

The Nisshinbo Group's Sustainability

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Message from the President



Focusing on "Environment and Energy" as the direction for all business activities to achieve the corporate philosophy

The Nisshinbo Group has continued to transform into a business domain that contributes to society with the slogan, "Contributing to society through business activities," as its corporate mission. "By providing solutions to the challenges facing human society" as the cornerstone of corporate growth, the Group has achieved development by constantly transforming its business portfolio without being confined to a single business.

Today, the global environment is in crisis. It is the result of humanity's pursuit of wealth. The Nisshinbo Group believes that its contribution to modern society is to provide solutions that contribute to the improvement of the global environment, and the Group has made it a Nisshinbo Group business policy to "Realize a super-smart society as an *Environment and Energy Company* group." The Group is equipped with products and services related to Wireless and Communications, Micro Devices, and Chemicals. By focusing on one business direction, "Environment and Energy," the Group is convinced that it can achieve the Corporate Philosophy "Change and Challenge! For the creation of the future of Earth and People."

Promoting Diversity and Inclusion and Toward a Culture of Innovation

In order to realize the corporate philosophy, the Group has set three materiality issues: "Contribution to the environment and energy field," "Creation of a safe and secure society," and "Global compliance."

With regard to "Contribution to the environment and energy field," the Group announced its support for the TCFD (Task Force on Climate-related Financial Disclosure) and is promoting information disclosure by 2022. In addition, within the Nisshinbo Group, the Group aims to reduce greenhouse gas emissions by more than 50% by 2030 compared to FY2014 and to achieve carbon neutrality by 2050, which is the most important goal. As a result of the promotion of geothermal power generation at the Indonesian plant, the main plant of the Textiles business, in 2022, the achievement of the 2030 target is now within range. In addition, the Nisshinbo Group has set "expanding sales of products that contribute to a sustainable society" as the top target in the environmental field, and the Group is working toward achieving a ratio of 70% or more of sales in FY2030. The Group expects to achieve this goal by concentrating its activities further because the Group has already expanded to 55% as of 2022.

The "Creation of a safe and secure society" encompasses many key action items, but I believe that the essence of a company is a group of human beings, and the key is how to cherish each and every employee as an individual. This does not mean allowing or coddling them. The core idea is that the Group should provide education and training that

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respects each individual, regardless of gender, and promote the transformation of its organization to one that emphasizes a meritocracy.

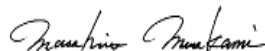
For example, not long ago, cars were road vehicles, but now they are evolving into flying cars. In this game-changing era, when the nature of society is changing dramatically, the Group recognizes that the diversity of its employees and their high level of engagement with the corporate philosophy are critical issues that can make the difference between life and death for a company. On the other hand, the number of women managers, which is one indicator of employee diversity, is still small. The Nisshinbo Group is currently reforming at a rapid pace the promotion and evaluation system, the transfer system, and the method of hiring new graduates, which are all cited as reasons for this situation, and the Group will surely see the results.

Furthermore, in order to create a diverse organization, I have repeatedly conveyed to all employees in the president's message that they should be sensitive to the fact that "they are diverse individuals within the company."

If the Group can become an open organization in which employees recognize their own individuality and that of others and can express their opinions to each other without excessive reserve, the Group will be able to exchange opinions openly and acquire wisdom. This will lead to innovation, which will be reflected in business performance. In other words, diversity and inclusion is the starter for innovation. The results of its efforts are definitely showing, and employee engagement scores are increasing. Of course, there are variations among divisions and operating companies, so companies with low scores are learning from those with high scores, and I am working to improve the organizational climate through steady activities of dialogs with employees at each country and regional office. The future is not an extension of the past. Failure is not something to be faulted but rather to be forgiven and utilized, and a corporate culture that allows and capitalizes on such failures will spawn innovation. At the same time, however, the Group repeatedly reminds their employees to "make profits properly," and the Group deals with any behavior that violates not only the law, as well as corporate ethics and human ethics, with severe penalties.

