targe

#### Five overseas sites

Company, Business Site	Related Aichi Targets Details of Preservation Wildlife Being Protected
	Target 12: Preservation of endangered species
Shenzhen NJRC Technology Co., Ltd. (China)	Activities: Environmental conservation activities at business sites
(Ginna)	WildlifeCyathea spinulosaTree planting and conservationbeing(Japanese name: Hego)Tree planting and conservationprotected:(China's secondary priority protection level)activities

Nisshinbo Micro Devices (Thailand) Co., Ltd. (Thailand)	<ul> <li>Target 11: Preservation of important ecosystems</li> <li>Activities: Tree planting and dam making in forest areas upstream of the Khun Nam River</li> <li>Wildlife Animals and plants around the Khun Nam protected: River (Wildlife Being Protected not specified)</li> </ul>	
Nisshinbo Somboon Automotive Co., Ltd. (Thailand)	Target 11:Preservation of important ecosystemsActivities:Mangrove plantations in the Plase Basin, Rayong Prefecture, ActivitiesWildlifeConservation of the ecosystem of crabs, protected:WildlifeShrimps, shellfish, etc. that inhabit mangroves	on
Nanbu Philippines Incorporated (Philippines)	<ul> <li>Target 11: Preservation of important ecosystems</li> <li>Activities: Cleaning the Maalimango River Activities to Protect Lives' Habitats</li> <li>Wildlife Animals and plants around the Maalimango protected: River (Wildlife Being Protected has not been identified)</li> </ul>	
PT. Nikawa Textile Industry (Indonesia)	Target 12:Preservation of endangered speciesActivities:Environmental conservation activities at business sitesWildlifeCycas Javana (Indonesian endangered protected:Wildlifecospecies EN)	nservation

## **Examples of the Nisshinbo Group Activities**

## Continue the Forest Foster Project contract in Nagano Prefecture

As the global environment is being closely monitored, Nagano Prefecture is developing a forest-fostering project with the aim of developing new forests by enhancing the interaction between companies and the community.

Nagano Japan Radio Co., Ltd., endorses this Nagano Prefectural initiative and has been funding forest development since 2015. The company has also held exchange activities twice a year (in spring and autumn) with local residents who actually maintain the forests. For example, the company trims underbrush from planted larch trees and embeds seed pieces in mushroom logs. Unfortunately, since 2019, interaction has been discontinued because of the impact of typhoon No. 19 and the spread of new coronavirus infections. While waiting for the resurgence of the interaction activities after the convergence of the coronavirus outbreak, Nagano Japan Radio will continue the Forest Fostering Project contract and contribute to forest improvement.

# Continue to participate in Activities for environmental conservation to enrich ecosystems

In July 2021, 52 employees of Nisshinbo Micro Devices (Thailand) Co., Ltd., participated in the environmental conservation activities sponsored by the Thai Industrial Park Public Corporation (IEAT). The company works with governmental agencies and local residents to construct trees and weirs in forested areas upstream of the Khun Nam River in the Makhuea Chae Subdistrict, Mueang Lamphun District, Lamphun Province.

This time, more than ever, participants have been working to raise the awareness of employees regarding environmental conservation that has continued for more than one year. In 2021, a weir was set up in a small river (up to 3 meters wide) flowing from the back of a mountain near an industrial complex. The main ingredient was cement mixed with the natural materials of bamboo, stone, and soil. It is expected that the weirs will also function as habitats for aquatic organisms to enrich the ecosystems. In addition, water accumulation produced by the weirs can serve as drinking water for wildlife, such as wild birds, even during the dry season, as well as providing water to villagers who suffer from a lack of clean water.



Operation of setting up a weir



Operation of setting up a weir

## Contributing Activities through river purification Activities

Saeron Automotive Corporation in the Republic of Korea has been conducting river purification activities and environmental beautification activities around its plant since 2008. Regular activities of garbage pickup and cleaning near the river by about 10 employees once a month is used to raise awareness of the protection of nature by employees.

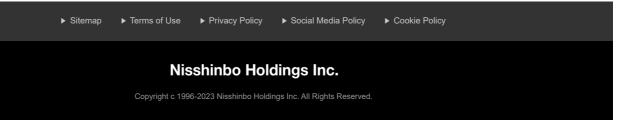
The Sanbang River in Cheonan City, Chungcheongnam-do, has a diverse range of ecosystems, including fields and residential areas in most of the river basins, including *Brassica napus* and Ishimikawa, and freshwater fishes, such as medaka and Funa. Therefore, this environmental beautification contributed to the conservation of biodiversity. The project has been well received by neighboring farmers who take in agricultural water from the river, making it a useful activity for local communities.

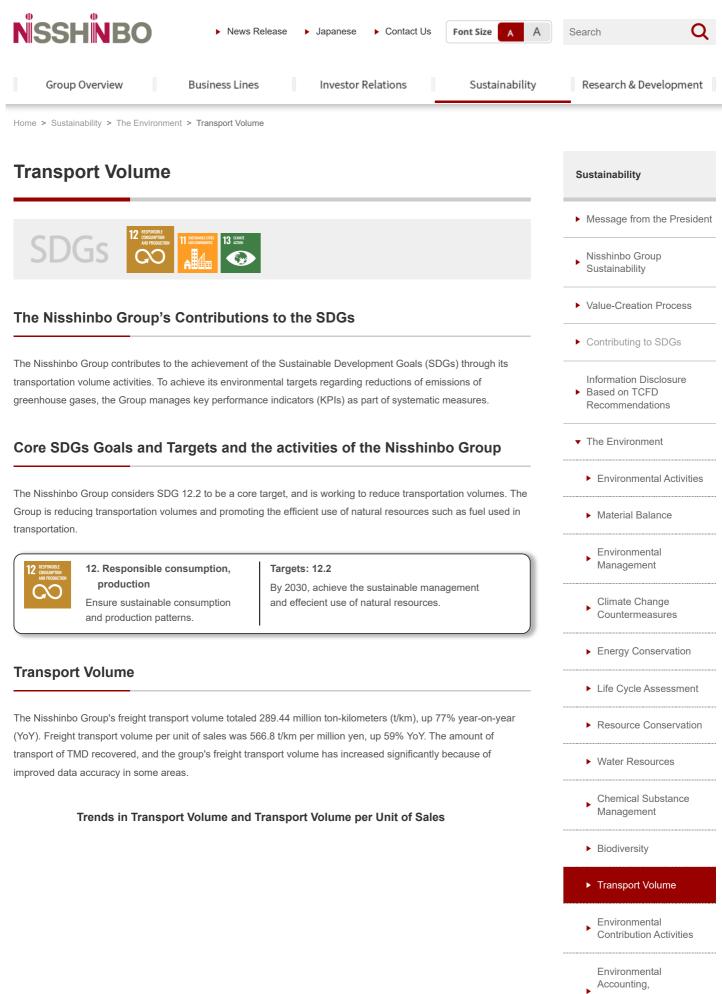
## Conservation Activities of endangered species (Golden venus chub)

Nisshinbo Textile Inc., Tokushima Plant, together with Nisshinbo Holdings Inc., Nisshinbo Chemical Inc., and Daio Paper Products Corporation, concluded an agreement with the Tokushima prefectural government to take over the endangered golden venus chub and utilize fire prevention tanks for reproduction of the fish. In fiscal year 2017, the companies launched multiplication activities, and 2021 was the fifth consecutive year. Starting with 200 fishes, the golden venus chub is being propagated reliably every year, and in fiscal year 2021, 368 (151%) of the fish were propagated.

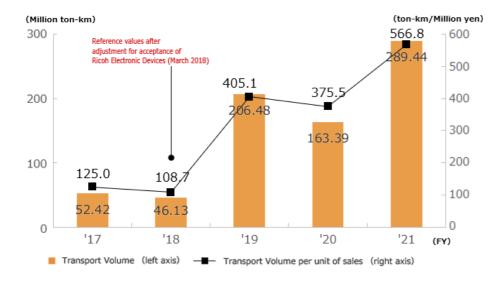
Beginning in December 2020, the Yoshinogawa plant began keeping 30 golden venus chub from the Tokushima plant. As a result of careful sequestration to prevent adult fish from mistakenly eating eggs and juveniles in the

aquarium, it was possible to reproduce up to 100 fish. The Yoshinogawa Plant increased the number of aquariums for breeding and contributed to the protection of endangered species by creating an environment amenable to breeding.





Accounting, Environmental Data by Principal Company



				(M	illion ton-km)
	2017	2018 (Reference value after adjustment)	2019	2020	2021
Transport Volume	52.42	46.13	206.48	163.39	289.44
		-		(ton-kn	n/Million yen)
Transport Volume per unit of sales	125.0	108.7	405.1	375.5	566.8

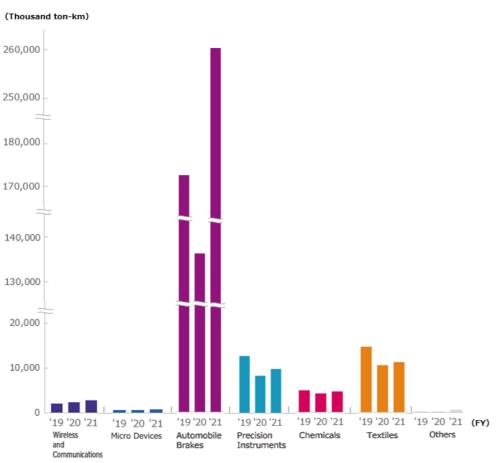
► Practices Consumer Issues Community Involvement ۲ and Development Fair Operating Practices Sustainable Procurement ▶ **Basic Policy** Corporate Ethics Reporting ۲ System Participation in the ۲ Initiatives External Ratings and ► Evaluation Comparative Table with GRI ۲ Standards Editing Policy

CSR Reports (Downloads)

Human Rights and Labor

The Automobile Brakes business accounted for 90% of overall transport volume.

#### Trends in Transport Volume by Business



	(Thousand ton-k			
	2019	2020	2021	
II Wireless and Communications	1,984	2,234	2,639	
II Microdevices	686	665	754	
II Automobile Brakes	171,019	137,084	259,501	
Precision Instruments	12,813	8,453	9,971	
II Chemicals	4,904	4,197	4,648	
ıll Textiles	14,868	10,566	11,382	
Others	209	190	545	

\* In fiscal year2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

## **Examples of the Nisshinbo Group Activities**

#### Promoting efficient transport

Since its establishment in 2020, JRC Logistics Service Co., Ltd., has worked to streamline logistics operations at Japan Radio Co., Ltd., and its affiliates.

Efforts are being incorporated into transport to promote the efficiency of logistical operations, including efforts to remove waste at the time of delivery by using charter stools effectively, to improve the loading rate by selecting the optimum vehicle according to the amount of cargo, and to collect cargo at large-scale bases and to shorten the transport distance by transporting it from each base.

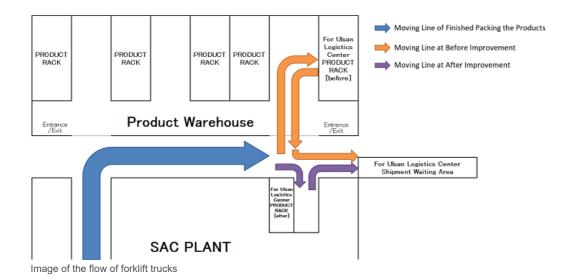
In fiscal year 2021, CO2 emissions were reduced by 78 tons compared to the CO2 emissions from conventional transportation and transport methods (using CO2 emissions calculated by the National Transport Federation HP).

#### Measures to reduce the number of moving traffic lines of forklifts

Saeron Automotive Corporation in the Republic of Korea carries out warehousing and shipping planning after product manufacture.

The products shipped to the Ulsan Distribution Center use special-purpose loading pallets, but the size of the pallets in question was large, and the distance traveled by forklifts was farther than for other products. Therefore, the efficiency of transportation by forklift trucks was lower than that of others.

In order to improve the efficiency of forklift transport operations, the company examined ways to reduce forklift travel distances in consultation with distribution teams. By changing the storage location of products scheduled for shipment to the distribution center, the distance traveled by forklifts was drastically reduced, thus improving the efficiency of transportation work and reducing transportation costs.



#### Activities of reduced transportation volume by reducing the weight of waste

In PT. Nisshinbo Indonesia, we have reduced the amount of  $CO_2$  generated during waste transportation by reducing the amount of waste.

Sludge (sludge), which accounts for about thirty percent of the total waste generated by the company's manufacturing activities, contains moisture and weighs a considerable amount. Direct handover of this sludge to the disposer leads to a large load during transportation and to the generation of substantial amounts of CO2.

Therefore, by using the heat of oil boilers in the process and drying of the sludge, the company realized a reduction in transport weight. As a result, the company was able to reduce the volume of CO<sub>2</sub> transported to disposal contractors by approximately 1000 tons per year and to reduce the volume of CO<sub>2</sub> generated during transportation by 35 tons per year.



Sludge before drying

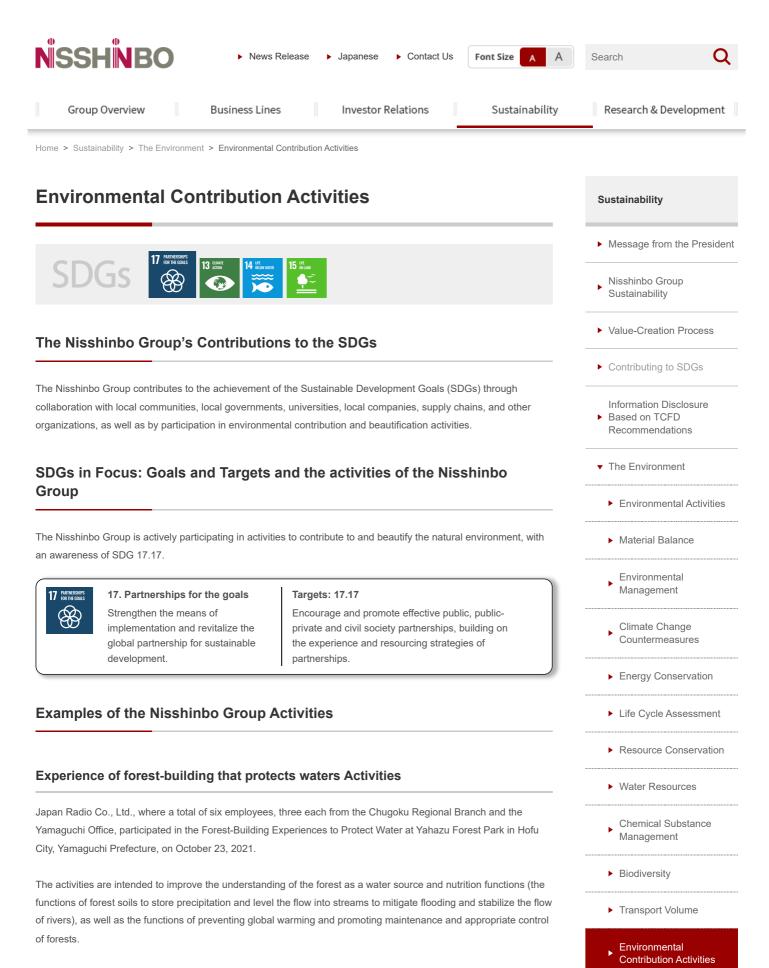


Sludge after drying



## **Nisshinbo Holdings Inc.**

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On the day of the event, under the guidance of the Yamaguchi Agriculture, Forestry and Fisheries Office in Yamaguchi Prefecture, the participants experienced tree thinning operations in which broad-leaved trees, such as Japanese oak, were cut down with saws. By thinning the trees, sunlight can reach the ground and promote the growth of grass and other trees. The growth of vegetation leads to increased water retention in forests. Through this

Environmental Accounting,

Environmental Data by

Principal Company

work, the employees were able to experience healthy forest building and learn the functions of forests that are

required for the stable maintenance of water.





Thinning operation

Thinning operation

## Contributing to the Community by Cleaning Activities

NJ Components Co., Ltd., voluntarily participates in the cleaning of roads near the Sanyo plant twice a year. The number of participants has increased every year with 11 participants in May and 17 in December of 2021. Over a period of about one hour, the employees clean the roadside for a total distance of about 4 km, where they gathered a lot of waste.

The Sanyo plant is located in a mountainous area with many ponds and agricultural canals in the vicinity. It is surrounded by nature where wild birds, dragonflies, and cicadas fly around. A little down Prefectural Road 225 one will find a residential area with supermarkets and convenience stores.

Unfortunately, these environments contain discarded beverage containers, such as empty cans and PET bottles, as well as waste plastic bags and paper. The prefectural road has a relatively high traffic volume, and dumped garbage not only compromises the aesthetics of the area but also leads to unexpected accidents. The company wants the area to be beautiful and safe, and the employees of the plant hope to contribute to the local community as much as possible through the clean-up activities.



Cleaning along the road



Cleaning along the road

#### Contributing Activities through environmental beautification around plants

The Saeron Automotive Corporation in the Republic of Korea performed environmental beautification activities around the plants once a month since 2008. In 2021, the activities of many people were interrupted from the impact of the spread of the coronavirus pandemic, resulting in the implementation of fewer activities by small groups.

In March 2021, approximately 20 employees picked up waste in the vicinity of the plant and sorted the collection of recycling-competent substances. Employees who participated commented that they were able to reaffirm the importance of environmental beautification. The company will continue to conduct such activities in the future.

## Participate in cleanup campaigns

On October 2, 2021, TMD Friction Romania's Superheroes for the Earth team participated in a fall cleanup campaign sponsored by the Municipal Office of Caransebes. Nine TMD employees and eight of

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their children helped collect garbage from various places in the city to create cleaner environments.

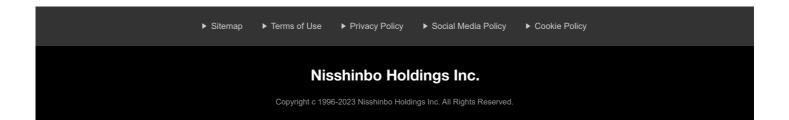
This provided the company with an opportunity to increase awareness of the importance of supporting the community and protecting the global environment. In addition to learning how to sort waste, the children also had the useful experience of practicing segregated garbage collection. The children were so enthusiastic that they felt like becoming true superheroes for the planet.

The company is actively engaged in environmental projects. Volunteering helps to create cleaner and healthier environments for families, colleagues, friends, and members of the community. The company will continue such activities, believing that small initiatives can be very effective and that environmental conservation begins with the actions of each person.





Campaign goods



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Sustainability

Group Overview

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## Environmental Accounting, Environmental Data by **Principal Company**

## (1) Environmental Conservation Costs

The Nisshinbo Group's total investment amounted to 299 million yen, down 22% year on year. The main component is research and development of new materials at Nisshinbo Brake Inc. and capital investment expenses associated with the renewal of sludge dewatering equipment at Nisshinbo Microdevices Fukuoka Co., Ltd.

The Nisshinbo Group's total spending for the year came to 3,291 million yen, up 18% year on year. This increase is mainly related to research and development of sustainable products at Nisshinbo Microdevices Inc.

## (2) Environmental Conservation Effects

The Nisshinbo Group reduced greenhouse gas emissions by 19,477 t-CO2, down 35% year on year. This decrease is mainly related to stopping own coal-fired power generation at PT. Nikawa Textile Industry.

#### (3) Income from Environmental Conservation Measures

The Nisshinbo Group's economic benefits totaled 350 million yen, up 15% year on year. This increase was due to an increase in sales of cotton waste following a recovery in production volume at Nisshinbo Do Brasil Industria Textil LTDA.

## **Environmental Accounting Spreadsheet for Fiscal 2021**

Category		(1) Environmental conservation costs			
		Investment (million yen)	YoY change (%) <sup>*</sup>	Costs (million yen)	YoY change (%) <sup>*</sup>
	Pollution prevention costs	72	-60%	316	-24%
On-Site	Environmental conservation costs	119	-13%	290	-7%
	Resource recycling costs	46	98%	453	7%
Upstream/downs	Upstream/downstream costs		-	469	43%
Management costs		0	-77%	402	43%
R&D costs		62	56%	1,324	31%
Social activity costs		0	-	4	204%

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-		<ul> <li>Environmental Activities</li> </ul>		
-		<ul> <li>Material Balance</li> </ul>		
		<ul> <li>Environmental Management</li> </ul>		
-		Climate Change Countermeasures		
-		<ul> <li>Energy Conservation</li> </ul>		
-		<ul> <li>Life Cycle Assessment</li> </ul>		
		<ul> <li>Resource Conservation</li> </ul>		
		<ul> <li>Water Resources</li> </ul>		
		Chemical Substance Management		
		<ul> <li>Biodiversity</li> </ul>		
		<ul> <li>Transport Volume</li> </ul>		
		Environmental     Contribution Activities		
		Environmental Accounting,		

Environmental Data by Principal Company

Environmental remediation costs	0	-	31	48%
Other costs	0	-	2	354%
Total	299	-22%	3,291	18%

Category		(2) Environmental conservation effects		(3) Income from environmental conservation measures	
		Greenhouse gas reduction (t- CO2)	YoY change (%) <sup>*</sup>	Income (million yen)	YoY change (%)*
	Pollution prevention effects	34	-7%	21	1300%
On-Site	Environmental preservation effects	18,010	-38%	54	-1%
	Resource recycling effects	394	-32%	275	11%
Upstream/downs	tream effects	1,010	5,839%	0	-100%
Management effe	ects	0	-	0	-
R&D effects		0	-	0	-
Social activity effects		0	-	0	-
Environmental remediation effects		0	-	0	-
Other effects		0	-	0	-
Total		19,447	-35%	350	15%

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## Environmental Data by Principal Nisshinbo Group Company

## 2021 data [ 🚾 248KB]

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# Human Rights and Labor Practices



## **Basic Stance**

Each and every employee's ability is key for companies to contribute sustainably to a diverse and global society. The Nisshinbo Group aims to create a more worker-friendly environment for employees by respecting each of their character and individuality and placing the right people in the right jobs. To this end, the Group respects diversity in all respects, including human rights and hiring, and promote work-life balance. Additionally, the Nisshinbo Group carries out safety and occupational health activities in an aim to eliminate all occupational hazards.

Nisshinbo Group Corporate Philosophy

## The Nisshinbo Group's Efforts on the SDGs

The objectives of the Nisshinbo Group overlap with those of the SDGs. The Group contributes to the achievement of the SDGs through our business.

The Group are aware of all of the SDGs and are considering goals to which we can make real contributions. The Nisshinbo Group believes that the following four goals are at the core of human rights and fair labor practices.



# SDGs Goals deeply involved in Our Businesses



3. Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages.



5. Gender Equality Achieve gender equality and empower all women and girls.



8 DECENT WORK AND ECONOMIC GROWT

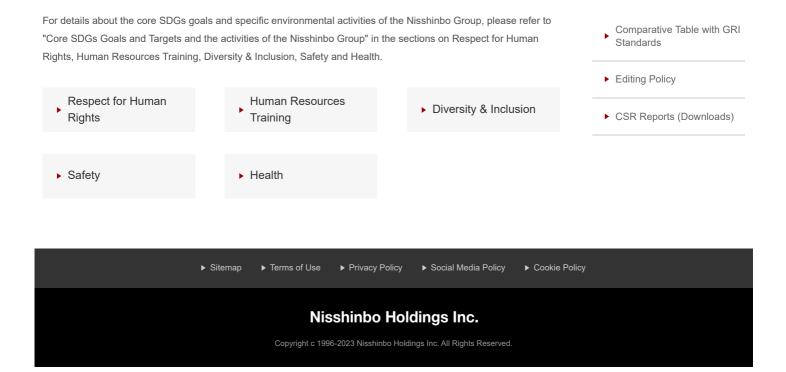
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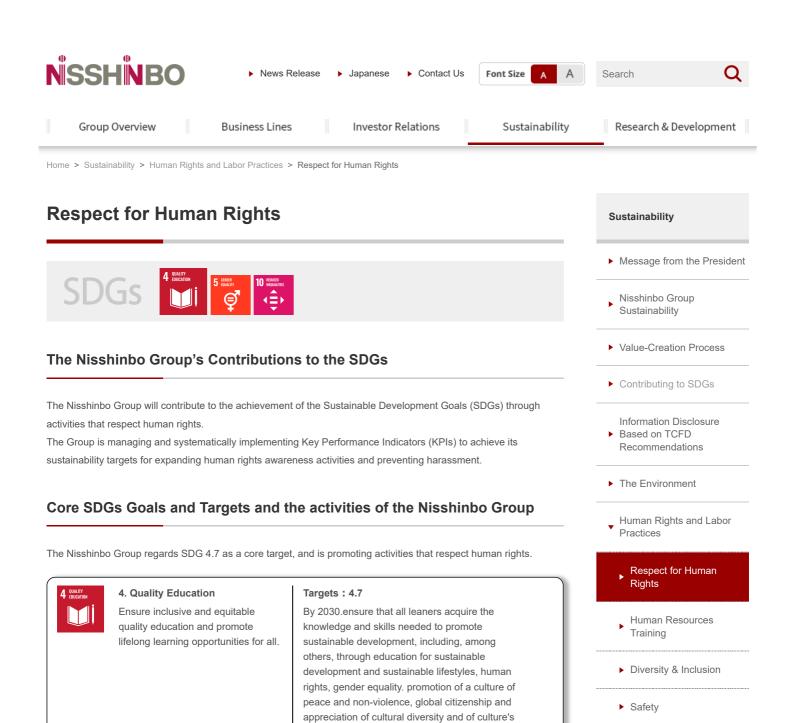
24. Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

8. Decent work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.







In an effort to promote respect for human rights and put in place a more comfortable workplace, the Nisshinbo

contribution to sustainable development

Health

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Consumer Issues

and Development

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System

Community Involvement

Fair Operating Practices

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Group engages in human rights education and training activities based on a structure in which Nisshinbo Holdings Inc.'s Chief of the Corporate Strategy Center serves as the Promotion Committee Chair, and Chief of the Sustainability Development Department serves as the Promotion Committee Vice-Chair.

With respect to the Group's human rights education, we conduct training for new employees and training for all employees throughout the year. To raise employee awareness of human rights, in December each year coinciding with Human Rights Week, Group companies in Japan and other countries invite employees and their families to submit human rights slogans and present awards for exceptional works.

Group companies in Japan have set up a Harassment Consultation Desk to prevent harassment and have a system in place with multiple contact persons to provide consultation to employees. In addition, the Group provides basic training and follow-up training to ensure that newly appointed personnel acquire the skills to handle consultations.

We also place importance on giving consideration to human rights in our supply chains. <u>The Nisshinbo Group</u> <u>Sustainable Procurement Basic Policy</u> and Sustainable Procurement Guidelines of Group companies clarify rules such as consideration toward basic human rights and the prohibition of child labor. Anger management is psychological training program to control the emotion of anger. It spread from the United States in the 1970s. In recent years, Anger Management has been introduced into employee training and other programs at Japanese companies.

Since 2017, the Nisshinbo Group has been conducting training for managers at all of its business sites in Japan, with the aim of achieving good workplace management through appropriate emotional control. Participants praised the training program with comments such as, "It was a good opportunity to face my anger" and "I learned that I can control my anger by myself". The program is expected to help foster good communication in the workplace.

In June 2020, the revised Act on Comprehensive Promotion of Labor Policy was enacted in Japan, obliging companies for the first time to take measures in employment management to prevent power harassment. In response, the Group has further expanded its anger-management training program and is developing "basic training" and "reprimand training", to develop the ability to control the feelings of anger that can lead to power harassment.

Basic training is designed to teach the fundamentals of anger management. Originally offered only to managers, the program has been expanded to include general employees. Reprimand training teaches managers how to reprimand employees in positive ways that help them to grow professionally. It provides opportunities to explore ways of mentoring subordinates in ways that do not amount to power harassment.



Anger Management Training

## **Examples of the Nisshinbo Group Activities**

#### Promoting employment for the disabled

As of the end of December 2021, JRC Tokki Co., Ltd., employed 10 people with disabilities (2.6% of the workforce). The personnel are employed exclusively in individual (or respective) suitability departments and are active in a wide range of departments, including General Affairs, Accounting, Procurement, Quality Assurance, and Management. By respecting the self-reliance of the individual, the company offers an environment in which employees can work with high motivation as a single force.

After adoption, employees received intensive support (six months) from job coaches at the Kanagawa Occupational Center to enable consistent work for the long term, and the company also conducted one-month review interviews at the end of the month. In addition, *with long-term establishment support* as the theme, the company has a key person in each department with a natural support system where advice and individual consideration can be provided naturally from day to day. The company is focusing its efforts on creating workplaces where employees can work with reassurance.

In the future, the company will continue to respect diversity and promote employment for people with disabilities by creating a working environment that allows everyone to work together.

# Prohibition of Discrimination and Respect for Human Rights Based on Legal Compliance

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In the United States, human rights-related legislation has been enforced under the Americans with Disabilities Act (ADA); the Rehabilitation Act, which stipulates the prohibition of discrimination on the basis of reasonable considerations and disability, along with rules on medical examinations and inquiries of employers; the Age Discrimination in Employment Act (ADEA), which prohibits discrimination on the basis of age in all forms of employment, including hiring, wages, dismissal, and working conditions; and the Genetic Information Discrimination Act (GINA), which prohibits health insurance companies and employers from discriminating against Americans on the basis of personal genetic information.

Nisshinbo Automotive Manufacturing Inc. (NAMI) provides training on discrimination for all new employees and training on harassment and discrimination for supervisors each year. In addition, the company regularly updates its anti-discrimination policy and recruitment application guidelines to encourage respect for individuals.

#### Operation of the bullying prevention system in the workplace

In order to prevent bullying among supervisors, subordinates, or colleagues at work, the Korean Saeron Automotive Corporation (SAC) established new regulations as part of the internal employment regulations on preventing and responding to bullying at work. In order to completely ban workplace bullying, the company implemented and operationalized two rounds of in-house communication related to this regulation.

SAC has also published the *Manual for Judgment, Prevention, and Response to Bullying at Work* on the intranet site and has a system that allows everyone to inform the department in charge of bullying at work. While perpetrators are subject to disciplinary punishment under collective agreements (salary reduction, suspension from duty, and other penalties), victims and whistleblowers are not subject to any disadvantageous treatment or retaliation.

Bullying at work means exceeding the appropriate scope of work and causing physical and mental distress. Through the operation of this system, the company is working to ensure that employees respect each other and is making an effort to protect human rights.

#### Promoting employment for the disabled

Nanbu Plastics Co., Ltd., implemented the following measures related to employing people with disabilities and continues to achieve the statutory employment rate for people with disabilities.

#### 1. Telework with supervision

Three people with disabilities telework from the office by using the resident Telework Office Fujisho Prestation (Shizuoka Prefecture), which is supported by observers who manage their physical condition. Care is taken to maintain the psychological safety of the individual to ensure stable work.

#### 2. Acceptance of Workplace Practice from Special Support Schools

The company accepts students from the nearby special needs school senior college club for practical work with an eye toward working after graduation. Participating students begin to understand the basic attitudes or behaviors for work after graduation, as well as the characteristics of their own disability, and companies can identify the characteristics and abilities of students before employment, thus exerting the effects on smooth employment after graduation.

3. Acceptance of referrals from a continuing employment support facility Referral from a work continuity support facility accepts people with disabilities, and the company checks the likelihood and matches of working to appropriate tasks with the support of a professional instructor, such as work guidance and manual preparation.

#### **Employment and Retention Support for Persons with Disabilities**

The Asahi plant of Nisshinbo Chemical Inc. has actively participated in workshops sponsored by support institutions for people with disabilities.

During the current coronavirus outbreak, collective training and visits to companies employing people with disabilities have been difficult, but in fiscal 2021, two people participated in the Web's Challenge Project to Promote Employment for People with Disabilities and Consultation Sessions for Firms to collect and exchange information. The Web workshop, which will be held in the future, will also be disseminated to the target workplaces and used as a site where knowledge can be shared widely with the engagement of many employees.

Recruitment activities involve collaborating with support organizations for practical training in workplace visits and  $\rightarrow$  for human resource referrals  $\rightarrow$  to eliminate the fears of working with people with disabilities, to eliminate gaps in the image of employment, and to enable people to work in line with their wishes.

#### Acceptance of workplace experience for people with disabilities

The Osaka office of Nisshinbo Textile Inc. participates in a company matching conference sponsored by Osaka Prefecture and continues to provide workplace experience for people with disabilities. In 2021, four people gained experience in sorting posts and dough, cleaning supplies, and entering PC data.

Through a variety of work experience, the company was able to not only check the suitability of the participant but also gain an awareness of the considerations according to the characteristics of the participant, and some experienced people felt that the work to move the body was well balanced with the amount of PC work, and both mental and physical fitness aspects were able to work stably. The experience was also an effective opportunity for people with disabilities who are currently employed to learn how to interact with partners through teaching tasks.

The company will continue to promote activities to increase the number of places where people with disabilities are able to work positively.



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## **Human Resources Training**



## The Nisshinbo Group's Contributions to the SDGs

The Nisshinbo Group contributes to the achievement of the Sustainable Development Goals (SDGs) through human resource development activities. We are implementing systematic measures to achieve the Group's sustainability target of promoting the globalization of human resources.

## Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group considers SDG 4.7 as a core target, and is promoting human resource development activities through the implementation of various training programs and support for self-development.

4 QUALITY EDUCATION	4. Quality Education	Targets: 4.7
	Ensure inclusive and equitable quaility education and promote lifelong learning opportunities for all.	By2030, Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

The Nisshinbo Group concentrates on personnel training based on the belief that "good people make for a good business."

#### Development of executive successors

Each year the Group prepares a list of successor candidates for the main positions of each Group company and conducts training of successor candidates in a planned manner.

1. Department- manager level or higher

Management mindset training: Trainees acquire a mindset appropriate for management. Selective External Training: Trainees acquire global standards of management knowledge, mindset and role behavior.

Practical workshop: Trainees acquire the ability to create and surpass businesses.

2. Section-manager level

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Evaluation

Business Strengthening Workshop: Trainees acquire the ability to generate profits and expand business. Dispatch to the management of Technology (MOT) Graduate School of the Tokyo University of Science: Offered, this program develops management personnel who possess both technical knowledge and management skills.

#### 3. Young to mid-level employees

Innovation Leader Development Training: Offered, this program develops personnel capable of improving operational efficiency and productivity in response to technological reforms.



Innovation Leader Development Training

#### ■Support for career autonomy

#### 1. Younger age group

The Group has a mentoring system for newly graduated general employees in the first to third year of recruitment. The Group also provides follow-up training and career training in the second, third, and fifth year of employment by new graduate general employees. In addition, periodic supervisor interviews are also conducted with career sheets and follow-up on the desire to change are also conducted.

#### 2. Senior group

As an active support measure for seniors, the Group provides training on the Money Plan and health for a life of vigor and to enhance the career.

3. Learning management system (Family name: L-Click)

Since 2021, the Group has begun to develop an environment where learning can take place anytime, anywhere, for anyone. After the introduction, the number of accesses has been rising, and the number of content has been increasing.

The program also educates interns. In addition to participating in e-learning programs, the Group uses the in-house SNS function to strengthen the connections between interns.

In the future, the Group will promote planned human resources development and career autonomy support by promoting the sharing of this system among all Group companies in the country and creating opportunities for education for more people.

#### Training topics

1. Training for executives, new general managers of the Group companies and new section managers

In order to foster a sense of unity among companies, the Group provides joint training for executives, new department managers and new section managers for all Group companies.

2. Education for mid-career employees

Comparative Table with GRI Standards

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Acceptance education aimed at ① understanding the company and ② building a connections between mid-career general employees was provided to mid-career hires. In the round-table discussion, an enthusiastic discussion was held on the theme of "A little Strange Here at Nisshinbo."

#### 3. Digital education

New employees participate in training to acquire basic digital knowledge. The Group also prepared many menus for the learning management system and will continue to expand digital education.

#### 4. Global response

The Nisshinbo Group also focuses on the development of human resources capable of responding to global business. The Group provides training in cross-cultural understanding and opportunities of round-table discussions with overseas experienced persons for new employees, training in cross-cultural understanding for employees posted overseas, training at language schools for overseas dispatchers, language training targeted for junior employees in the United States and China for 2 to 6 months, and training in English and business Japanese co-sponsored by group companies. In addition, employees younger than 35 years of age are provided with measures to promote foreign experience and support in the use of online English conversations and verbal judgment tools.

#### Voices of Students:

(Participants in Innovation Leader Development Training)

Students learn the theory of innovation, leadership, and personnel management and work with the same generation in a different industry and other business sectors, which provides a good opportunity to grow as a person, as well as to make use of the knowledge at work. I had a different experience from my regular work, and I learned a lot and became aware of it.

#### (Student of language training system/English)

The training wasn't just about language acquisition, but rather I was able to make many new discoveries such as expressions used in daily life, and choosing the right word depending on the situation. By using phrases and words that are also used by people in other countries, I was able to feel much closer to the people I spoke with, and this led to quality communication.

## **Primary Training and Systems**

Training for Leaders	Executive managers training program, workshop to strengthen business ability, innovation leader development training
Training for Managers	Group companies and Affiliates Executive managers training program, organizational studies training, human resource administration training, finance and cash flow basic training, management strategy training, management strategy basic training, marketing training, accounting training, basic management training, and finance training, effective management (EM) method training
Training for promoted personnel, etc.	Training for new employees, training for newly appointed supervisors, newly appointed managers and newly appointed senior managers
Subordinate Training	Coaching training, feedback training, and evaluator training
Career Support	career sheet (career building and transfer requests), New Challenge System (internal job openings), second life support system, young employee follow-up system, and mentoring system
Autonomous Learning Support	Learning management system, subsidies for correspondence courses and e-learning courses, and subsidies for outside commuter-type training

	courses
Global Training	Language training system in countries outside of Japan (English and Chinese), promotional programs providing experience abroad for young employees, global human resource training system, Company-funded CASEC testing for specified employees, top management training at subsidiaries in other countries, pre-departure programs for assignments abroad, language training before and after trips to countries outside of Japan (test fee aid system), TOEIC and CASEC certification testing (test and transportation fee aid system for voluntary test takers), 50% subsidized online English conversation courses, and 50% subsidized correspondence courses and e-learning courses for language acquisition
General Education and Training	Education and training in Corporate Philosophy, human rights, safety, occupational health, quality management, compliance, environment, diversity, specialized technical training, digital education, and intellectual property training

## **Examples of the Nisshinbo Group Activities**

## Implementation of group training for the Nisshinbo Group in China

Nisshinbo Corporate Management (Shanghai) Co., Ltd., plans and conducts group training and e-learning every year to develop human resources at the Nisshinbo Group companies in China.

In the group training in fiscal year 2021, in addition to the conventional management training, the company provided financial simulation training and business management simulation training for employees in the nonfinancial departments for managers. For managers and below, the company implemented training in the areas of emphasis that included improving logic and competence, such as documentation, communication skills, and logical thinking. To foster a sense of unity among the Group, the company also introduces a description of our corporate philosophy and the history and products of the Group.

On the other hand, e-learning covers a variety of areas from rudimentary Excel and improved Word skills, such as manufacturing site control and management methods.

In fiscal year 2022 and beyond, the company will continue to work to introduce not only the benefits of training but also the issues and directions to be tackled by the Group.



Group training

## Accepting students for practical work experience

Since 2014, Nisshinbo Automotive Manufacturing Inc. (NAMI) in the United States has implemented a vocational experience training program for high school and university students.

Through these practical training program, NAMI has been working to develop talented employees who can achieve higher performance leading to employment after graduation from college. As a result, the company has found excellent human resources through this program.

This program has been temporarily suspended because of the recent the COVID-19 pandemic, but the company plans to review the program in order to continue to implement this training. New training plans, policies, and evaluation methods will be developed, and surveys will be conducted.

#### **KAIZEN** Activities Initiatives

Nanbu Plastics Co., Ltd., participates in Group Kaizen Activities by Nisshinbo Mechatronics Inc..

With the goal of strengthening profitability through business transformation and aiming to accelerate KAIZEN activities with the participation of all employees, all 11 groups, including their companies, conducted thematic activities, and approximately 30 participants from 6 teams from Nanbu Plastics Co., Ltd., participated in the KAIZEN case presentation meeting on December 24, 2021.

Through KAIZEN activities, we have been able to raise the level of solidarity within the workplaces. At the same time, we learned more from the KAIZEN activities of other teams, and I feel that this became one of the key factors that will deepen the awareness of KAIZEN.

#### Efforts to Improve Employee Motivation

PT. Standard Indonesia Industry honors 2 elite employees each month. Eligible employees are selected on the basis of evaluations that include items on work attendance, 5S implementation, and cooperation with organizations. In addition, apart from this standard evaluation, special evaluation points are added when effective improvement is made.

In the most recent case, the company improved the tap processing process by switching the processing equipment from an old dedicated machine to a general-purpose machine purchased last year, and evaluated the effect of significantly reducing down-time. The person responsible for the tap processing won an award. In fiscal 2021, the company selected the highest elite workplaces and the highest elite employees per year and gave out awards in front of employees, which was very exciting.

Since this event, an atmosphere has been created where employees enjoy the improvements in their workplaces, which has helped to increase employee motivation.



Ms. Didin, who was honored as the best employee of the year



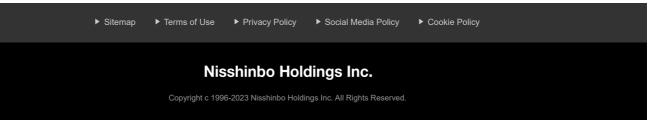
Manufacturing Department Members Awarded the Maximum Annual Workplace of Excellence

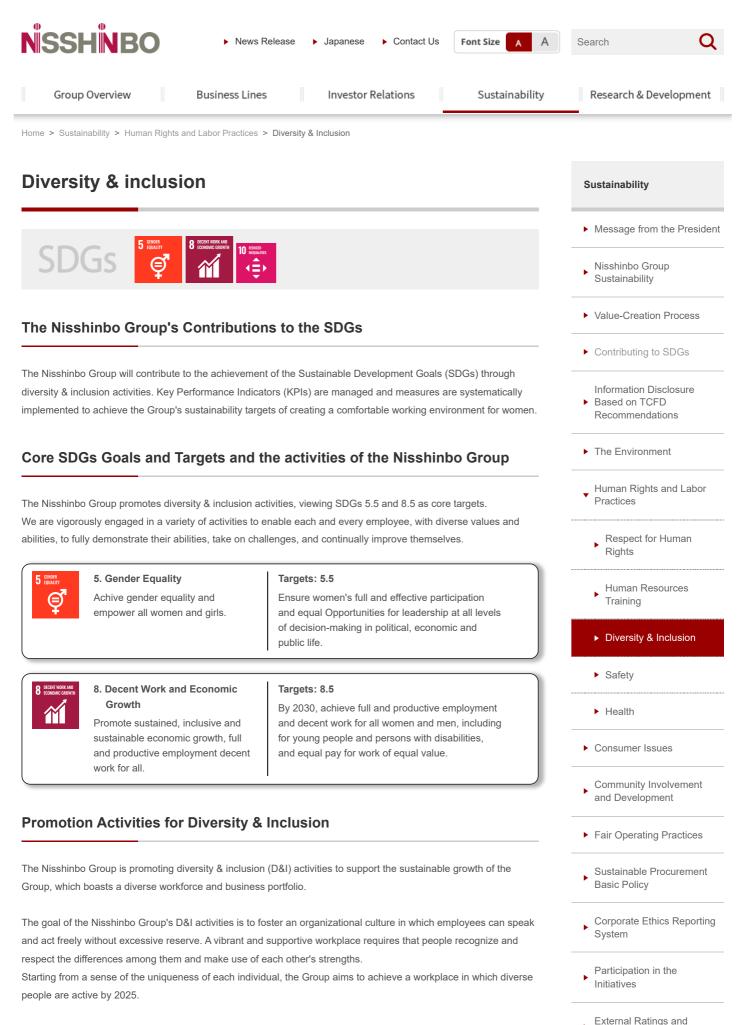
#### Training for junior high-level careers

In view of individual career development and organizational activation, and the need for self-directed, autonomous human resources in the midst of environmental changes, Nisshinbo Textile Inc. provided career training by external lecturers for employees in their first to 6th year of employment and offered individual career consulting interviews with these lecturers after the training.