Sustainability management is the base for improving the value of a company. The pursuit of the SDGs is a strategy that embodies the idea of public entity that underlies corporate philosophy, and the Group is contributing to the SDGs through its business activities. I believe that my greatest mission is to maximize profit, which is the total value added as a result of advancing businesses that contribute to the benefit of all stakeholders. The Group will strive to increase corporate value through concentrated investment in the environment, human resources, and priority business areas, and to further return profits to shareholders.

The Group looks forward to the continued support and encouragement of all of its stakeholders.



Masahiro Murakami

Representative Director and President, Nisshinbo Holdings Inc.

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Message from the Managing Officer for Sustainability



Sustainability Promotion Plan reviewed with backcasting to promote coexistence with the global environment and society together with employees

Nisshin Cotton Spinning Co., Ltd., was established in 1907, and in 2009, the company changed to a holding company structure and changed its name to Nisshinbo Holdings Inc. Upon that transition, the Company established an organization specializing in CSR, and in 2015, it defined three materialities: "Contribution to the environment and energy field," "Creation of a safe and secure society," and "Global compliance."

The three materialities were established by prioritizing social issues based on an assessment of their relevance to the Group's business, risks, and opportunities, while referring to social norms and the items surveyed by CSR evaluation organizations. For example, in terms of contributions to the environment, recent climate change is causing flood damage, and the Group's disaster prevention radio system can help with river and dam management. In the area of creating a safe and secure society, the Group believes that it can contribute to the future by providing brakes and electronic devices for mobility in general, including automobiles, which are undergoing major changes. Based on this idea, the Group is now working as one team to promote activities that were previously carried out by individual operating companies in the three strategic business domains of "Mobility," "Infrastructure & Safety," and "Life & Healthcare" under the integrated themes of "Contribution to the environment and energy field" and "Creation of a safe and secure society."

In FY2022, the Sustainability Development Department was newly established through organizational reform to accelerate this movement throughout the Group and contributes to sustainability management, which aims for sustainable growth together with society. At the same time, from the perspective of backcasting from 2030, the Group has been reviewing the "Fifth Sustainability Promotion Plan" through 2024 during the term, revising and promoting all initiatives and KPIs.

Aiming to achieve 60% sales expansion rate of "the products that contribute to the development of sustainable society" by increasing production of bipolar plates for fuel cells

I would like to talk about the progress of the Sustainability Promotion Plan for FY2022. Regarding the environmental field, the Group endorsed the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) in June and is aiming to capture climate change-related business opportunities and reduce risks. In FY2021, climate change scenario analysis was conducted for the Solutions business in the Wireless and Communications business, the Automobile Brakes business, and the Chemicals business where risks and opportunities are expected to have a significant impact. In FY2022, climate change scenario analysis was conducted for the Marine System, ICT/Mechanics, and Mobility business in the Wireless and Communications business, the Micro Devices business, the Precision Instruments business, and the Textiles business. The completion of activities in FY2021 and FY2022

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will have covered 90% of its sales. Currently, in order to reduce climate-related risks, the Nisshinbo Group is actively promoting energy conservation activities, switching purchased electricity to green electricity, installing more PFCs (perfluorocarbons)*¹ and other gas abatement equipment that requires capital investment, and increasing solar power generation, with the aim of achieving carbon neutrality by 2050. To cite a specific example, in the Textiles business, which is a major source of carbon dioxide emissions, the Group as a whole reduced emissions by about 23% from the previous fiscal year by switching to purchasing green power derived from geothermal power generation for electricity at its production plant in Indonesia.

Another key action item is the improvement of the sales percentage by "the products that contribute to the development of sustainable society" with the environmental target of increasing the ratio of such products to sales to more than 60% by FY2024. The relevant products are registered at Nisshinbo Holdings Inc. and reached 55% in FY2022. The breakdown is as follows: friction materials compliant with copper and antimony regulations*² in the Automobile Brakes business account for 18%, semiconductor products (contributing to energy saving and smaller chip size in electrical appliances) in the Micro Devices business account for 11%, disaster prevention and mitigation-related products in the Wireless and Communications business account for 8%, and others account for 18%. The Group believes that the Group will be able to achieve a sales expansion rate of 60% by increasing production of bipolar plates for fuel cells, including those for automobiles, at its new plant (Midori-ku, Chiba City), which will start operation at the end of 2024.