In fiscal year 2021, the company first introduced a career role model of senior employees and the presentation of training at the Tokyo Shirt Stores by the participants themselves. Based on these findings, the participants worked in groups after the lecturers received explanations about career formation. As a result, it became a place for communication between younger employees who were unable to meet face to face due to the COVID-19.

Participants felt that this was a reference for how to work and what to do in the future and it made them reflect on themselves and think about their careers. In the future, the company will continue to provide career training and career interviews, including a follow-up on the establishment of junior employees.





	External	Ratings	an
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Since 2021, the Group has sponsored psychological safety training sessions aimed at each level, linking diversity and inclusion to the results, with the aim of understanding the concept and importance of psychological safety, which is the cornerstone of D&I.

- · Jan. 2021 Top management training
- May to September 2021: Training for management and managers (completed by approximately 1700 employees)
- · October 2021 to June 2022: Training for general employees (for approximately 7000 employees)

The Group will continue to promote a variety of activities, including continuous dissemination of messages and publicity of top-level management.

## **Transformation of the Group Culture**

#### Implementation of employee surveys

Since 2018, the Nisshinbo Group has conducted employee surveys to learn about the current state of the Group's organizational culture and climate and to help examine possible future measures.

The Nisshinbo Group has established the Employee Survey Promotion Team and, based on the results of the surveys, the Group has formulated an action plan from the viewpoints of the companies to which employees belong, their workplaces and the status of their work, and have initiated activities on that basis. The Group will conduct periodic surveys to identify changes in the organizational culture of the Nisshinbo Group. The survey results will be applied in a variety of activities so that employees can continue to tackle challenges boldly to improve business results, with high levels of workplace satisfaction and motivation.

## **Promoting Diverse Work Styles**

In 2020, the each Group company in Japan instituted a telework system. Together, the Group is promoting the development of IT environments, expansion of electronic approval, and the use of Web conferences.

## Supporting the Activities of Diverse Personnel

# Act on the Promotion of Female Participation and Career Advancement in the Workplace—General Action Plans

In accordance with the Act on the Promotion of Women's Participation and Advancement in the Workplace, Nisshinbo Holdings Inc. has formulated the following General Employer Action Plan so that women and other diverse human resources can work enthusiastically and maximize their skills. Seventeen domestic Group companies<sup>\*1</sup> other than ours are implementing similar initiatives..

Planning period January 1, 2022, to March 31, 2026

#### Contents

Goal 1	The proportion of females in the total number of clerical professionals is to be more than fifty percent.
Measure	January 2022-: Public relations on efforts to promote women's active participation, diversity, and inclusion.

- Comparative Table with GRI Standards
- Editing Policy
- CSR Reports (Downloads)

Goal 2	The number of women in supervisory roles will be more than twice as many as that in fiscal year 2021.
Measure	January 2022-: Interviews with supervisors for positive and fair development and the evaluation of female employees Development of an individual development plan for female employees and follow-up on implementation status Creation of opportunities for exchange between female employees and managers and supporting network formation
Goal 3	Take at least 70% of annual paid leave.
Measure	January 2022-: Management and follow-up of leave status

\*1 Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd., JRC Engineering Co., Ltd., JRC System Services Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nanbu Plastics Co., Ltd., Kyushu Nanbu Plastics Co., Ltd., Nisshinbo Chemical Inc., Nisshinbo Textile Inc., Tokyo Shirts Co., Ltd.

## Appointment of women to managerial positions

The Group's challenge is to increase the proportion of female managerial candidates and women in managerial positions. Accordingly, Nisshinbo Holdings Inc. has set the following goals under the Act on the Promotion of Women's Participation and Advancement in the Workplace General Employers Action Plan as of April 1, 2020, and achieved all of these targets by the end of fiscal year 2021.

Goal 1	The female recruitment ratio of new graduates in the office is 40% or more. (Average of 71.4% in 2020 and 2021)
Goal 2	Increase the proportion of female candidate managers to 15% or more. (Accumulated 15.6% in 2020 and 2021)

#### **Training Targeting Every Leve**

Training for the various levels was conducted from 2015 to 2021. As of 2022, follow-up measures will be implemented.

Timing	Name of Training	Content	
December 2015	Lecture for Executives	Managers participated in lectures to learn about measures for promoting the advancement of females.	
2016-2021	Training for Managers	This training, which targets all employees at the managerial level, is designed to help participants understand the fundamental significance of promoting the advancement of female, and help participants recognize and overcome their own biases.	
2016-2019	Training for Female Employees	This training aims to help participants understand the fundamental significance of promoting the advancement of female, and help participants overcome their own biases, in order for them to engage in the type of work they desire.	
2017-2021	Joint Training for Managers and Female Employees	Managers and their female employees participate in pairs, engaging in group discussion and meeting	

one on one to together content medium-to long-term career plans.



Training for Managers





Joint Training for Managers and Female Employees

#### Support for career building

The Group respects the experiences, strengths, and diverse values of each individual, and implements the initiatives to support autonomous career development.

Since October 2018, the Group has provided training for managers in their 50s with the aim of enabling them to think about and prepare for careers after retirement. During the training, students learn about the money plan, health, and career for a dynamic and energetic life after retirement. Since 2022, the program has expanded to include general employees, and many people continue to participate in the program. In the future, the Group will also provide training for other age groups.

#### Assisting workers in balancing work and nursing care

The each Group company in Japan have introduced a number of programs to help employees balance work and nursing care. These include nursing-care leave, family-care leave, shortened working hours for family care, and a system for returning employees to work after retirement for nursing care.



The "Tomonin" logo. This logo is used to promote work environments where employees can balance work and nursing care.

## Act on Advancement of Measures to Support Raising Next-Generation Children— General Action Plan

To maintain an environment in which employees can display their abilities as well as balance their work and private lives, Nisshinbo Holdings Inc. and the Group's other sixteen companies in Japan<sup>\*1</sup> are formulating their next general action plans in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children<sup>\*2</sup>.



Kurumin mark indicating contributions to childcare support

Description

Description	Maintain an uptake rate for annual paid leave of 70 %.		
Measure	January 2021-: Management of and follow-up on the status of uptake of paid leave		
Goal 2	Establish an environment that is supportive of male taking childcare leave, etc.		
Measure	January 2021-: Individual explanations to all male employees who are eligible for childcare leave		

\*1 The Act on Advancement of Measures to Support Raising Next-Generation Children was implemented on April 1, 2005 to maintain healthy environments for children who will shoulder the responsibilities of the next generation to be born and raised.

\*2 Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nanbu Plastics Co., Ltd., Nisshinbo Precision Instrument & Machinery Hiroshima Corporation, Kyushu Nanbu Plastics Co., Ltd., Nisshinbo Chemical Inc., Nisshinbo Textile Inc., Tokyo Shirts Co., Ltd.

## Support System of the Balancing Work and Family-Life

	Childcare	Nursing care	Injury and Illness	Others
	Annual paid holidays in half-day and hourly units			
Lea	Accumulated annual paid holidays			
Leave	Childcare leave	Nursing care leave		
	Partner leave			
(Long Lea Abs	Medical leave (expectant, nursing)			
ng-term eave of bsence	Maternity leave			
° f nj	Parental LOA	LOA for Nursing care	Sick LOA	LOA for volunteer
5	Telework system			
Working	Staggered working hours program			
ng	Short-ti	me work	Mental health test work	
Others	Retiree Reinstatement System (Childcare Nursing care · Spouse's transfer)			
ers	Job transfer system			

## **Examples of the Nisshinbo Group Activities**

#### Introduction of the Optional Retirement Program

As the population decreases in the future, it is necessary to develop an environment where the senior group can become more active in order for companies to maintain growth.

To date, Japan Radio Co., Ltd., has adopted a reemployment system under the Law Concerning Stabilization of Employment of Older Persons, which extends employment through a temporary contract after reaching the mandatory retirement age of 60 in accordance with the Measures to Secure Employment for Older Persons. Nevertheless, in July 2021, the company introduced the Selective Retirement Extension System as one of its measures to respond flexibly to the ever-changing social environment, to respond to legal requests, and to respond to the aging of the company's workforce structure.

In order to support a reassuring life after the age of 60, the system is expected to continue to demonstrate and contribute to the experiences and abilities of seniors while raising wages and maintaining and improving work

satisfaction. In addition, considering the life plans of employees, individual ways of working, and the aspects of physical fitness, health, and safety, the company made the retirement age optional from 60 to 65 years old. In addition, the use of short working hours enables the realization of a variety of working styles.

Flow image through selective retirement

Age of 58: Select the mandatory retirement age desired by the employee. Until the age of 59: Confirm ways to work after 60 years of age and determine the age of retirement Ages 59–64: Participate in a retirement briefing (two to four months before retirement). Ages 60–65 years: Retirement at the end of the month when reaching the selected age.

#### **Promotion of Female Employee Recruitment**

In 2021, Japan Radio Glass Co., Ltd. recruited four women for the first time in a decade to a glass-molding workplace that had previously been almost exclusively male. Japan Radio also hired one woman in February 2022 and two women in April. A decade ago, the company had recruited working experienced workers midway, but in 2021, all four were recruited as inexperienced workers.

Previously, Japan Radio refrained from recruiting inexperienced women for the molding workplaces in view of the physical fitness aspects. However, in the hope that increasing diversity would improve collaboration, communication, and productivity among employees, the company initiated female recruitment.

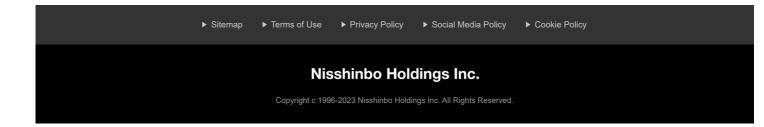
In the future, the company will work to improve the work environment, review the internal regulations related to employment in order to prevent continuing employment and turnover, and recruit female supervisors.

#### Increase female workforce ratio

Nisshinbo Mechatronics India Private Limited of India actively recruits female employees with a view to resolving the shortage in the male workforce due to the coronavirus pandemic, which started in 2020, and to distributing male and female employment opportunities as equally as possible, which has been noted in the country as well.

The percentage of female employees was 17% in 2019, 29% in 2020, and 33% in 2021, an increase of 16% over the past three years. In order to create a workplace that is more comfortable for female employees, the company installed air conditioners in the workplaces of the production processes and installed roller conveyors to reduce the load when raw materials are input.

In 2022, the company targets a recruitment ratio of 35% or more and will further improve the workplace to make it more comfortable for female employees and work to improve the recruitment rate.



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## Safety



## The Nisshinbo Group's Contributions to the SDGs

The Nisshinbo Group will contribute to the achievement of the Sustainable Development Goals (SDGs) through the promotion of health and safety activities. Key Performance Indicators (KPIs) are managed and systematically implemented to achieve the Group's sustainability targets of preventing occupational accidents.

## Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group regards SDG 8.8 as a core target, and is promoting health and safety activities accordingly.



#### 8. Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

#### Targets: 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

## Safety and Health Activities

The Nisshinbo Group shares the Business Conduct Guidelines "Safety is the Basis for Everything" with all employees and promotes health and safety activities with the aim of maintaining and improving a safe and supportive working environment.

In fiscal year 2021, in an effort to continue to eliminate serious accidents, the Nisshinbo Group conducted risk assessments (operations, facilities, and chemical substances) and prioritized measures to address serious risks. As preventive safety activities, the Group focused on early detection and elimination of unsafe conditions through workplace patrols, correction of unsafe actions, thorough STOP · CALL · WAIT in the event of problems in parallel with improvements in safety equipment, thorough safety checks prior to maintenance, initiatives to prevent falls in view of the aging of employees as a countermeasure against accidents, and the strengthening of safety training for unskilled employees, including temporary staff, in order to increase risk sensitivity.

Each site strives to raise the safety awareness of each employee through education at the time of recruitment and when changing jobs, educating employees to improve skills, horizontally developing reports of occupational injuries within the group, training in hazard prediction, and through the small group 5S activities. Each site formulates annual plans, conducts risk assessments for equipment, operations, and chemical substances in a planned manner, prioritizes the assessments, and implements preventive safety measures.

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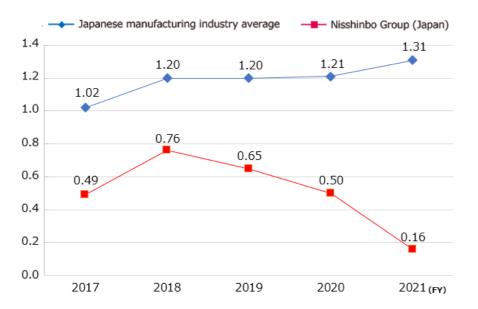
## **Occurrence of Occupational Injuries**

In fiscal year 2021, the Nisshinbo Group had no serious occupational accidents (classified as grade 7 disabilities or higher).

The frequency rate<sup>\*</sup> of work-related injuries, which indicates the frequency of occupational accidents, was 0.16 for the domestic Group as a whole, a significant improvement from 0.50 in fiscal year 2020.

\* Frequency of injuries with lost work days: an index of the frequency of injuries with lost work days. Expressed as the number of workrelated fatalities and injuries per 1 million total working hours.

## Frequency of Injuries with Lost Work Days



	2017	2018	2019	2020	2021
Japanese manufacturing industry average	1.02	1.20	1.20	1.21	1.31
Nisshinbo Group(Japan)	0.49	0.76	0.65	0.50	0.16

## Activities at Business Sites in Other Countries

The Nisshinbo Group employs almost the same number of employees at domestic Group companies as it does at overseas Group companies. Overseas group companies strive to raise the awareness of safety by each employee through the implementation of danger-detection training and danger-perception training provided at each site in accordance with the Guidelines for Behavior with the Fundamentals of Safety as well. In addition, the Nisshinbo Group works to prevent the recurrence of occupational injuries at sites within the Group companies and to prevent similar injuries. Regarding the chemical substances handled, the Group continue to disseminate the danger and thoroughly implement the use of protective equipment to prevent health problems.

## Safety and Health Audits

Nisshinbo Group conducts regular occupational safety and health audits of its manufacturing sites in Japan. A monitoring team—consisting of the Health & Safety Group from Nisshinbo Holdings Inc., labor unions, safety and health management staff representing each business, and safety and health officers of other business sites— checks the state of safety and health management at the targeted business sites. In fiscal 2021, the team conducted regular occupational safety and health audits at 44 manufacturing sites in Japan and one manufacturing site in other country.

In response to the COVID-19 pandemic, the monitoring team conducted on-site audits after implementing measures against infectious diseases in Japan and on-line document audits overseas.

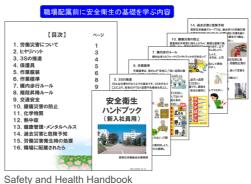
At the end of the fiscal year, the monitoring team prepare a comprehensive audit report based on these audit results. The team also share accident risk analysis results and case studies of excellent activities throughout the Group and incorporate them into occupational safety and health activities in the following fiscal year.

#### Safety and Health Education for Unskilled Persons

One of the priority policies of the Nisshinbo Group in fiscal year 2021 was to strengthen safety education for inexperienced workers, including dispatched employees, by bringing together health and safety personnel from the representative sites of the core companies. The Group set up a working group to discuss safety and health education for inexperienced personnel.

Most inexperienced employees are new employees, including dispatched employees, and although safety and hygiene education in accordance with legislation is implemented at all sites, the educational content of the sites participating in the working group has become a challenge.

Therefore, the working group identified 16 safety and health items that could be used to educate new employees about health and safety and created a model handbook. Consequently, a handbook reflecting the rules of each participating site was prepared, a comprehensibility test was created to check the level of comprehension, and a follow-up check sheet after three months was prepared to avoid mistakes at the time of familiarization. The handbook was also developed from each core company for its affiliates.



#### **Management Reviews**

At the Corporate Strategy Conference, we conduct a management review on the achievement status of the Nisshinbo Group's safety and health targets, the status of occupational accidents, the results of safety and health audits, and other items, and also set the action policies and targets for the next fiscal year.

## **Examples of the Nisshinbo Group Activities**

#### Accident-free working hours of 3.9 million hours achieved

On July 16, 2021, the Tatebayashi plant of Nisshinbo Brake Inc. achieved 3.9 million hours of injury-free work.

The Ministry of Health, Labour and Welfare implemented a system to grant an Accident-Free Record to workplaces that have never had occupational injuries for a period of time, and the current record certificates granted were based on the results of reaching Class 1 (3.9 million hours). This is the result of a three-year period (from July 10, 2018, to July 16, 2021) in which all employees in the workplace were aware of safety.

Although it is said that "safety is not a day," the company has addressed a variety of health and safety programs under the top-ranked Safety First ordinance. These outcomes were obtained by prospective, straightforward, and streamlined activities by all colleagues working at each site, including reporting all members of near-miss events, enacting occupational health and safety policies, thorough workforce response procedures, educating employees in safety classes, and promoting equipment risk assessments and countermeasures.

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No accident record certification

## Efforts to Prevent Musculoskeletal Diseases

The Korean Saeron Automotive Corporation (SAC) conducted a survey of hazardous factors in the workplace. As a result, the handling of heavy materials by workers who have been working for a long time in a room that mixes rubbing powders was listed as a hazard, and the company is now promoting efforts to prevent musculoskeletal diseases.

In January 2021, fatigue prevention mats were installed at four manual weighing locations, and a weight display board was posted where each raw material is loaded so that workers recognize the weight and workload.

In addition, stretching to relieve muscle fatigue is performed during rest periods. This stretching can reduce the risk of musculoskeletal disorders, such as low back pain, and knee pain in workers.

Furthermore, there was a risk of musculoskeletal disorders due to the high inlet position of the automated chemical delivery system used in the manufacturing process. However, the company changed the position of the inlet of the supply system (110 cm in height  $\rightarrow$  55 cm in height) to minimize the work of lifting the chemicals and to reduce the risk to workers.

#### **Promotion of 5S Activities**

Nisshinbo Mechatronics Inc. promotes the 5S activities by setting up a model line at each site with the aim of establishing such 5S activities. The company summarizes previous 5S activities and sets goals based on the idea

that all members should implement 5S. Between May and July, the company's office visits each base to check on progress and provide guidance.

Furthermore, in fiscal year 2021, Nisshinbo Mechatronics held 5S contests at 10 domestic sites in order to increase motivation for 5S. The primary review took place in November, and the Project Group Safety and Health Director of the Safety and Health Secretariat divided all 10 sites into three blocks to determine whether a system was in place to establish the 5S activities. Secondary reviews were conducted on December 20, and each block representative presented their outcomes on the Web. The review was conducted by the president of NISM and four employees, including the president of Nanbu Plastics Co., Ltd., were ranked as follows: 1st place: Excel Tokai Co., Ltd., 2nd place: Kyushu Nanbu Plastics Co., Ltd., the Saga plant, 3rd place: Nisshinbo Precision Instrument & Machinery Hiroshima Corp., and Nanbu Plastics Co., Ltd., the Oigawa plant.

Through the activities in fiscal year 2021, the momentum toward 5S is increasing within the business group. The company plans to continue the 5S contest to avoid a loss of enthusiasm in fiscal year 2022, as well as to conduct various initiatives, such as academics of elite sites and 5S study meetings.

#### **Received Incentive Awards for Safety and Health Activities**

The Asahi plant of Nisshinbo Chemical Inc. won the Incentive Award in 2021, following the 2020 Award for Excellence in Safety Management by the Director of the Chiba Labor Bureau for promoting long-standing safety and health activities.

At this site, the company is working to improve unsafe conditions and difficult-to-perform operations, focusing primarily on zero accidents at each workplace. The plant developed activities to disseminate reports on equipment, circumstances, unsafe work conditions, and difficult tasks for all workplaces and then collected notices to rapidly deal with each reported near-miss event in daily life. The company also teaches inexperienced personnel the knowledge that is needed to adhere to the rules of work, including safety, while checking the actual work, and confirm their comprehensibility.

The company strives to prevent disasters by linking employees' proactive efforts to improving equipment and raising safety awareness.



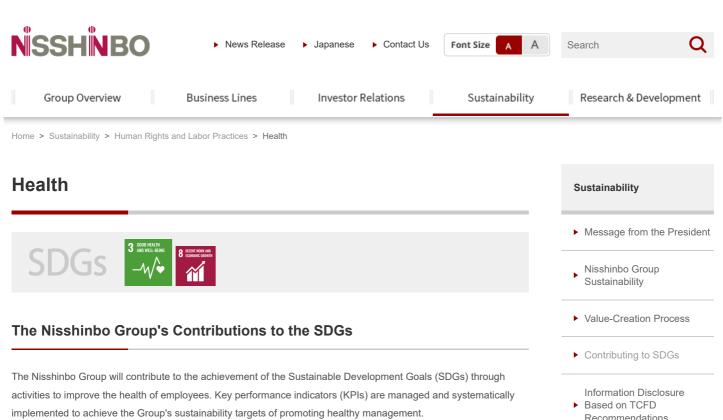
#### Conduct search training using a single-person operation detection system

The Tokushima plant is a complex of four companies (Nisshinbo Textile Inc., Nisshinbo Chemical Inc., Nisshinbo Holdings Inc., and Daio Paper Products Corporation). At this complex, the plant introduced a single-person work abnormality detection system to detect and address physical abnormalities at one time. Nisshinbo Textile Inc. of the main company supports the operation of the system as a Safety and Health Liaison Committee office.

In this system, a single operator carries a transmitter, and an alert signal is transmitted when the inclination of the transmitter changes because of a fall; nearby receivers installed in various places of the business site receive the signal. After receiving an alert signal, employees begin searching for the operator with the help of broadcasting on the premises by a security worker. Following the discovery of the person during the simulation, the company provides training in cardiopulmonary resuscitation using a training manikin.

The company continues to conduct twice-yearly search training more than a decade after the introduction of the system. The plant will increase the accuracy of the system so that people can save lives more quickly and also raise the awareness of the safety of employees' each and every.





### Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group considers SDG 3.4 as a core target, and is promoting the health of its employees on that basis. The Nisshinbo Group Health Management Policy is presented to all Group companies, and consistent activities are carried out throughout the Group while taking advantage of the unique characteristics of each operating company.



#### 3. Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages.

#### Targets: 3.4

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

#### **Nisshinbo Group Health Management Policy**

Nisshinbo Group, through the establishment of an environment where each individual member can play an active role by promoting employee's health and sound workplace, aims to be a corporate group which is indispensable, at any time, for our society.

#### **Promoting Health Management Group-wide**

In order to promote health management group-wide, in fiscal 2018, Nisshinbo Group launched Group Health Management Department Meetings (consisting of representatives from the health management departments of each Group company) and has been promoting unified group-wide activities.

Specifically, we are promoting activities with the following three items as the three pillars.

①From the perspective of individual health, we are working to improve life habits based on medical interview data from medical examination.

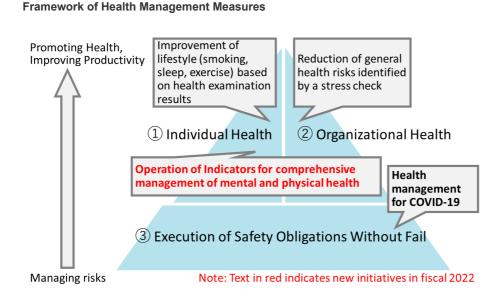
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•	Corporate Ethics Reporting System
Þ	Participation in the Initiatives

External Ratings and Evaluation ②From the perspective of organizational health, we are working to reduce general health risks by promoting workplace improvement activities based on the workplace analysis results of stress checks.

- Comparative Table with GRI Standards
- Editing Policy

CSR Reports (Downloads)

(3)We ensure safety obligations are executed without fail, given the diversification of work content and employment type and an increase in personnel exchanges as a result of business reorganizations and organizational reforms.



Activities of companies in Japan in fiscal 2021 are shown below.

- ① Smoking prevalence is the result of a reduction in the time available to smoke and a reduction in smoking areas, and the ratio of people with exercise habits is the result of the promotion of participation in walking events and lectures by industrial physicians on exercise.
- ② Maintain the overall health risk value of stress checks below an average of 100 and decrease the number of companies with scores more than 100.
- ③ Regarding the reliable implementation of safety duties, the company decided to prepare a health management report from the guidelines for working and the health examination items of the Safety and Safety Law from fiscal year 2022.

In recognition of these efforts, eight companies, namely Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., and Nisshinbo Textile Inc., were certified in the large corporate sector under the Certified Health and Productivity Management Organization Recognition Program, which is designed by the Ministry of Economy, Trade and Industry and selected by the Japan Health Council. Three companies, namely Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd. and Nisshinbo Micro Devices Fukuoka Co., Ltd. were certified under the Certified Health and Productivity Management Organization Recognition Program 2022.



The 2022 Certified Health & Productivity Management Outstanding: Large Corporate Sector



The 2022 Certified Health & Productivity Management Outstanding: Small and medium-sized corporations

In fiscal year 2022, The Nisshinbo Group will promote various activities based on the concept of promoting health management measures as a foundation for protecting the health of the workplace and employees and increasing productivity in the face of major environmental changes, such as the impact of the COVID-19 pandemic.

Regarding ①, we will strive to "reduce smoking rate", "increase the percentage of people with exercise habits", and "increase the percentage of people who get sufficient sleep." Regarding ②, the Group will work to visualize the activation of organizations using engagement (organizational strengths). In addition, the Group will formulate indicators to promote improvement by comprehensively grasping mental and physical health as an initiative that transcends ① and ②. With regard to the diseases identified in ③, the Group will continue our efforts to prevent infections in the workplace and to prevent such diseases from becoming more severe, as measures to counteract COVID-19.

With the outbreak of the COVID-19 pandemic, maintaining and enhancing health is becoming a more pressing issue than ever. Nisshinbo Holdings Inc. posts information on diet, exercise and mental wellbeing on its intranet, in an article entitled "Maintaining a Healthy Body That Can Resist COVID-19" and "Health Newsletter."

Going forward, working together as a Group, we will continue to implement proactive measures to enable employees to perform their best, backed by sound physical and mental health.

#### **Examples of the Nisshinbo Group Activities**

#### Implementation of pandemic corona vaccination workplace vaccination

Nisshinbo Holdings Inc. implemented a pandemic corona vaccine workplace vaccination program at the head office between July and September 2021.

The subjects were employees of the Nisshinbo Group, who worked in the suburbs of Tokyo, and a total of 1916 persons received two doses. Medical staff at medical checkups contracted with the Nisshinbo Group, primarily industrial physicians at Nisshinbo Holdings were in charge, and the general affairs and human resources departments of Nisshinbo Holdings Inc. and Japan Radio Co., Ltd., responded. Approximately 220 vaccinations were planned per day, and staff members received the vaccinations as planned because they were able to hold meetings before and after the vaccinations. Personnel were able to take steps in response to repeated improvements and to complete the vaccinations without any major problems.

Nisshinbo Holdings also implemented a booster vaccination program (the third dose) from February to April 2022. This vaccination was also administered by industrial physicians at Japan Radio, and 1778 persons were vaccinated by the same staff at the previous time.

新型コロナウイルスに負けない身体づくり ~新しい生活様式で健康に過ごしましょう~ 新型コロナウイルス(COVID-19)感熱拡大防止めために、装得員の言さんも分出自実や、テレワークな と、音段と違う違こし方をされていること思います。 今、大変な時期ではありますが、からだとこころの健康を保つために、生活習慣を整えていきましょう。 また言さんの身法には、健康管理パループがあります。お気軽にご相談ください。 New! な勝管理 食事のこと 運動のこと こころの健康 New! こころの健康 CoM New! こころの健康 New! こころの性 New! こころの健康 New! こころの性 New! いていてには、またてい」

Maintaining a Healthy Body That Can Resist COVID-19



Health Newsletter



Workplace Vaccination Venues

#### Promotion of health management

In October 2021, Nagano Japan Radio Co., Ltd., established the Nagano JRC Group Health Management Policy to promote health management. Promoting personal health and organizational health as the pillars of health management among the employees who support corporate growth is expected to invigorate the organization and improve productivity, thereby increasing corporate value.

The internal seminars held in fiscal year 2021 to promote health consisted of a smoking cessation seminar (October), a walking course to prevent lifestyle-related diseases (November), and a relaxation course to improve mental health (November). The invited lecturers received guidance from the Nagano Prefectural Team for Health Promotion. Participants commented that they were able to actually move their bodies and realize the effects through the walking and relaxation courses

An application to the 2022 (Large Corporate Sector) certification system for good health management was also submitted, and the management program was certified on March 9, 2022. At the time of the application, issues related to health management became clear, so that Nagano Japan Radio will improve the level of health management by promoting prioritized initiatives in the future.



Relaxation course

#### Implementation of pandemic corona vaccination workplace vaccination

Nagano Japan Radio Co., Ltd. implemented a pandemic corona vaccine workplace vaccination program at the head office between September and October 2021. With regard to workplace vaccinations, the Ministry of Health, Labour and Welfare called for a reduction in the local burden and acceleration of vaccinations. Therefore, the decision was made to implement this program to ensure the safety of employees.

A total of 1740 employees at Nagano Japan Radio group companies and Japan Radio Co., Ltd., Nagano plant, received two doses of the vaccine. Nagano Japan Radio Co., Ltd. industrial medical personnel took charge of the inoculations, and the general administration and personnel departments of Nagano Japan Radio group companies and Japan Radio Co., Ltd., Nagano plant, responded by managing the inoculations. Approximately 250 vaccinations

were planned per day, so staff were able to respond to each improvement and administer the vaccine as planned, and employees received the vaccinations without major problems.

In June 2022, the company has already applied to the Ministry of Health, Labour and Welfare for a third workplace vaccination.

#### **Food Education Seminars**

In July and December 2021, the Yashiro plant of Nisshinbo Micro Devices Inc. conducted a food education seminar on the topic of "Review, Japanese Food and Food for Healthy Eating."

Recently, efforts have been made to pursue appropriate dietary habits through the establishment of the Food Education Basic Law. Food is the cornerstone of a healthy, rich life for humans. Twenty people participated each time in the Japanese Food for Healthy Eating program, and participants received training from the dietitians of Japan Wellness Co., Ltd. While eating Japanese meals at venues and taking into account measures against new coronavirus infectious diseases, participants learned about dietary nutritional balance and Japanese meal recipes that can be made at home.

Participants commented that they gained knowledge that could be used at home. In the future, Nisshinbo Micro Devices will continue to support employees to ensure healthy and rich lives.



Lectures on Healthy Eating

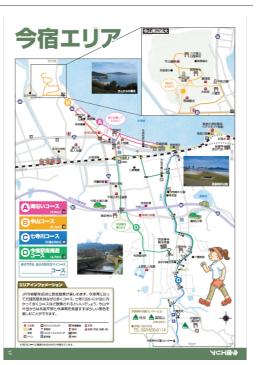


Japanese meals provided on the day of training

#### Creating Exercise Habits by Introducing a Local Walking Course.

In order to resolve the problem of a lack of exercise and create wellness in the event of a coronavirus crisis, Nisshinbo Micro Devices Fukuoka Co., Ltd., introduced the walking course as an activity of the 2021 Committee on Disaster Prevention, Safety and Health.

This program supports the creation of exercise habits throughout the year, separately from the +10 Walking Challenge sponsored by Nisshinbo Micro Devices Inc. conducted from September to November each year. In introducing a walking course with a map, the goal was not only to walk but also to stop by the attractive spots of temples, shrines, and parks, which are described in a number of course guides, so that employees can have fun while achieving the number of steps in the exercise program. Starting from the Imajyuku area of the company's location, employees can choose from four or five preset courses of 2 km to 5 km in the neighborhood of the Meinohama, Imazu, Susenji, and Shimoyamato areas. Some new discoveries have not



Introduction of Walking courses

been noticed before, so the company is helping to promote health both in terms of physical and mental health.

#### Efforts to Prevent the Spread of Novel Coronavirus Infections

At Nanbu Plastics Co., Ltd., all employees are thoroughly checked for temperature and health when going to work, thus limiting the entrance of ill people into the field.

To prevent the spread of the pandemic coronavirus infection, the company uses noncontact thermometers to check the temperatures of visitors. Travelers are asked to postpone visits to clients, and the use of Web conferences is facilitated.

In addition, the company is working to prevent new coronavirus infections by setting up worksheets and seat compartments in cafeterias and by placing disinfectant alcohol along the hallway and conference rooms. In addition, the company periodically raises the awareness of employees for infection-control measures and encourages awareness of all measures.

In terms of management, the company determines the appropriate storage standards for stockpiling masks and alcohol disinfectants, manages the stock, and establishes supply systems. Nanbu Plastics also provides disinfection training aimed at preventing the spread of infection.



Cafeteria with anti-dispersion panels

#### Efforts to Prevent the Spread of Novel Coronavirus Infections in-house

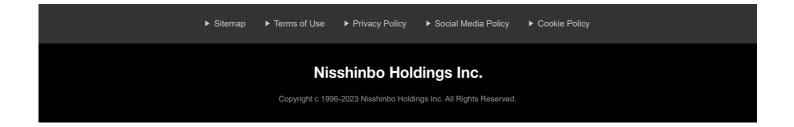
Nisshinbo Mechatronics (Thailand) Ltd. (Thailand) implemented measures to prevent the spread of new coronavirus infections in-house under administrative guidance.

Nisshinbo Mechatronics (Thailand) strengthened management at the time of admission, including warming at the time of admission, alcohol disinfection, and presentation of the behavioral history of visitors and negative results from antigen testing. Within the plant, in addition to partitions in cafeterias and restrooms, the company also placed disinfectant alcohol in the common spaces of conference rooms, cafeterias, and restrooms. Regular PCR and antigen testing of all employees allowed early detection and prompt responses to infected and high-risk individuals. In addition, in accordance with the government's Bubble and Seal policy, the company considered and prepared for the acceptance of infected persons and high-risk persons by companies.

Good Factory Practice Certification for COVID-19 (administrative certificates) was obtained through self-audits and administrative confirmation of measures to prevent the spread of infection, internal operation rules, and methods to disseminate information on preventing infection to employees.



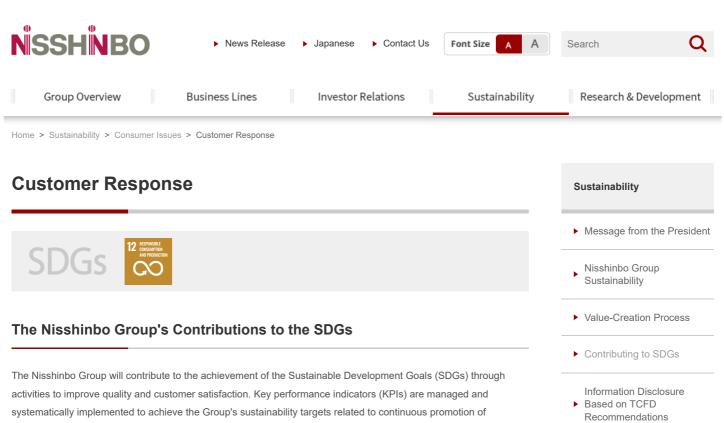
Certificate of "Good Factory Practice for COVID-19"



NEWS Release > Japanese > Contact Us Font Size A A	Search Q
Group Overview Business Lines Investor Relations Sustainability	Research & Development
Home > Sustainability > Consumer Issues	
Consumer Issues	Sustainability
10 85704581	Message from the President
SDGs	Nisshinbo Group Sustainability
Basic Stance	► Value-Creation Process
	<ul> <li>Contributing to SDGs</li> </ul>
The Nisshinbo Group aims to create new and original value in its products and contribute to the creation of an affluent society. The Group strives deliver products and services that meet our customers' demands for product performance and	<ul><li>Information Disclosure</li><li>Based on TCFD Recommendations</li></ul>
quality in a timely and stable manner, and gain the satisfaction and confidence of our customers with outstanding quality. The Nisshinbo Group works to create value for them.	The Environment
Nisshinbo Group Corporate Philosophy	Human Rights and Labor Practices
Philosophy	▼ Consumer Issues
The Nisshinbo Group's Efforts on the SDGs	<ul> <li>Customer Response</li> </ul>
The objectives of the Nisshinbo Group overlap with those of SDGs. The Group contributes to the achievement of SDGs through our business.	Community Involvement and Development
The Nisshinbo Group is aware of all our SDGs and are considering specific goals to contribute. The Group believes hat Goal 12 is the core issue for consumers.	► Fair Operating Practices
1 NOVERTY A CARANTER 2 NAME: A CANANT AND	Sustainable Procurement Basic Policy
	Corporate Ethics Reporting System
SDGs Goals deeply involved in Our Businesses	Participation in the Initiatives
10 EXAMPLE 12 Personalities	<ul> <li>External Ratings and</li> <li>Evaluation</li> </ul>
12. Responsivle consumption, production Ensure sustainable consumption and production patterns.	Comparative Table with GRI Standards
	<ul> <li>Editing Policy</li> </ul>
For details about the core SDGs goals and specific environmental activities of the Nisshinbo Group, please refer to 'Core SDGs Goals and Targets and the activities of the Nisshinbo Group" in the sections on Customer Response.	► CSR Reports (Downloads)

►





#### The Environment

Human Rights and Labor ۲ Practices

Consumer Issues

#### Customer Response

- Community Involvement ► and Development
- Fair Operating Practices
- Sustainable Procurement **Basic Policy**
- Corporate Ethics Reporting System
- Participation in the Initiatives
- External Ratings and • **Evaluation**
- Comparative Table with GRI Standards
- Editing Policy
- CSR Reports (Downloads)

measures to improve customer satisfaction

### Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group regards SDG 12.5 as a core target. The Group is promoting activities to improve quality and customer satisfaction



12. Responsivle consumption, production Ensure sustainable consumption and production patterns.

Targets: 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

### Examples of the Nisshinbo Group Activities

### High-performance River Radar Supporting Safe Operation of River Logistics

As European river-only radars, Japan Radio Co., Ltd., provides JMR-611 river radars to clients as a safety and reassurance support device during vessel navigation (Fig. 1). European streams are a water source, and many vessels navigate the important traffic channels. For some vessels, the length of the vessel may be hundreds of meters by connecting multiple vessels despite the narrow channel. Therefore, it is essential to navigate the vessel with more careful monitoring of the positions of other vessels



Fig. 1 River radar antenna and display screen

With river radar, Japan Radio realized the following excellent functions and performances: ① The predictive line is displayed as to where the ship will proceed from the current position changes with two or more GPS mounted on the ship (Fig. 2).

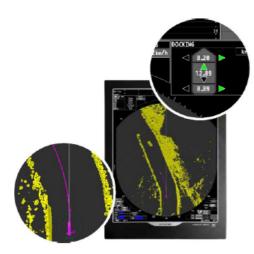
② In addition to the radar images, the conning information<sup>\*1</sup> required to navigate the ship can also be centrally displayed (Fig. 3).

③ Radar images and Inland AIS \*2 information and conning information are stored on CF cards and reproduced on a computer.

④ Visual images of the other vessels are displayed with excellent signal processing on an easy-to-see display.

(5) Signal processing using azimuth information reduces unwanted wave images on the open sea and significantly improves the ease of identifying the necessary targets.

The company will continue to provide solutions that contribute to safe navigation.



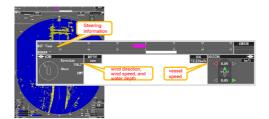


Fig. 3 Conning information display screen

Fig. 2 Predictive Line Drawing Radar Screen

\*1 Conning information: Connected ship information, ship-to-ground speed, water depth, rudder angle, hull turn rate, steering information, and wind speed information

\*2 Inland AIS: Other Vessel Information Display Devices including River Traffic Information

#### Initiatives to Improve Customer Satisfaction

Nisshinbo Micro Devices Inc., Kawagoe Plant conducts an annual customer satisfaction survey to verify how goods and services are evaluated by customers.

In 2021, Nisshinbo Micro Devices received responses from 56 companies, and through the operation of the quality management system, the company is working to improve customer satisfaction. The results of the questionnaire were reported as part of the December 2021 quality report (management review). In response to reviews and outputs from top management, the sales division will take the lead in implementing corrections and improvements to increase customer satisfaction. As a specific example, in 2021, amid the trend toward recovery from the coronavirus crisis, the company was unable to respond to robust orders, and product delivery schedules became an issue. However, we are promoting the creation of a system that can adjust to orders in line with production capacity and respond to long-term delivery schedules.

#### Efforts to improve client quality satisfaction

The Korean Saeron Automotive Corporation (SAC) shares monthly indicators by monitoring the CS and RS indices, which are quality indicators of finished cars, to improve client quality satisfaction. In addition, by visiting the field being developed, the company can listen to the voices of clients, and from the questionnaire responses of clients, grasp field claims and phenomena, and then summarize the results of the analyses in a report to address claims improvement.

The company not only improves and prevents claims but also performs dynamo and physical property assessments to ensure safety and quality for clients. Reliability management documents are submitted to system manufacturers for a variety of test items that include the degree of wear, friction coefficient, and shear strength of brake pads by vehicle type. Products that have passed all relevant tests are provided to customers to ensure safety and quality.

The company also conducts daily inspections of items for shear strength, hardness, specific gravity, and compressive deformation to ensure quality control.

#### Increased customer satisfaction

According to ISO9001 and IATF16949, Nisshinbo Mechatronics Inc. conducts annual client satisfaction surveys on five items: quality, cost, delivery time, technical capabilities, and environmental contributions for plastic products, motor vehicle parts, and machinery.

Based on the survey results, analyses were conducted with different types of clients, such as household electronics, and the results were reported to top management to identify the direction of improvement, problems, and issues that have been addressed to date. The survey form also includes a section for customers to describe their requests and comments to the company. Nisshinbo Mechatronics then uses supplier evaluations presented by customers as a reference to further improve business processes in an effort to improve customer satisfaction.

The Quality Assurance Department in Japan gathers information that could lead to customer satisfaction issues, including from Nanbu Plastics Co., Ltd., and overseas subsidiaries, and reports it to the top management. All companies of Nisshinbo Mechatronics group are united in their efforts to respond swiftly and resolve this issue.

#### Products that emphasize the safety of clients

Nisshinbo Mechatronics Inc. delivers machinery and motor vehicle components to clients worldwide.

Machinery facilities have the potential to cause occupational injuries at the time of delivery. With the highest priority on ensuring the safety of clients, design reviews are conducted at each stage of development, design completion, and prerelease with personnel and other employees who also add internal expertise to maximize and make the best use of in-house expertise. The design review confirms compliance with legislation and the equipment safety requirements of clients. In addition, the review includes discussions of these issues with consideration given to non-steady conditions, such as when equipment is abnormal or during maintenance, and strives to achieve safe products.

In the motor vehicle parts business, Nisshinbo Mechatronics believes that its mission is to provide high-quality and stable brakes and engines directly linked to safety.

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IATF16949 certificate

IATF16949 certificate

#### Initiatives to the Restore Project for Old Vehicle Parts

As an ongoing initiative since 2020, in October 2021, Nisshinbo Precision Instrument & Machinery Hiroshima Corp., exhibited brake master cylinder, clutch master cylinder, hole cylinder, and repair kits at the 16th Japanese Classic Car Show: JCCS of the Exhibition of Old Vehicle Components (Anaheim, CA, USA).

In November 2021, at the Showa Retro Car Exposition 2021 (Osaka), and in February 2022, at the Nostalgic 2days (Japan's largest classical motor show) held in Yokohama, the company exhibited repair parts for the Mazda Cosmo Sport and parts for brake cylinders and rotary engines that have been mass-produced.

Many people visited the exhibitions and the company was able to create opportunities for public relations and new businesses at Nisshinbo Seiki Hiroshima, including interviews and consultations other than Mazda vehicles. Exhibitions are a good opportunity to inform people around the country of the inheritance of technology and Nisshinbo Precision Instrument & Machinery Hiroshima, and the company will continue to actively participate if there is a chance in the future.



Participation in exhibitions

# Ensure "quality and safety" for clients in compliance with national and international legislation

Nisshinbo Chemical Inc. sells chemicals through a worldwide sales network.

In recent years, in view of the emphasis on safety and environmental protection and as the legislation on chemical substances has been strengthened, a movement has taken place to harmonize category standards for hazards, labels and safety data sheets, and to provide unified rules (GHS) worldwide.

On the other hand, the company considers it crucial to properly understand and comply with the very complex legislation governing the export of chemicals through the inclusion of the country's unique import regulations and regulations, as well as the comprehensive system of chemicals operated in the EU (REACH regulations).

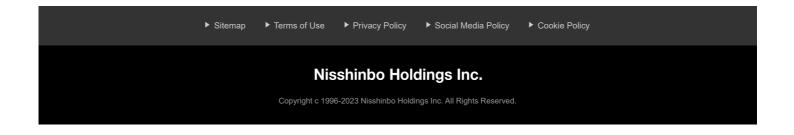
In order to determine products and services are compliant with the latest legislation and regulations in a timely manner, the company started using external databases to check the latest revision information and regulatory values for legislation and regulations of the various countries around the world. The company will strive to ensure quality and safety for customers by appropriately implementing sales activities in accordance with the laws and regulations of each country.

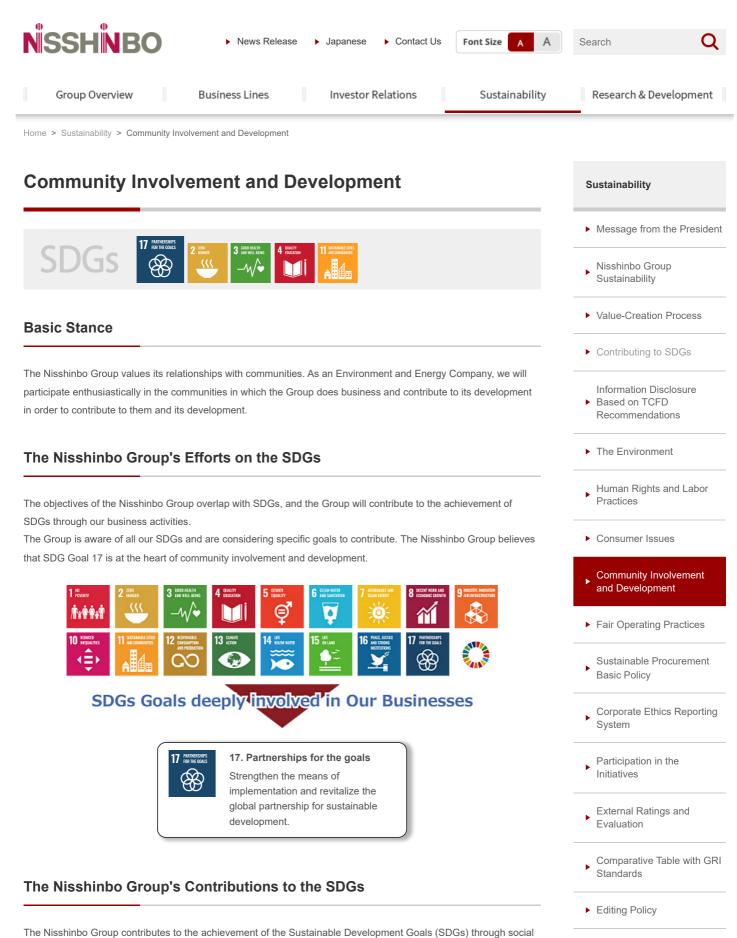
# Improve client confidence by obtaining quality management system IATF 16949 certification

In the fuel cell field, which attracts attention as one of the technologies for achieving carbon neutrality, FCVs (fuel cell vehicles) are being developed worldwide, and it is considered particularly compatible with vehicles operating long distances, such as buses and trucks. The marketing of fuel cell buses has started in Japan, and the operation of those buses on the road has begun. Nisshinbo Chemical Inc. has been working jointly with several leading manufacturers, and inquiries for carbon separators have been brisk globally. In response to inquiries for a large number of vehicles and in preparation for commercialization, the company obtained IATF 16949 certification in November 2021 for the Standards for Motor Vehicle Industries Quality Management Systems. Nisshinbo Chemical will further improve quality through the quality management system, leading to increased user confidence and further acquisition of carbon separators for FCVs.



IATF16949 certificate





contribution activities. We will actively engage in activities to achieve our Group's sustainability target related to participation in activities that contribute to local communities.

CSR Reports (Downloads)

Core SDGs Goals and Targets and the activities of the Nisshinbo Group

The Nisshinbo Group considers SDG 17.17 as a core target, and is carrying out social contribution activities on that basis. As a member of its local community, each Group company participates in a variety of activities.



#### 17. Partnerships for the goals

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

#### Targets: 17.17

Encourage and promote effective public, publicprivate and civil society partnerships, building on the experience and resourcing stategies of partnerships.

#### Local Community Interaction and Contribution Activities

#### Supporting the Foundation for International Developmental Relief (FIDR)

NISSHINTOA IWAO INC. supports the activities of the Foundation for International Developmental Relief (FIDR).

FIDR is an international cooperative NGO established in 1990. With the mission of childcare, which fosters children into the future, and the promotion of international cooperation by Japanese people and Japanese companies, FIDR provides support for the independence and economic growth of developing countries and emergency assistance in the event of natural disasters at home and abroad. In order to address poverty in developing countries, FIDR is implementing potential solutions in a variety of fields, including health and education. Currently, FIDR is mainly providing health and medical assistance in Cambodia, support for the independence of ethnic minorities in Vietnam, and rural development in Nepal.

Since its establishment in 1990, NISSHINTOA IWAO has provided support funding as a member for more than 30 years. The company also engages in in-house awareness activities and extends its the circle of support.

In fiscal year 2022, as part of in-house awareness activities, NISSHINTOA IWAO plans to sponsor a report meeting on FIDR in May.



Children in the mountainous region of Vietnam



Foundation for International Development/Relief

#### Donation to the United Nations World Food Programme (UN WFP)

NISSHINTOA IWAO INC., has been continuously donating to the United Nations World Food Programme (World Food Programme), a humanitarian support agency, since 2007..

The United Nations WFP received the Nobel Peace Prize in 2020. In agreement with the UNWFP intention to fight world famine, the company has become one of the councilors of the United Nations WFP Association, which is the official support window for the United Nations WFP in Japan, and continues to provide support not only by providing donations from the company and employees but also by participating in the WFP Walk the World (charity walk for eliminating child famine in developing countries but postponed in 2021).

In fiscal year 2021, 126 employees attended an online lecture on the activities of the United Nations WFP by Mr. Kunio Suzuki, Director and Secretary-general, Japan Association for the World Food Programme. The lecture was very interesting in explaining the efforts to eliminate the global famine and the SDGs on famine, as well as the emergency support provided for new coronaviruses.





WFP-assisted Activities

#### Sponsoring walking events in partnership with local NPOs

On October 3 and November 3, 2021, Japan Radio Co., Ltd., sponsored a walking conference with local NPOs to learn about the local histories and promote well-being in the Kawanakajimadaira Walk 2021. The event consisted of a 17 km course on the Kawanakajima Old Battlefield and a 7 km course on the Hokkoku Kaido Shukubamachi. A total of 150 people, from infants to people 80 years old, participated in the walking course.

This walk contributes to the SDG Goal 3, Ensuring Healthy Living and Promoting Well-being for All People of All Ages, and Goal 4, Providing Inclusive and Fair Quality Education to All People and Promoting Opportunities for Lifelong Learning.

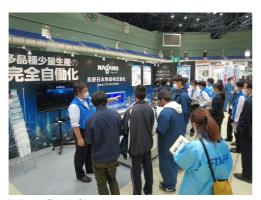
The company summarized the opinions of the implementation commissioners and was responsible for selecting the courses, calculating the distances with map software, developing explanations, and leading the walking process. Participating in the conference provided the personnel of the company with the chance to discover the nature, resources, value, and challenges of the inhabitants' surroundings and was a meaningful way to address the SDGs. The company will continue to participate in similar activities in the future.



Kawanakajimadaira Walk 2021

#### Accepting local high school students for company tours at exhibitions

On October 22 and 23, 2021, Nagano Japan Radio Co., Ltd., participated in the Industrial Fair-in-Shinshu, held in Big Hut, Nagano City, and welcomed company booth visits by local high school students as part of their classes. This exhibition has been held since 2006 with the aim of promoting industry in the Hokushin region of Nagano Prefecture. At the company's booth, Nagano Japan Radio exhibited a wireless power supply and electronic paper tags mainly on a smart product (self-generated facility) demo machine. The high school students who visited the study looked serious as they took notes on smart products that incorporated the company's various technologies. There were questions from high school students, such as "Why is there a difference in efficiency between the wireless supply and the cable?" and "Why is the display retained even if the electronic paper tag is not continuously powered," and they also responded that they learned a lot. It was a good opportunity for everyone who will shoulder the future to learn about Nagano Japan Radio.



Industry Fair in Shinshu venue scene

#### **Employment of Local High School Students Activities Support**

At the request of the Fujimino City Commercial Society (Saitama Prefecture), in August 2021, Nisshinbo Micro Devices Inc. (then New Japan Radio Co., Ltd.) staff members participated as interviewers and advisors in a simulated interview with local high school students who were about to start job hunting. The venue was established at the Chamber of Commerce and Industry of Fujimino City. The interviews were conducted individually for 40 minutes per person.

Two interviewers conducted a series of interviews with questions and then assessed and provided feedback about the interviews to students who were nervous when the simulated interviews began. On that day, mock interviews were conducted with six students, and although time was limited, the interviewers were able to fully communicate with them. Later, the interviewers received many words of gratitude not only from the students but also from the homeroom teachers.



Interview Practice

#### **Social Contributions Activities Initiatives**

Nisshinbo Brake Inc. provided support to the Food Loss Control Activities as part of its Social Contributions Activities.

Food loss refers to food that is discarded due to circumstances even though it is ready to eat. On the other hand, some people may find it difficult to obtain the necessary food for economic reasons. Therefore, in order to reduce food loss and support people in need, Nisshinbo Brake collected food and beverages that could be provided to the

food bank in the company and donated a total of 84 foodstuffs and beverages to the Food Bank Kitakanto operated by the NPO Mimatsukai. At the same time, the company also donated 100 kg of rice.

In addition, Nisshinbo Brake raised funds for KOTSUIJI IKUEIKAI (the Scholarship Foundation for Traffic Accident Orphans), a patrol in the suburban area of Tatebayashi for environmental conservation and beautification, and activities to clean up the area around the Tatebayashi Plant.

In the future, as a company that provides safety and reassurance for vehicles, the company is also planning to engage in traffic safety awareness activities and to implement other measures.



Food and Beverage Donations

#### Company tours by nearby elementary schools

Nisshinbo Brake Inc., Asahi Branch, invited 120 fifth-year primary school children in the neighborhood to participate in a tour of a dedicated active vehicle testing course. With the cooperation of Continental Automotive Co., Ltd., which shares the test course, the branch demonstrated how automobiles safely stop with high-speed quick braking, antilock braking systems (ABS), and electronically controlled braking force distribution systems (EBD) on low-µ roads (artificially reproducing slippery road surfaces due to snow, ice or rain).

The tour was from inside the bus due to rain, but the moment the test vehicle stopped, the brakes emitted a lot of smoke, the spin on the low  $\mu$  road, and the moment when the tires locked were seen up close. They also seemed to receive strong stimulation by actually touching the test vehicle, brake pad, and target balloon with their hands.

Though it has been a long time since it was said that young people are moving away from cars, one of the factors seems to be the decrease in the number of chances to see and touch them in practice. The company will actively establish this opportunity to get people to feel closer to and expand efforts to generate interest in manufacturing.



Letter of Thoughts on the Study Tour

#### **High School Student Internship**

At Nisshinbo Mechatronics Inc., the Okazaki Chamber of Commerce and Industry (Aichi Prefecture) and Aichi Prefectural Okazaki Technical High School cooperate in the Development Project for Human Resources in the

Foundation for Production and offer regular opportunities for company training. In fiscal year 2021, four students gained experience in assembly and 3D CAD for engineered machines during their three-day training.

Every year, students are accepted for apprenticeship training during their summer vacations. The acceptance officers also attend the results presentation meeting at the Okazaki Chamber of Commerce and Industry in January of the following year, offering words of encouragement to the students' presentations. Cooperation in this project plays an important role in the choice of career paths for students and contributes to the local community. Therefore, Nisshinbo Mechatronics plan to continue to cooperate as much as possible in the future.

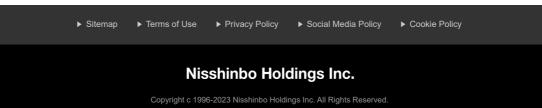
#### **Contributing to Local Communities**

PT. Nisshinbo Indonesia continues to supply nearby residents with 7000 t of household water every month. Since the WHO-defined minimum daily water requirement is 50 L per person, approximately 1000 households will be provided with water free of charge. The company will continuously supply the water required for living to neighbors where there is not enough water and sewage.

In addition to domestic water, the company also donated 17 goats to devote to God in 2021. This festival respects the spirit of Islam, which approximately 90% of the Indonesian people believe in, and is held annually to coincide with the religious Idul Adha Day. The 17 goats were offered to God at a place of worship according to a ritual, and then served to local residents. Through these activities, PT. Nisshinbo Indonesia is contributing to society while building a good relationship with its neighbors.



Donation for the Muslim idul adha day



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# **Fair Operating Practices**



#### **Basic Stance**

The Nisshinbo Group aims to contribute to society through fair operating practices. The guidelines the Group follows to this end are outlined in the Basic Conduct Guidelines.

Nisshinbo Group Corporate

Philosophy

#### The Nisshinbo Group's Efforts on the SDGs

The objectives of the Nisshinbo Group overlap with those of SDGs. The Group contributes to the achievement of SDGs through our business.

The Group is aware of all our SDGs and are considering specific goals to contribute. The Nisshinbo Group believes that Goal 16 is the core of fair business practices.



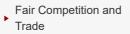
# SDGs Goals deeply involved in Our Businesses

16 PEACE JUSTICE AND STRONG INSTITUTIONS	16. Peace, Justice and Strong Institutions
·	Promote peaceful and inclusive
	societies for sustainable
	development, provide access to
	justice for all and build effective,
	accountable and inclusive institutions
	at all levels.

For details about the core SDGs goals and specific environmental activities of the Nisshinbo Group, please refer to "Core SDGs Goals and Targets and the activities of the Nisshinbo Group" in the sections on Compliance, Fair Competition and Trade, and Information Security.

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	<ul> <li>Trade</li> <li>Information Security</li> <li>Sustainable Procurement Basic Policy</li> <li>Corporate Ethics Reporting System</li> <li>Participation in the</li> </ul>

Editing Policy

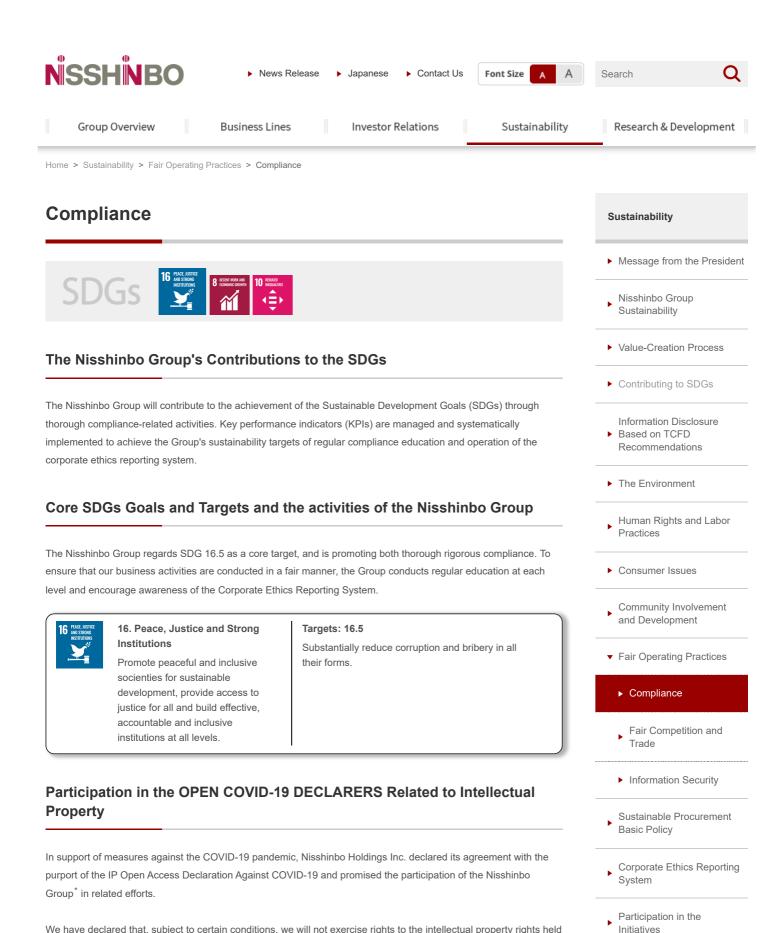


Information Security

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 Nisshinbo Holdings Inc.

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We have declared that, subject to certain conditions, we will not exercise rights to the intellectual property rights held by our Group in response to actions taken solely for the purpose of counteracting the COVID-19 pandemic, including the diagnosis, prevention, containment and treatment of COVID-19.

The Group will continue its efforts contain the COVID-19 pandemic and contribute to the termination of its spread.

Editing Policy

External Ratings and

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#### IP OPEN ACCESS DECLARATION AGAINST COVID-19

\* Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Mobility Inc., NJ Component Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nanbu Plastics Co., Ltd., Nisshinbo Precision Instrument & Machinery Hiroshima Corp., Nisshinbo Chemical Inc., Nisshinbo Textile Inc., NISSHINTOA IWAO INC.

#### **Compliance Training**

In order to ensure fair and honest business practices, the Nisshinbo Group conducts a variety of compliance training, such as training for different employee levels and work sites and training for employees who will receive assignments abroad.

Since fiscal year 2016, KPI has been established as part of compliance training for Group managers every year and to instill compliance in all employees. For the training materials, the Group newly prepared compliance education materials for the management group in Japanese and English and utilized them for all Group companies. Beginning in 2021, the Group also started to use e-learning movies for education.

Additionally, we are conducting training at all of our subsidiaries that is tailored to each company's country, region and type of business.

#### **Anticorruption Efforts**

In recent years, international legislation on bribery and corrupt practices have been strengthened, and detection has grown more rigorous. We formulated the Guide to Prevent Corruption in response to related legislation in other countries. We have rolled out the guide across the Group, including all subsidiaries in other countries. This guide encompasses Article 18 of Japan's Unfair Competition Prevention Act (Prohibition to Provide Illicit Gain, etc. to Foreign Public Officers, etc.), the United Nations Convention against Corruption (UNCAC), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the United States Foreign Corrupt Practices Act (FCPA) and related guidelines, and the United Kingdom Bribery Act. We review the content of the guide as necessary and use it for group-wide anticorruption efforts.

### Adhering Strictly to a Policy of Confidentiality

We have entered into confidentiality agreements with our partners to prevent leaks of intellectual property, technology and expertise disclosed throughout the supply chain from the design and development stages. To ensure appropriate trade secrets management, we conduct annual internal audits.

#### **Examples of the Nisshinbo Group Activities**

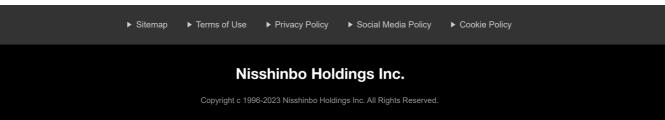
#### Efforts for Import and Export Control

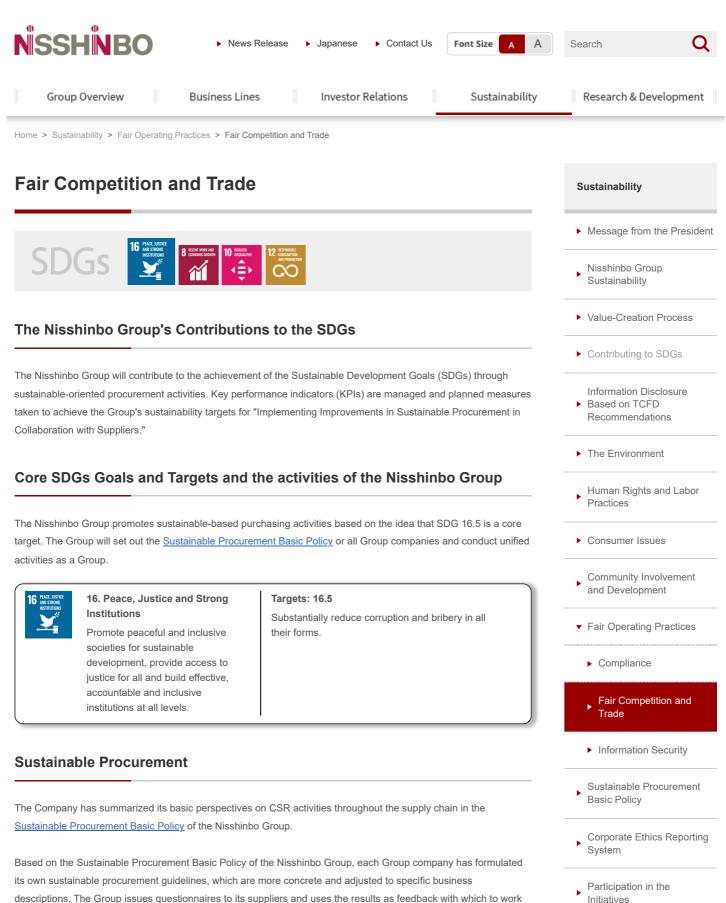
At Nisshinbo Mechatronics Inc., Miai Machinery Plant, chose a total of 97 export supervisors and personnel from among 262 employees, with the head of the company as the chief manager, for export control related to the import of equipment and parts and the export of products and technologies.

Exported parts are listed and managed by wholesale every month. At the time of the revision of the legislation, educational programs related to export control are provided during routine activities, and educational programs

named L-Click that can be taken anytime and anywhere on the Web are prepared so that only the required items can be selected and retaken when the export control procedures are carried out after the education is provided.

In 2021, Miai Machinery Plant educated all employees on how to understand the category for the various cargoes, technologies, and tasks, and how to make decisions about laws and regulations. The importance of export control is increasing, such as the Japanese government's export ban to Russia and Belarus due to the Russia-Ukraine war in 2022.





descriptions. The Group issues questionnaires to its suppliers and uses the results as feedback with which to work on improvement activities. Through these improvement activities, the Group was able to confirm the penetration of the Nisshinbo Group's Basic Policy on Sustainable Procurement among suppliers and improvement in the results of the questionnaire evaluations.

In the future, the Nisshinbo Group will continue to promote sustainable procurement initiatives along with its suppliers.

External Ratings and

Comparative Table with GRI

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#### **Declaration to Build Partnerships**

This declaration is promoted under the supervision of the Cabinet Office and the Small and Medium Enterprise Agency, and declares efforts for coexistence and co-prosperity with business partners and prevention of "wrinkling of business conditions". At the request of Keidanren, the Federation of Economic Organizations, and the Japan Spinners' Association, we have declared our intention to cooperate.



Declaration to Build Partnerships

#### **Examples of the Nisshinbo Group Activities**

#### Optimization of subcontractor's cost burden

Japan Radio Co., Ltd. created a mold deposit agreement on payments for the storage of loaned molds and other purposes to optimize the cost burden for subcontractors and then completed contracts with all targeted suppliers. This will help to clarify the rules for keeping mass-produced molds loaned to suppliers and reduce the burden on suppliers by paying for storage costs. The effectiveness of the reduction in the burden is being increased by allowing the first year storage charges to be paid first on the basis of a report from the supplier.

It is now possible to make a quick judgment on the disposal of molds, which have so far been obscured. Promoting disposal leads to a reduction in the fixed-asset tax, which is not only beneficial in terms of the appropriate cost for subcontractors but also for the parent companies. Japan Radio will continue to work to ensure that parent companies and subcontractors coexist through fair trade.

#### Implementation of Education to Enhance Compliance

JRC Tokki Co., Ltd., endeavors to comply with various laws and regulations through checklists used for internal business audits and compliance training.

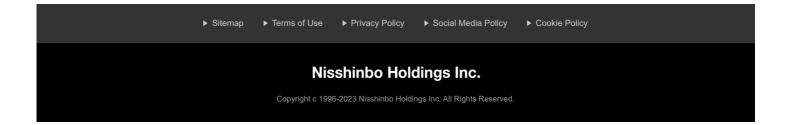
Education using checklists was started in fiscal year 2018, and each division provides annual education programs on a wide range of topics, including self-checks, legal compliance, risk management, the prevention of scandals, the blocking of relationships with antisocial forces, and information security.

The company's end customer is the Maritime Self-Defense Force. In accordance with the "Compliance Requirements Confirmation Form" of the "Institutional Survey" conducted once every five years, training is conducted every two years for all employees to ensure proper expense handling and compliance with laws and regulations.

At present, because of the coronavirus crisis, JRC Tokki is working on operational methods of switching the group education usually provided to video viewing sessions (including confirmation tests) tailored to individual schedules.

#### Efforts to Comply with Law Concerning the Management of Molds

As part of the efforts to comply with the Subcontract Act, Nisshinbo Precision Instrument & Machinery Hiroshima Corp. conducted a shelf inventory of molds to facilitate the disposal of unwanted molds stored by subcontractors and molds stored for a long period of time with the cooperation of the subcontractors in checking the storage status. As a result, in fiscal year 2021, the company was able to dispose of 108 mold parts. For molds that are not discarded from future prospects and are used infrequently but stored for a long period of time, the company established a standard for paying the fees for storage and agreed with the subcontractors before paying. In the future, the company will continue to implement the management of molds in cooperation with partners. Building good relationships by cooperating with each other will also lead to compliance with the Subcontract Act.



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## **Information Security**

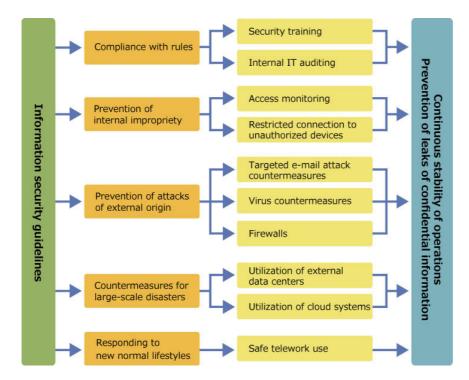
#### **Initiatives to Protect Personal Information**

The Nisshinbo Group recognizes that one of our key corporate responsibilities is to ensure that all important information related to stakeholders is protected and managed appropriately. In order to fulfill this responsibility, the Group handles personal information in accordance with our Privacy Policy. In addition, internal audits are conducted to confirm that company regulations are functioning properly, and steps are taken to prevent information leaks and realize ongoing improvements.

At the same time, to ensure every one of its employees maintains awareness of personal information protection, the Nisshinbo Group conducts training when employees join the company and when they are promoted as well as training at each of our business sites based on its annual plan.

#### **Initiatives to Ensure Information Security**

The Nisshinbo Group is constantly reinforcing information security measures to prevent leaks of confidential information, including customers' personal information.



As a countermeasure against cyberattacks, we monitor e-mails through a targeted e-mail attack prevention system and use anti-virus software and security patch programs widely on our IT equipment. We also employ information security management systems to monitor access to important data and limit access to information networks from unauthorized IT equipment. Through these measures, we work to prevent leaks of information from internal fraud and prevent external threats.

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We have established Guidelines for Information Security as rules for Group companies to follow. To ensure compliance with these rules, we regularly conduct IT internal audits on our subsidiaries both in Japan and other countries, and work continuously to improve their status.

The rules for users of the information system are defined as part of the educational materials. Regular education sessions and e-learning are intended to raise the awareness of information security measures for users within the Group as a whole.

To raise cybersecurity awareness, the Group conducted targeted e-mail training for employees of domestic group companies. Education was provided to those who opened the training e-mail upon receiving the e-mail through content displayed at the time of opening. The company will continue to do so in the future.

From the standpoint of business continuity in the event of a large-scale disaster, we are in the process of migrating the business servers located in our in-house server room to external data centers.

In addition, we are developing an IT infrastructure for the safe use of telework in response to new normal lifestyles.

#### **Digital Transformation (DX) Initiatives**

The Nisshinbo Group will continue to accept the challenge of developing technological innovations, such as digital marketing, in response to the stricter implementation of the revised Personal Information Protection Law implemented in April 2022. For example, to strengthen information security and promote DX, we will introduce pseudonymous processing and encryption technologies, to process data in ways that cannot identify individuals.

Dissemination of telework due to the impact of the COVID-19 pandemic and digitization of business and services, as well as Working Style Reforms, are accelerating. Promoting DX has become one of the key strategies in management, but at the same time, it has become essential to take advanced levels of information security measures. Currently, the Nisshinbo Group is trying to shift the IT infrastructure from a conventional borderline security model to a zero-trust security model<sup>\*</sup> with high security intensity, based on these social situations.

\* A security model based on authentication and authorization for each access to resources and data that cannot be solved by the conventional perimeter type security architect model, and based on the idea that users, terminals, and areas are not unconditionally trusted.

#### Examples of the Nisshinbo Group Activities

#### Implementation of targeted mail aggression training

Nisshinbo Business Management (Shanghai) Co., Ltd. conducted a target mail attack training for Nisshinbo Group companies in China. Cyber damage, such as virus infections, has occurred in China from opening unquestionable emails, so the company planned to take into account the necessity of educating employees via training in Chinese.

After the company's group companies were checked for the possibility of participating in the training, 13 companies joined in the study with 311 participants as a result of summarizing the target seekers. Together with the contractor, the company made preparations, including reviewing the content of the training emails, and the content of the training was determined as the presence or absence of clicking the attached URL in the email.

As a result, the overall rate of opening attached files or connecting to the URL was about 7%, which is slightly higher than expected. The company reported the results of this training at the China Group company representative interaction meeting, where representatives from each company gathered, and shared the results of the interviews with local staff who opened the training.

In the future, the company will continue to work in cooperation with the Nisshinbo Group Information System security department to improve the level of information security in China.

#### ISO/IEC 27001 inspection

Japan Radio Co., Ltd., has been subjected to periodic and updated examinations by the Japanese Quality Assurance Organization (JQA), and 13 departments in fiscal year 2021 have received ISMS certification.

ISO/IEC 27001 is an international standard for information security management systems (ISMS). This certification will ensure the well-balanced management of the three aspects of information confidentiality, integrity, and availability for effective use of the information.

The company also received ISO/IEC 27001 certification in July 2011 with the primary goal of improving information security and building an external relationship of trust. The scope of certification is the information systems departments of the Solutions Segment. In the Solutions Segment, in particular, certification is a prerequisite for government auctions. To raise security awareness, the company will conduct annual ISMS internal audits and work on continuous improvement activities (PDCA).



#### **ISMS Surveillance Review Receipt**

The ISMS 10th Surveillance Review was conducted with nine departments in the head office of JRC Tokki Co., Ltd., along with three business sites between July 16 and 20, 2021.

ISMS has 114 control measures for particular risk-reduction purposes to be applied to ISMS in the organization. Although the company excluded the application of management measures for telework eomplyees, it adopted the telework system into its coverage since 2020 to fight new coronavirus infections and has newly established the system environment and regulations for IT.

During the surveillance review, the implementation of telework control measures in each department was audited.

On the other hand, for attacks and targeted email attacks aimed at telework environments, the company implemented maximum reminders, such as developing information from the police agency throughout the company.

#### Measures to prevent leakage of internal information

In order to prevent leaks of confidential information, the Korean Saeron Automotive Corporation (SAC) strives to block access by noncertified persons, as well as to prevent the leakage of internal information through network access control (NAC), centralization of document control, and information leakage measures (DLP) security programs.

Specifically, whenever an employee accesses the company's network, the person must install the NAC software and check that the person is an authenticator. Unification of document control means that all internal documents can be stored in the company's folders in a coded fashion and that access to the folders and the viewing of documents can be controlled according to the authority of individual users. These documents are accumulated as valuable company

information for information sharing. DLP is responsible for controlling the removal of documents by e-mails and USB devices, and all documents must be approved by the authorities.

In addition to responding to periodic IT audits by the Nisshinbo Group, the company will also comply with the Nisshinbo Group's information security guidelines.

#### Information security education with individual guidance

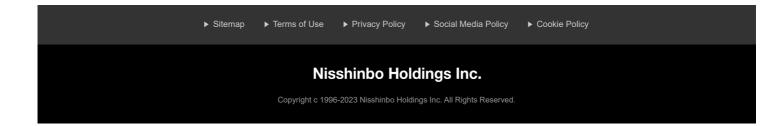
PT. Standard Indonesia Industry provides annual information security education, and in 2021, IT personnel provided education to all persons in the form of individual guidance.

Until now, the methods of distribution of educational materials were in a group training. For this time, dual monitors were introduced to improve the efficiency of PC operations. In addition, the purpose of this program was to specifically educate participants in more efficient use. In addition, an individual guidance format was adopted.

The main content of the information security education is the method of managing files and how to respond to suspicious email, and the belief is that more careful education was provided by individual guidance and that the level of understanding of information security increased more than ever before. In the last few months, many reports have been received of the receipt of illegitimate emails with virus attachments, and because of the risks that occur on a daily basis, the company plans to continue regular education and timely reminders as countermeasures.



Individual information security education



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The Nisshinbo Group asks our suppliers to adhere to these policies to promote sustainable activities throughout the

entire supply chain.

#### Development of Sustainable Procurement Policy and Implementation of Questionnaires

The Nisshinbo Group developed a sustainable procurement policy for our suppliers with a voluntary questionnaire.

This policy is being developed every two years, and Nisshinbo communicates the sustainable sourcing policies of Nisshinbo Holdings Inc. and its operating companies and asks them to answer the questionnaire in order to fully understand the current status of the respective suppliers. The questionnaire is based on the Nisshinbo Group's Basic Policy for Sustainable Procurement: Seven items (Legislation and Social Norms Adherence, Fair Trade, Information security, Environmental Conservation, Human Rights and Occupation, Safety and Health, Product Quality and Safety) and green procurement activities.

Nisshinbo will strive to achieve sustainable procurement by feeding back questionnaire assessments to all suppliers in the future.

#### Examples of the Nisshinbo Group Activities

#### Improving Activities Based on the Source Sustainable Questionnaire

Japan Radio Co., Ltd. disseminated the Japan Radio Group Sustainable Procurement Basic Policy to all suppliers and asked them to strengthen their compliance. In addition, the Japan Radio Group Sustainable Survey Questionnaire confirmed the sustainable activities of the suppliers.

Major suppliers with top order amounts were included in the survey, and the responses were scored and divided into A, B, and C rankings to provide feedback to all suppliers. Suppliers with low evaluation scores were asked to provide further cooperation and improvements when provided feedback. More specifically, Japan Radio repeatedly met to make it possible to move forward even in small increments compared to the current situation by focusing on items that were below the overall average. This resulted in an improvement in the ratings of approximately 80% of the suppliers.

\* These activities are conducted in cooperation in collaboration with Japan Radio companies (Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd.).

#### Sustainable Procurement KAIZEN Activities Using a Questionnaire to Suppliers

Based on the results of the 2020 survey, Nisshinbo Brake Inc. prepared and deployed the results for each supplier in 2021 to ensure awareness of its position relative to the averages of responses from all suppliers.

The questionnaire was based on the Nisshinbo Group Sustainable Procurement Fundamental Policy for seven items (Legislation and Social Norms Adherence, Fair Trade, Information security, Environmental Conservation, Human Rights, Occupational Safety, Safety and Health, Product Quality and Safety) and green procurement activities. Specifically, Nisshinbo Brake compiled the collected questionnaire responses and summarized the status of each supplier in relation to the status of all vendors in a radar chart visualized and commented on for each vendor. In November 2021, Nisshinbo Brake analyzed the results and provided feedback to all suppliers to promote sustainable procurement.

#### Promotion of green purchasing Activities

Nisshinbo Mechatronics Inc. is working to increase the recycling and reuse of raw materials (to increase the mixing rate in raw materials) as well as to increase the recovery of ground materials (flakes).

With a number pattern that varied in the mixing rate of virgin and recycled materials, quality assessment of the products was conducted in a tie-up with clients. Customers were willing to cooperate with us because it would reduce costs for them as well. In addition, when waste producers break down household electric products as

specified by the Recycling Law, metals and rubber are separated from specific parts, and only certain resin parts are removed and collected. The company negotiated not only with the Tokai region but also with waste companies in the Kanto and Kansai regions to increase the recovery volume. Mixing rates tailored to the volume of pulverized material recovered allow the use of pulverized material without excess shortages.

In order to further increase the recovery volume in the future, activities aimed at foreign countries is also required. The company will work globally by involving our overseas bases as well.

#### Questionnaire survey of procurers

Nisshinbo Mechatronics Inc., Miai Machinery Plant, is actively working on the Sustainable Procurement Promotion Activities established by the Nisshinbo Group.

To achieve the sustainability goal of Improving Sustainable Procurement in Cooperation with Suppliers, the Miai Machinery Plant conducted a self-assessment survey of all suppliers to clearly communicate to them the Nisshinbo Group Basic Policy on Sustainable Procurement and request that they work together to raise awareness of sustainable procurement. The questionnaire included the suppliers' sustainability promotion system, compliance promotion activities, information security management, environmental protection initiatives, human rights and occupational management activities, safety and health management, quality control systems, and business continuity planning (BCPs). The results of the questionnaire were fed back to the suppliers who cooperated, and all items were improved from the previous survey.

The Miai Machinery Plant will promote sustainable procurement initiatives throughout the supply chain.

#### Implementation of a regular meeting on the quality of supplier

Nanbu Plastics Co., Ltd. conducts business with customers in accordance with the Sustainable Procurement Guidelines.

On the third Thursday of each month, the Fujieda Plant gathers 13 suppliers, mainly forming subcontractors, to hold regular supplier quality meetings. For the primary purpose of quality improvement by sharing quality-related information, Nanbu Plastics issues the quality excellence award each year in July to excellent vendors who achieved zero claims for one year.

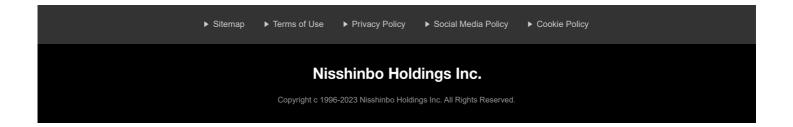
In addition to quality, Nanbu Plastics is discussing such issues as delivery styles to reduce the environmental impact. Specifically, the company discusses increasing the number of packages per pack, increasing transport efficiency by eliminating the number of deliveries, and changing 1WAY delivery boxes and trays to repeatedly available passengers and trays. Battery pack parts for electric vehicles for Y Ltd. were initially packed in 40 boxes using special trays, but by changing from trays to corrugated cardboard and air caps, the company able to reduce the number of delivery boxes per month by 16% by switching to 48 boxes for each.

#### Sustainable procurement

Nisshinbo Textile Inc. continuously surveys its suppliers on sustainable procurement. The company is working to deepen suppliers' understanding of the company's Sustainability Activities Policy and to improve sustainability activities. Nisshinbo Textile started its questionnaire in 2017 and then every two years, marking the third time in fiscal 2021.

The Supplier's Sustainability Activities have been improved over the first fiscal year of 2017 in all eight questionnaires on legislation and social norms adherence, fairness trade, information security, environmental conservation, human rights and occupational health, product quality/safety, and green procurement based on the Nisshinbo Group's Basic Policy for Sustainable Procurement. Continuing questionnaires increases the awareness of each other's sustainability activities and leads to increased awareness.

In fiscal year 2022, Nisshinbo Textile will continue to raise awareness of sustainability by enhancing the content of its surveys and providing feedback to all suppliers.

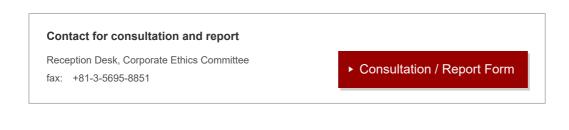


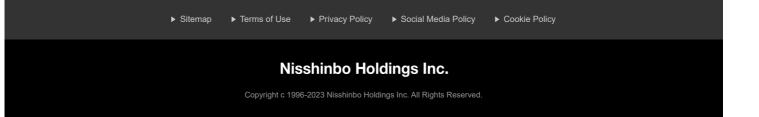
Grou	p Overview	Business Lines	Investor Relations	Sustainability	Research & Development
Home > Susta	ainability > Corporate Ethics	s Reporting System			_
Corpo	rate Ethics R	Reporting	System		Sustainability
	16 PRACE JUSTICE				<ul> <li>Message from the Presider</li> </ul>
SD	Gs Sitter				Nisshinbo Group Sustainability
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Group employees can file reports directly with internal Corporate Ethics Committee members as well as to outsic counsel. The Group strictly protects the confidentiality of whistleblowers and takes care not to cause any disadvantage to whistleblowers.

Compliance-related matters for the entire Nisshinbo Group are addressed by the Corporate Ethics Committee, which reports directly to our president. The Board of Directors receives and reviews periodic reports on important matters related to corporate ethics, including whistleblowing matters.

In the future also, through such sincere efforts, the Nisshinbo Group will strive to fulfill our social responsibility as a company and further enhance our corporate value.





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	Research & Development
Home > Sustainability > Participation in the Initiatives	
Participation in the Initiatives	Sustainability
Global	<ul> <li>Message from the Presiden</li> </ul>
Sustainable Developmental Goals (SDGs)	Nisshinbo Group Sustainability
Nisshinbo Group	<ul> <li>Value-Creation Process</li> </ul>
The Sustainable Development Goals (SDGs) is a global target aimed	<ul> <li>Contributing to SDGs</li> </ul>
at a sustainable and better world by 2030 as unanimously adopted at he UN Meeting in September 2015. The Nisshinbo Group will contribute to the achievement of the SDGs through its businesses and corporate activities as a whole and as an Environment and	<ul><li>Information Disclosure</li><li>Based on TCFD Recommendations</li></ul>
Energy Company group.	► The Environment
► Efforts for SDGs	Human Rights and Labor Practices
Consent to climate-related financial disclosure (TCFD)	Consumer Issues
Nisshinbo Holdings Inc.	Community Involvement and Development
The Task Force on Climate-related Financial Disclosure (TCFD) established by the Financial Stability Board (FSB) recommends that	► Fair Operating Practices
companies identify and disclose the financial impacts of the <i>risks</i> and opportunities posed by climate change. Nisshinbo Holdings Inc. expresses its endorsement for the TCFD's recommendations and	Sustainable Procurement Basic Policy
discloses the financial impacts based on the framework.	Corporate Ethics Reporting System
Information Disclosure Based on TCFD Recommendations	<ul> <li>Participation in the Initiatives</li> </ul>
Domestic	External Ratings and Evaluation
Consent to the Federation of Keidanren's Declaration of Biodiversity and Guidelines for Action Revised)	Comparative Table with GR Standards
	<ul> <li>Editing Policy</li> </ul>
The Nisshinbo Group has endorsed the Declaration of Biodiversity by Keidanren (revised edition).	<ul> <li>CSR Reports (Downloads)</li> </ul>

Biodiversity

## Act on Advancement of Measures to Support Raising Next-Generation Children-General Action Plan

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nanbu Plastics Co., Ltd., Nisshinbo Precision Instrument & Machinery Hiroshima Corporation, Kyushu Nanbu Plastics Co., Ltd., Nisshinbo Chemical Inc., Nisshinbo Textile Inc., Tokyo Shirts Co., Ltd.

To maintain an environment in which employees can display their abilities as well as balance their work and private lives, Nisshinbo Holdings Inc. and the Group's other companies (the above) in Japan are formulating their next general action plans in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children.

Diversity & Inclusion

#### Participation in the OPEN COVID-19 DECLARERS Related to Intellectual Property

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Mobility Co., Ltd., NJ Component Co., Ltd., Nisshinbo Micro Devices Inc. [formerly New Japan Radio Co., Ltd., formerly Ricoh Electronic Devices Co., Ltd.], Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nanbu Plastics Co., Ltd., Nisshinbo Precision Instrument & Machinery Hiroshima Corp., Nisshinbo Chemical Inc., Nisshinbo Textile Inc., NISSHINTOA IWAO INC.

In support of measures against the COVID-19 pandemic, Nisshinbo Holdings Inc. declared its agreement with the purport of the IP Open Access Declaration Against COVID-19 and promised the participation of the Nisshinbo Group<sup>\*</sup> in related efforts.



Compliance

#### **Declaration to Build Partnerships**

Nisshinbo Holdings Inc.

This declaration is promoted under the supervision of the Cabinet Office and the Small and Medium Enterprise Agency, and declares efforts for co-existence and co-prosperity with business partners and prevention of "wrinkling of business conditions". At the request of Keidanren, the Federation of Economic Organizations, and the Japan Spinners' Association, Nisshinbo Holdings has declared our intention to cooperate.



Fair Competition and Trade

#### Assisting workers in balancing work and nursing care

#### Nisshinbo Holdings Inc.

The each Group company in Japan have introduced a number of programs to help employees balance work and nursing care. These include nursing-care leave, family-care leave, shortened working hours for family care, and a system for returning employees to work after retirement for nursing care.



#### **Donation and support**

#### Donation to the United Nations World Food Programme (WFP)

#### NISSHINTOA IWAO INC.

Since 2007, NISSHINTOA IWAO INC. has been a regular donor to the United Nations World Food Programme (WFP), a humanitarian aid agency

As a United Nations agency, UN-WFP has the Executive Board of 36 member countries that provides intergovernmental support, direction, and oversight for UN-WFP's activities. It saves lives in emergencies and uses food assistance to build pathways to peace, stability, and prosperity for people affected by conflict, disaster, and climate change.

Community Involvement and Development

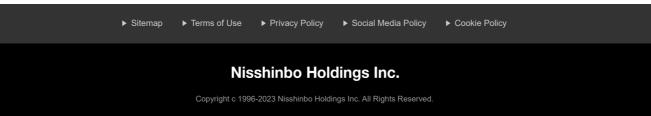
#### Supporting the Foundation for International Developmental Relief (FIDR)

NISSHINTOA IWAO INC.

NISSHINTOA IWAO INC. supports the activities of the Foundation for International Developmental Relief (FIDR).

FIDR is an international cooperative NGO established in 1990. With the mission of childcare, which fosters children into the future, and the promotion of international cooperation by Japanese people and Japanese companies, FIDR provides support for the independence and economic growth of developing countries and emergency assistance in the event of natural disasters at home and abroad. In order to address poverty in developing countries, FIDR is implementing potential solutions in a variety of fields, including health and education.

Community Involvement and Development



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Group Overview	Business Lines Investor Relations	Sustainability	Research & Development

Home > Sustainability > External Ratings and Evaluation

## **External Ratings and Evaluation**

The Nisshinbo Group strives for sustainability initiatives and has received evaluations and awards from domestic and overseas ESG evaluation organizations.

#### Inclusion status of ESG index

Nisshinbo Holdings Inc. has been selected for inclusion in domestic and overseas ESG indexes.

#### **MSCI ESG RATINGS**

MSCI ESG Research assigns MSCI ESG ratings to globally listed companies and some unlisted companies. Ratings assess industry-specific ESG risks and management relative to peers, which range from AAA (first-mover) to CCC (second-mover).



THE USE BY NISSHINBO HOLDINGS INC. OFANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF NISSHINBO HOLDINGS INC. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY.

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#### Four ESG indices adopted by GPIF

#### FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index constructed by FTSE Russell, a global index provider, is designed to be sector neutral with indices reflecting the performance of Japanese companies that are relatively good for environmental, social, and governance (ESGs) responses in each sector. In addition, to promote the transition to a low-carbon economy, particularly for companies with high greenhouse gas emissions, only the companies that are evaluated for their improvement efforts based on TPI management quality scores are included.



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nisshinbo Holdings Inc. has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

#### MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is constructed by comprehensively grasping the risks related to ESG among the top 700 Japanese stocks in terms of market capitalization and then by selecting companies with relatively superior ESG ratings within the industry.

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX THE INCLUSION OF NISSHINBO HOLDINGS INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEWARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF JISSUER ENTITY NAMEJ BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

#### Sustainability

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- Corporate Ethics Reporting System
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- Comparative Table with GRI Standards
- Editing Policy
- CSR Reports (Downloads)

#### MSCI Japan Empowering Women Index (WIN)

Nisshinbo Holding was selected for inclusion in the MSCI Japanese Empowering Women Index (WIN), an ESG index developed by MSCI Corporation of the United States. The MSCI Japan Empowering Women Index (WIN) is a stock price index developed by MSCI (USA) for ESG investments. The index is constructed from data on gender diversity based on the Act on Promotion of Women's Participation and Advancement in the Workplace and corporate disclosures.

#### 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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#### S&P/JPX Carbon Efficient Index

This index is one of the ESG indices selected by GPIF (Pension Investment Fund Incorporated Administrative Agency). It is a universe of TOPIX, which is a representative stock price index showing trends in the Japanese market. The index determines the weight of constituent stocks by focusing on the status of disclosures of environmental information and the level of carbon efficiency.



#### **SOMPO Sustainability Indexes**

This index is used for SOMPO Sustainable Management, a responsible investment product for pension funds and institutional investors managed by SOMPO Asset Management Co., Ltd., which invests in companies with strong environmental, social, and governance (ESG) ratings. The brands are reviewed annually based on the results of the Bunano Mori (Beech Forest) Environmental Questionnaire and the ESG Management Survey conducted by the company.

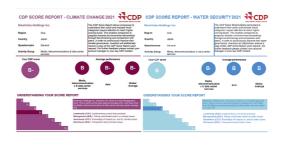


#### External Ratings and Evaluation of the Nisshinbo Group's ESG Activities

#### CDP Climate Change 2021 CDP Water Security 2021

#### Nisshinbo Group

The CDP is an international NGO working in the environmental field. The CDP surveys more than 13,000 companies worldwide and assigns scores from A to D in more than 1,000 cities, states, and regions to assess how companies effectively responds to the issues of climate change, deforestation, and water security. The Nisshinbo Group received a B rating in Water Security 2021 and a B– rating in Climate Change 2021.



Climate Change Countermeasures Water Resources

In collaboration with Keidanren, the New Energy and Industrial Technology Development Organization (NEDO), and the Ministry of Agriculture, Forestry and Fisheries (MAFF), METI is working on the Zero Emissions Challenge project, which lists the companies that are accepting the challenge of innovation aimed at achieving 2050 carbon neutrality and which provides investors with useful information.

The following initiatives were highly evaluated, and each of the initiatives selected as Zero Emissions Challenge Companies by the Ministry of Economy, Trade and Industry of Japan: Technology Development Project for Social Implementation of Marine Biodegradable Plastics by Nisshinbo Holdings Inc.; Project for Realization of Energy-Saving Society with Robots and Drones by Japan Radio Co. Ltd.; and Industry-Academia-Government Collaboration Problem-solving Research and Development Project about Advancement of Fuel Cells, etc. Technologies and Utilization Project by Nisshinbo Chemical Inc.

#### Climate Change Countermeasures

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., Nisshinbo Textile Inc., Nagano Japan Radio Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd.

The Certified Health and Productivity Management Organization Recognition Program 2022

Eight companies were certified in the large corporate sector under the Certified Health and Productivity Management Organization Recognition Program, which is designed by the Ministry of Economy, Trade and Industry and selected by the Japan Health Council. Three companies were certified under the Certified Health and Productivity Management Organization Recognition Program 2022.



Health

#### Kurumin Certification as a Childcare Support Company

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd.

Kurumin Certification is a system to certify companies that meet certain requirements, such as formulating and implementing action plans to help employees balance work and child care, as a company that supports child rearing, based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Nisshinbo Holdings Inc., Japan Radio Co., Ltd. and Nagano Japan Radio Manufacturing Co., Ltd. have been certified by the Minister of Health, Labor and Welfare (Kurumin certification).



Diversity & Inclusion



#### The Nikkei's 2021 SDG Management Survey

#### Nisshinbo Group

In the overall rankings of the 2021 Nikkei SDG Management Survey, which rates and evaluates companies on their ability simultaneously to improve corporate value and contribute to the SDGs, the Group was awarded a four-star rating.

The Nikkei SDG Management Survey consists of questions in four areas: SDG strategy/economic value, social value, environmental value, and governance. The survey defines SDG management as efforts to contribute to the SDGs through business activities in ways that lead to improved corporate value. The evaluation of companies draws on surveys of companies and publicly available data based on 17 evaluation indicators. This year, the second year of the survey, 846 companies participated in the survey, including companies listed on Japanese exchanges.

## NIKKEI SDGS 経営調査 2021 ★★★★

#### Contributing to SDGs

#### The Nikkei Smart Work Management Survey

Nisshinbo Group

The Nisshinbo Group was recognized with a three-star rating in the overall assessment of the fifth Nikkei Smart Work Management Survey, which selects advanced companies that are accepting the challenge of a productivity revolution through work-style reforms.

This survey has been conducted by Nikkei Inc. since 2017. Targeting listed companies nationwide and leading unlisted companies, the survey define Smart Work Management as an initiative to maximize organizational performance based on three factors: the realization of diverse and flexible work styles, the structure to create new businesses, and the ability to develop markets. The survey is evaluated on a five-star scale. In 2021, 807 companies, including domestic listed companies, participated in the survey.

# Smart Work

Contributing to SDGs

#### The Toyo Keizai CSR Company Rankings

Nisshinbo Holdings Inc.

In its latest assessment of CSR, the 2022 CSR Company Rankings, Toyo Keizai Inc. (hereafter, Toyo Keizai) rated Nisshinbo Holdings Inc. highly for the various initiatives being deployed by the Group. Toyo Keizai awarded the Group a ranking of AAA on human resources utilization, the environment, social services and a ranking of AA on corporate governance.

Conducted annually since 2005 by Toyo Keizai, the CSR Corporate Rankings draw on survey results to select a list of "trusted companies" from the perspectives of both corporate social



responsibility (CSR) and finance, which are becoming increasingly complex. This 2022 CSR Company Ranking is the 16th.

Sustainability Promotion Plan

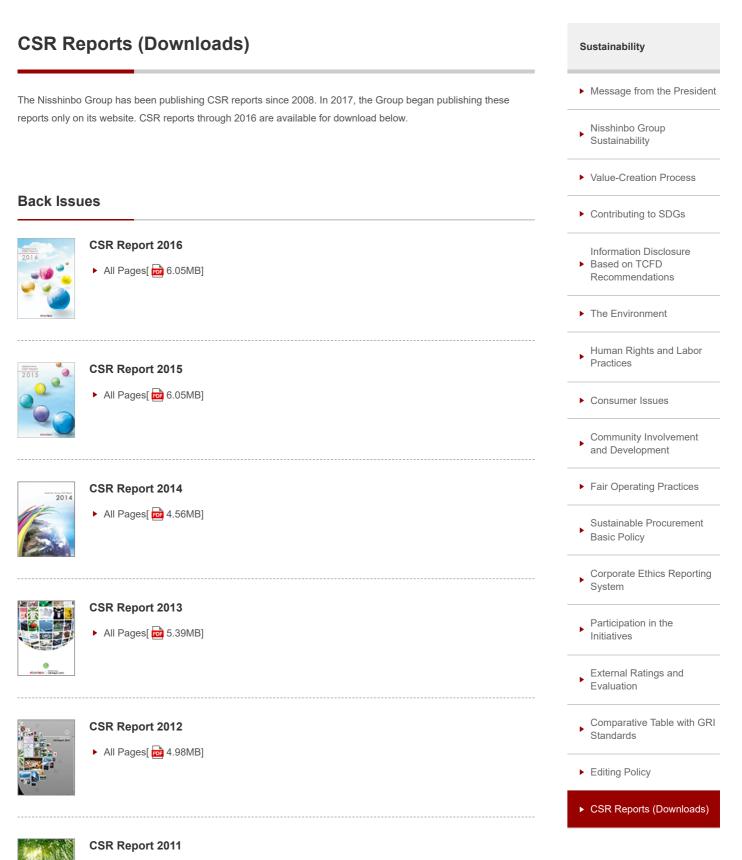
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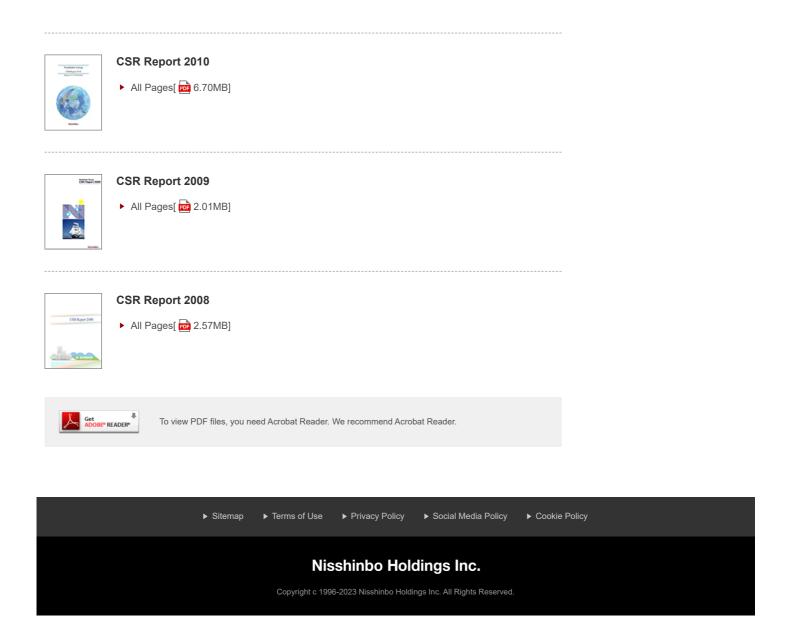
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## **Editing Policy**

The Nisshinbo Group discloses its CSR-related activities on its website to report them to a broad range of stakeholders.

#### 1. Period Covered

In principle, centers on fiscal year 2021\* (January 1, 2021–December 31, 2021).

\* Following the approval of the "Partial Change of the Articles of Incorporation" at the 175th General Meeting of Shareholders held on June 28, 2018, the Company changed the fiscal year-end from March 31 to December 31, starting in the fiscal year that ended in December 2018. As a result, the consolidated fiscal year that ended in December 2018 was a transitional period with an irregular fiscal year adjusted for changes in the fiscal periods of the Company and consolidated subsidiaries as follows: the Company and consolidated subsidiaries switching from fiscal years ending in March (nine-month consolidation from April 1, 2018 to December 31, 2018); consolidated subsidiaries switching from fiscal years.

#### 2. Scope

In fiscal year 2021, a total of 102 companies, including Nisshinbo Holdings and 101 consolidated subsidiaries, were counted.

#### 3. Guidelines Used for Reference

- Environmental Reporting Guidelines 2018, Japan's Ministry of the Environment
- Environmental Accounting Guidelines 2005, Japan's Ministry of the Environment
- Task Force on Climate-related Financial Disclosure (TCFD) Recommended Disclosures
- Global Reporting Initiative "GRI standard"
- ISO26000

### **Environmental Disclosure**

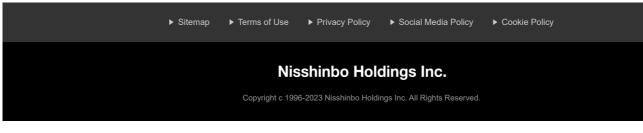
The Nisshinbo Group discloses information in the *Integrated Report* and on its website in order to satisfy the disclosure requirements of the Environmental Reporting Guidelines (2018 edition) published by the Ministry of the Environment on June 29, 2018.

#### Items to be reported according to Environmental Reporting Guidelines 2018

(1) Top management's commitments	Ø
(2) Governance	4 <b>1</b> 4
(3) Stakeholder engagement	4 <b>7</b> 4
(4) Risk management	4 <b>7</b> 4
(5) Business model	Ø
(6) Value chain management	κ

Research & Development
Sustainability
<ul> <li>Message from the President</li> </ul>
<ul> <li>Nisshinbo Group</li> <li>Sustainability</li> </ul>
<ul> <li>Value-Creation Process</li> </ul>
<ul> <li>Contributing to SDGs</li> </ul>
<ul><li>Information Disclosure</li><li>Based on TCFD Recommendations</li></ul>
► The Environment
Human Rights and Labor Practices
<ul> <li>Consumer Issues</li> </ul>
Community Involvement and Development
<ul> <li>Fair Operating Practices</li> </ul>
Sustainable Procurement Basic Policy
Corporate Ethics Reporting System
<ul> <li>Participation in the Initiatives</li> </ul>
External Ratings and Evaluation
Comparative Table with GRI Standards
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<ul> <li>CSR Reports (Downloads)</li> </ul>







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Organizational Profile			
Item	Indicator	Corresponding Sections	
102-1	Name of the organization a. Name of the organization.	<u>Corporate Profile</u> (Corporate name)	
102-2	<ul> <li>Activities, brands, products, and services</li> <li>a. A description of the organization's activities.</li> <li>b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.</li> </ul>	<u>Corporate Profile</u> _(Main Business)	
102-3	Location of headquarters a. Location of the organization's headquarters.	Corporate Profile _(Head Office)_	
102-4	Location of operations a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Offices and Group Companies	
102-5	Ownership and legal form a. Nature of ownership and legal form.	Corporate Data (P76 Integrated Report 2022) [PDF] FAQ for Individual Investors	
102-6	Markets served a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	Business Lines	
102-7	<ul> <li>Scale of the organization</li> <li>a. Scale of the organization, including: <ol> <li>total number of employees;</li> <li>total number of operations;</li> <li>total number of operations;</li> <li>net sales (for private sector organizations) or net revenues (for public sector organizations);</li> <li>total capitalization (for private sector organizations) broken down in terms of debt and equity;</li> </ol> </li> </ul>	Financials (P70-72 Integrated Report 2022) [PDF] Financial Highlights	

#### Sustainability

- Nisshinbo Group
   Sustainability
- Value-Creation Process
- Contributing to SDGs
- Information Disclosure
   Based on TCFD Recommendations
- The Environment
- Human Rights and Labor
   Practices
- Consumer Issues
- Community Involvement
   and Development
- ► Fair Operating Practices
- Sustainable Procurement
   Basic Policy
- Corporate Ethics Reporting System
- Participation in the Initiatives
- External Ratings and Evaluation
- Comparative Table with GRI Standards
- Editing Policy
- CSR Reports (Downloads)

Organizational Profile			
		v. quantity of products or services provided.	
	102-8	<ul> <li>Information on employees and other workers <ul> <li>a. Total number of employees by employment contract (permanent and temporary), by gender.</li> <li>b. Total number of employees by employment contract (permanent and temporary), by region.</li> <li>c. Total number of employees by employment type (full-time and part-time), by gender.</li> <li>d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</li> <li>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</li> <li>f. An explanation of how the data have been compiled, including any assumptions made.</li> </ul> </li> </ul>	
	102-9	Supply chain a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	-
	102-10	<ul> <li>Significant changes to the organization and its supply chain <ul> <li>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</li> <li>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</li> <li>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</li> <li>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</li> </ul> </li> </ul>	Transition of Business Portfolio Value-Creation Process
	102-11	Precautionary Principle or approach a. Whether and how the organization applies the Precautionary Principle or approach.	The Nisshinbo Group Risk Management Disclosure based on TCFD recommendations
	102-12	External initiatives a. A list of externally-developed economic, environmental and social	Engagement in Initiatives

	Organizational Profile	
	charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	
102-13	Membership of Associations a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	-
	Strategy	
102-14	Statement from senior decision-maker a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	<u>Message from the</u> <u>President</u>
102-15	Key impacts, risks, and opportunities a. A description of key impacts, risks, and opportunities.	<u>Managing Risks and</u> <u>Opportunities</u>
	Ethics and integrity	
102-16	Values, principles, standards, and norms of behavior a. A description of the organization's values, principles, standards, and norms of behavior.	Corporate Philosophy
102-17	<ul> <li>Mechanisms for advice and concerns about ethics</li> <li>a. A description of internal and external mechanisms for: <ol> <li>i. seeking advice about ethical and lawful behavior, and organizational integrity;</li> <li>ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.</li> </ol> </li> </ul>	<u>Corporate Ethics</u> <u>Reporting System</u>
- -	Governance	
102-18	<ul> <li>Governance structure</li> <li>a. Governance structure of the organization, including committees of the highest governance body.</li> <li>b. Committees responsible for decision-making on economic, environmental, and social topics.</li> </ul>	Corporate Governance
102-19	Delegating authority a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	Corporate Governance

	Organizational Profile	
102-20	<ul> <li>Executive-level responsibility for economic, environmental, and social topics</li> <li>a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.</li> <li>b. Whether post holders report directly to the highest governance body.</li> </ul>	Corporate Governance
102-21	<ul> <li>Consulting stakeholders on economic, environmental, and social topics</li> <li>a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.</li> <li>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.</li> </ul>	Stakeholder Engagement Initiatives _(P41 Integrated Report 2022) [PDF]
102-22	<ul> <li>Composition of the highest governance body and its committees</li> <li>a. Composition of the highest governance body and its committees by: <ol> <li>executive or non-executive;</li> <li>independence;</li> <li>independence;</li> <li>itenure on the governance body;</li> <li>number of each individual's other significant positions and commitments, and the nature of the commitments;</li> <li>gender;</li> <li>membership of under-represented social groups;</li> </ol> </li> <li>vii. competencies relating to economic, environmental, and social topics;</li> <li>viii. stakeholder representation.</li> </ul>	Corporate Governance
102-23	<ul><li>Chair of the highest governance body</li><li>a. Whether the chair of the highest governance body is also an executive officer in the organization.</li><li>b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.</li></ul>	Corporate Governance
102-24	<ul> <li>Nominating and selecting the highest governance body</li> <li>a. Nomination and selection processes for the highest governance body and its committees.</li> <li>b. Criteria used for nominating and selecting highest governance body members, including whether and how: <ol> <li>i. stakeholders (including shareholders) are involved;</li> <li>ii. diversity is considered;</li> <li>iii. independence is considered;</li> <li>iv. expertise and experience relating to economic, environmental, and social topics are considered.</li> </ol> </li> </ul>	Selection and Dismissal of Directors and Senior Managers _(P40 Integrated Report 2022) [PDF]

Organizational Profile		
102-25	<ul> <li>Conflicts of interest</li> <li>a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed.</li> <li>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ol> <li>Cross-board membership;</li> <li>Cross-shareholding with suppliers and other stakeholders;</li> <li>Existence of controlling shareholder;</li> <li>Related party disclosures.</li> </ol> </li> </ul>	<u>Corporate Governance</u>
102-26	Role of highest governance body in setting purpose, values, and strategy a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.	<u>Corporate Governance</u>
102-27	Collective knowledge of highest governance body a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	Expertise and Experience Required of Nisshinbo Directors (Skill Matrix) (P48 Integrated Report 2022) [PDF]
102-28	<ul> <li>Evaluating the highest governance body's performance</li> <li>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.</li> <li>b. Whether such evaluation is independent or not, and its frequency.</li> <li>c. Whether such evaluation is a self-assessment.</li> <li>d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.</li> </ul>	Expertise and Experience Required of Nisshinbo Directors (Skill Matrix) (P48 Integrated Report 2022) [PDF]
102-29	<ul> <li>Identifying and managing economic, environmental, and social impacts <ul> <li>a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</li> <li>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic,</li> </ul></li></ul>	<u>Managing Risks and</u> <u>Opportunities</u>

Organizational Profile		
	environmental, and social topics and their impacts, risks, and opportunities.	
102-30	Effectiveness of risk management processes a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	<u>Managing Risks and</u> <u>Opportunities</u>
102-31	Review of economic, environmental, and social topics a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	Promotional System for Sustainability Activity
102-32	<ul> <li>Highest governance body's role in sustainability reporting</li> <li>a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.</li> </ul>	Promotional System for Sustainability Activity
102-33	Communicating critical concerns a. Process for communicating critical concerns to the highest governance body.	Managing Risks and Opportunities
102-34	<ul> <li>Nature and total number of critical concerns</li> <li>a. Total number and nature of critical concerns that were communicated to the highest governance body.</li> <li>b. Mechanism(s) used to address and resolve critical concerns.</li> </ul>	Remuneration for Directors and Senior Managers (P40 Integrated Report 2022) [PDF]
102-35	<ul> <li>Remuneration policies</li> <li>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ol> <li>Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;</li> <li>Sign-on bonuses or recruitment incentive payments;</li> <li>Termination payments;</li> <li>Clawbacks;</li> <li>Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</li> </ol> </li> </ul>	Remuneration for Directors and Senior Managers (P40 Integrated Report 2022) [PDF]
102-36	Process for determining remuneration a. Process for determining remuneration.	Remuneration for Directors and Senior

	Organizational Profile	
	<ul> <li>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</li> <li>c. Any other relationships that the remuneration consultants have with the organization.</li> </ul>	<u>Managers (P40</u> Integrated Report 2022) [PDF]
102-3	<ul> <li>7 Stakeholders' involvement in remuneration</li> <li>a. How stakeholders' views are sought and taken into account regarding remuneration.</li> <li>b. If applicable, the results of votes on remuneration policies and proposals.</li> </ul>	-
102-3	8 Annual total compensation ratio a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-
102-3	<ul> <li>Percentage increase in annual total compensation ratio         <ul> <li>a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.</li> </ul> </li> </ul>	-
	Stakeholder Engagement	1
102-4	D List of stakeholder groups a. A list of stakeholder groups engaged by the organization.	Stakeholder Engagement
102-4	1 Collective bargaining agreements a. Percentage of total employees covered by collective bargaining agreements.	-
102-4	<ul> <li>Identifying and selecting stakeholders</li> <li>a. The basis for identifying and selecting stakeholders with whom to engage.</li> </ul>	<u>Stakeholder</u> Engagement
102-4	Approach to stakeholder engagement a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<u>Stakeholder</u> Engagement
102-4	<ul> <li>Key topics and concerns raised</li> <li>a. Key topics and concerns that have</li> <li>been raised through stakeholder</li> </ul>	-

	Organizational Profile	
	engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	
	Reporting practice	
102-45	<ul> <li>Entities included in the consolidated financial statements</li> <li>a. A list of all entities included in the organization's consolidated financial statements or equivalent documents.</li> <li>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</li> </ul>	
102-46	<ul> <li>Defining report content and topic</li> <li>Boundaries <ul> <li>a. An explanation of the process for defining the report content and the topic Boundaries.</li> <li>b. An explanation of how the organization has implemented the Reporting Principles for defining report content.</li> </ul> </li> </ul>	Editing Policy
102-47	List of material topics a. A list of the material topics identified in the process for defining report content.	<u>Materiality</u>
102-48	Restatements of information a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	-
102-49	Changes in reporting a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	-
102-50	Reporting period a. Reporting period for the information provided.	Editing Policy
102-51	Date of most recent report a. If applicable, the date of the most recent previous report.	Editing Policy
102-52	Reporting cycle a. Reporting cycle.	-
102-53	Contact point for questions regarding the report a. The contact point for questions regarding the report or its contents.	-
102-54	Claims of reporting in accordance with the GRI Standards a. The claim made by the organization, if it has prepared a report in accordance	<u>Comparative Table with</u> <u>GRI Standards</u>

		Organizational Profile	
		with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	
	102-55	<ul> <li>GRI content index</li> <li>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</li> <li>b. For each disclosure, the content index shall include: <ul> <li>i. the number of the disclosure (for disclosures covered by the GRI Standards);</li> <li>ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;</li> <li>iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</li> </ul> </li> </ul>	<u>Comparative Table with</u> <u>GRI Standards</u>
	102-56	<ul> <li>External assurance</li> <li>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>b. If the report has been externally assured: <ol> <li>A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</li> <li>The relationship between the organization and the assurance provider;</li> <li>Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</li> </ol> </li> </ul>	External assurance
	400.1	Specific Standard Disclosure	
Management Approach	103-1	<ul> <li>Explanation of material topic and its</li> <li>Boundary <ul> <li>a. An explanation of why the topic is material.</li> </ul> </li> <li>b. The Boundary for the material topic, which includes a description of: <ul> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or</li> </ul> </li> </ul>	Materiality and Relted Major Risks, Opportunities and Responses (P29 Integrated Report 2022) [PDF]

Economic     Economic of how the organization manages the topic.     President Managino Risks z Opportunities       b. A statement of the purpose of the management approach.     Environmental Ac- Copportunities       c. A description of the following, if the management approach includes that component: i. Policies     Environmental Ac- Copportunities       iii. Coals and targets iv. Responsibilities v. Responsibilities v. Responsibilities v. Responsibilities     Safety       103-3     Evaluation of the management approach includies the management approach; ii. the mechanisms for evaluation evaluates the management approach; iii. any related adjustments to the management approach.       Economic     ECONOMIC PERFORMANCE       201-1     Direct economic value generated and distributed     Einancial Highligh commendations       201-2     Financial implications and other retirement plan     -       201-3     Defined benefit plan obligations and other retirement plans     -       201-4     Financial assistance received from government     -       201-1     Ratios of standard entry level wage by gender compared to local inimum wage     -       201-2     Proportion of senior management hired     -			Organizational Profile		
Economic     Economic spination of how the organization manages the topic.     President Managing Risks z Opportunities       b. A statement of the purpose of the management approach.     C. A description of the following, if the management approach includes that component:     Environmental Ac- Disorder includes that component:       i. Policies     ii. Commitments     Environmental Ac- Properties       iii. Coals and targets     iv. Responsibilities     Safety       iv. Responsibilities     v. Responsibilities     Safety       103-3     Evaluation of the management approach, including:     Sustainability Promotion Plan       103-3     Evaluation of the management approach, including:     Sustainability Promotion Plan       103-3     Evaluation of the management approach, including:     Sustainability Promotion Plan       Economic     ECONOMIC PERFORMANCE     Sustainability Promotion Plan       Economic     201-1     Direct economic value generated and distributed     Einancial Highligh Including:       201-2     Financial implications and other risks and opportunities due to climate change     Disclosure based ICED recommendations       201-3     Defined benefit plan obligations and other retirement plans     -       201-4     Financial assistance received from government     -       201-4     Ratios of standard entry level wage by gender compared to local minimum wage     -       202-1     Ratios of standard entry level wage			directly linked to the impacts through its business relationships. c. Any specific limitation regarding the		
a. An explanation of how the organization evaluates the management approach, including;       Promotion Plan         i. the mechanisms for evaluating the effectiveness of the management approach;       External evaluation         ii. the results of the evaluation of the management approach;       iii. any related adjustments to the management approach;         iii. any related adjustments to the management approach.       Economic         Economic       ECONOMIC PERFORMANCE         201-1       Direct economic value generated and distributed       Financial Highligh         201-2       Financial implications and other risks and opportunities due to climate change       Disclosure based recommendations         201-3       Defined benefit plan obligations and other retirement plans       -         201-4       Financial assistance received from government       -         201-1       Ratios of standard entry level wage by gender compared to local minimum wage       -		103-2	<ul> <li>components <ul> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component: <ul> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes,</li> </ul> </li> </ul></li></ul>	Managing Risks and Opportunities Environmental Activities Environmental Management	
201-1Direct economic value generated and distributedFinancial Highligh distributed201-2Financial implications and other risks and opportunities due to climate changeDisclosure based TCFD recommendations201-3Defined benefit plan obligations and other retirement plans-201-4Financial assistance received from government-MARKET PRESENCE202-1Ratios of standard entry level wage by gender compared to local minimum wage-202-2Proportion of senior management hired-		103-3	<ul> <li>a. An explanation of how the organization evaluates the management approach, including: <ol> <li>the mechanisms for evaluating the effectiveness of the management approach;</li> <li>the results of the evaluation of the management approach;</li> <li>any related adjustments to the</li> </ol></li></ul>		
201-2       Financial implications and other risks and opportunities due to climate change       Disclosure based TCFD recommendations         201-3       Defined benefit plan obligations and other retirement plans       -         201-4       Financial assistance received from government       -         201-4       Ratios of standard entry level wage by gender compared to local minimum wage       -         202-1       Ratios of stendard entry level wage by gender compared to local minimum wage       -	Economic	ECONOMIC PERFORMANCE			
opportunities due to climate change       TCFD recommendations         201-3       Defined benefit plan obligations and other retirement plans       -         201-4       Financial assistance received from government       -         MARKET PRESENCE       202-1       Ratios of standard entry level wage by gender compared to local minimum wage       -         202-2       Proportion of senior management hired       -		201-1	_	<u>Financial Highlights</u>	
retirement plans       -         201-4       Financial assistance received from government       -         MARKET PRESENCE       -         202-1       Ratios of standard entry level wage by gender compared to local minimum wage       -         202-2       Proportion of senior management hired       -		201-2		Disclosure based on TCFD recommendations	
government         MARKET PRESENCE         202-1       Ratios of standard entry level wage by gender compared to local minimum wage         202-2       Proportion of senior management hired		201-3		-	
202-1     Ratios of standard entry level wage by gender compared to local minimum wage     -       202-2     Proportion of senior management hired     -		201-4		-	
gender compared to local minimum wage       202-2       Proportion of senior management hired		MARKET PF	RESENCE	<u></u>	
		202-1		-	
trom the local community		202-2	Proportion of senior management hired from the local community	-	

Organizational Profile				
	203-1	Infrastructure investments and services supported	-	
	203-2	Significant indirect economic impacts	-	
	PROCUREME	NT PRACTICES		
	204-1	Proportion of spending on local suppliers	-	
	ANTI-CORRUI	PTION		
	205-1	Operations assessed for risks related to corruption	<u>Compliance</u>	
	205-2	Communication and training about anti- corruption policies and procedures	<u>Compliance</u>	
	205-3	Confirmed incidents of corruption and actions taken	-	
	ANTI-COMPE	TITIVE BEHAVIOR		
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	
Тах				
	207-1	Approach to tax	<u>Nisshinbo Group Tax</u> <u>Policy</u>	
	207-2	Tax governance, control, and risk management	<u>Nisshinbo Group Tax</u> <u>Policy</u>	
	207-3	Stakeholder engagement and management of concerns related to tax	<u>Nisshinbo Group Tax</u> <u>Policy</u>	
	207-4	Country-by-country reporting	-	
Environmental	MATERIALS			
	301-1	Materials used by weight or volume	Material Balance	
	301-2	Recycled input materials used	-	
	301-3	Reclaimed products and their packaging materials	-	
ENERGY				
	302-1	Energy consumption within the organization	Energy Conservation	
	302-2	Energy consumption outside of the organization	Environmental Data by Principal Nisshinbo Group Company [PDF]	
	302-3	Energy intensity	Energy Conservation	

	Organizational Profile	
302-4	Reduction of energy consumption	Energy Conservation
302-5	Reductions in energy requirements of products and services	Life Cycle Assessment
WATER		
303-1	Interactions with water as a shared resource	Water Resources
303-2	Management of water discharge-related impacts	-
303-3	Water withdrawal	Material Balance
		Water Resources
303-4	Water discharge	Material Balance
		Water Resources
303-5	Water consumption	Material Balance
		Water Resources
BIODIVERSI	TY	
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	-
304-3	Habitats protected or restored	<u>Biodiversity</u>
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<u>Biodiversity</u>
EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	<u>Climate Change</u> <u>Countermeasures</u>
305-2	Energy indirect (Scope 2) GHG emissions	<u>Climate Change</u> <u>Countermeasures</u>
305-3	Other indirect (Scope 3) GHG emissions	<u>Climate Change</u> <u>Countermeasures</u>
		Environmental Data by Principal Nisshinbo Group Company [PDF
305-4	GHG emissions intensity	<u>Climate Change</u> <u>Countermeasures</u>

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	305-5	Reduction of GHG emissions	<u>Climate Change</u> <u>Countermeasures</u>
	305-6	Emissions of ozone-depleting substances (ODS)	-
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<u>Chemical Substance</u> <u>Management</u>
	Waste		
	306-1	Waste generation and significant waste- related impacts	-
	306-2	Management of significant waste-related impacts	-
	306-3	Waste generated	Resource Conservation
	306-4	Waste diverted from disposal	Resource Conservation
	306-5	Waste directed to disposal	Resource Conservation
	Environmen	tal Compliance	
	307-1	Non-compliance with environmental laws and regulations	-
	Supplier Environmental Assessment		
	308-1	New suppliers that were screened using environmental criteria	-
	308-2	Negative environmental impacts in the supply chain and actions taken	-
Social	EMPLOYEN	IENT	
	401-1	New employee hires and employee turnover	-
	401-2	Benefits provided to full-time employees that are not provided to temporary or part- time employees	-
	401-3	Parental leave	-
	LABOR/MAI	NAGEMENT RELATIONS	
	402-1	Minimum notice periods regarding operational changes	-
	Occupationa	al Health and Safety	
	403-1	Occupational health and safety management system	<u>Safety</u>

	Organizational Profile		
403-2	Hazard identification, risk assessment, and incident investigation	-	
403-3	Occupational health services	-	
403-4	Worker participation, consultation, and communication on occupational health and safety	<u>Safety</u>	
403-5	Worker training on occupational health and safety	-	
403-6	Promotion of worker health	<u>Health</u>	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	
403-8	Workers covered by an occupational health and safety management system	-	
403-9	Work-related injuries	<u>Safety</u>	
403-10	Work-related ill health	-	
TRAINING A	ND EDUCATION		
404-1	Average hours of training per year per employee	-	
404-2	Programs for upgrading employee skills and transition assistance programs	<u>Human Resources</u> <u>Training</u>	
404-3	Percentage of employees receiving regular performance and career development reviews	-	
DIVERSITY A	AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Diversity & Inclusion Board of Director Duties and Diversity (P39 Integrated Report 2022) [PDF	
405-2	Ratio of basic salary and remuneration of women to men	-	
NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	-	
FREEDOM C	F ASSOCIATION AND COLLECTIVE BARGAININ	IG	
407-1	Operations and suppliers in which the right	_	

	Organizational Profile	
	bargaining may be at risk	
CHILD LAB	OR	
408-1	Operations and suppliers at significant risk for incidents of child labor	-
FORCED C	OR COMPULSORY LABOR	4
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
SECURITY	PRACTICES	L
410-1	Security personnel trained in human rights policies or procedures	-
RIGHTS OI	F INDIGENOUS PEOPLES	1
411-1	Incidents of violations involving rights of indigenous peoples	-
HUMAN RI	GHTS ASSESSMENT	±
412-1	Operations that have been subject to human rights reviews or impact assessments	-
412-2	Employee training on human rights policies or procedures	Respect for Huma Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
LOCAL CO	MMUNITIES	1
413-1	Operations with local community engagement, impact assessments, and development programs	<u>Community</u> Involvement and <u>Development</u>
413-2	Operations with significant actual and potential negative impacts on local communities	-
SUPPLIER	SOCIAL ASSESSMENT	1
414-1	New suppliers that were screened using social criteria	-
414-2	Negative social impacts in the supply chain and actions taken	-
PUBLIC PC	DLICY	4
415-1	Political contributions	-
,	R HEALTH AND SAFETY	<u>L</u>

	Organizational Profile	
416-1	Assessment of the health and safety impacts of product and service categories	Customer Response
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
MARKETING	AND LABELING	
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	-
CUSTOMER F	PRIVACY	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
SOCIOECON	OMIC COMPLIANCE	
419-1	Non-compliance with laws and regulations in the social and economic area	-

(\*1) Fiscal 2019: 0 case