Aiming to accelerate innovation, the Group is reforming its corporate culture by establishing a system that allows a diverse mix of people to work together.

Human resources can only open up such innovation. The Group now has a diverse range of companies with different histories, backgrounds, and cultures, and with strong capabilities in their respective business fields. The Group formulated the "Group Human Resources Strategy" for 2020 so that each and every one of the more than 20,000 employees from various backgrounds, both in Japan and overseas, can look in the same direction and fully demonstrate their abilities in the Nisshinbo Group. With an eye on future business development, the Group is attracting a wide range of diverse human resources, not limited to new graduates, and placing the right people in the right positions for development. While emphasizing engagement to draw out enthusiasm and creativity, the Group will also pay attention to health management and create an environment where capable people are treated appropriately. Specifically, 18 of the 100 companies in its group, including consolidated subsidiaries, have shifted to a Japanese-style role grading system, while respecting the corporate culture of each company. Approximately 70% of the domestic workforce (as of the end of FY2022) falls under this category. The Group also unified the talent management system and is working to raise the level of human resource utilization. Furthermore, the Group introduced a Learning Management System, and 92% of Japan employees were able to take courses by the end of FY2022. By unifying the various personnel-related systems and measures, the Group made it much easier to transfer employees between group companies, and I am convinced that the Group will make further progress toward a culture in which innovation will occur one after another as the Group promote the cross-border transfer of diverse people under a fusion of themes.

In addition, the participation of people with diverse backgrounds and women is essential for innovation. The Group aims to achieve a ratio of female managers in 2030 equivalent to the ratio of employees at the same point in time with a target of 23.5% at Nisshinbo Holdings Inc. in 2030. However, the current ratio is only 8.5%. Although the Group hired more than half of the clerical staff as women, and the Group received very talented people, the ratio of women in managerial positions is still low. The Group is further clarifying the reasons and obstacles that prevent women from demonstrating their full potential and is taking the first step toward creating a workplace environment in which both women and men can play active roles.

In addition, the Group recognizes that thorough human rights due diligence at all stages, including the supply chain, is an extremely important prerequisite for advancing sustainability management, and the Group will establish and develop a human rights due diligence system by the end of 2023. The Group has been promoting the development of a "Corporate Ethics Reporting System" and various human rights and compliance-related training programs for some time, and will further brush up its efforts to achieve a global level.

Continuing Sustainability Management as an *Environment and Energy Company* group that Meets Stakeholders' Expectations

Lastly, I would like to talk about the "Global Survey," which measures the status of engagement with employees. The most recent survey was conducted in 2022, and a total of 16,000 people in Japan and overseas locations responded with an average response rate of 96% for the companies covered. Overall, the results were healthy, with

top management reading through all of the approximately 4,500 open-ended responses from a wide range of levels. I am encouraged by positive comments, such as "We are engaged in progressive activities, and we promote our operations with pride," and "We look forward to working as an *Environment and Energy Company* group."

The Group has always been transforming its business portfolio and achieving development and will continue to promote corporate activities that contribute to the protection of the global environment as an *Environment and Energy Company* group that meets the expectations of its employees and all stakeholders, as well as continue to provide solutions to realize a waste-free society.

The Group sincerely appreciates your continued support and encouragement.

Makoto Sugiyama

Executive Managing Officer
Senior Manager of Sustainability Development Department,
Corporate Strategy Center
Nisshinbo Holdings Inc.

*1 PFCs (Perfluorocarbons): fluorinated greenhouse gases used in dry etching and other processes in semiconductor manufacturing.

*2 Copper and antimony regulations: Japanese and foreign laws and regulations that restrict the use of copper and antimony, which are considered highly toxic when released into the environment.

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Nisshinbo Group Human Rights Statement

Preamble

We, the Nisshinbo Group, in pursuing our mission to “contribute to the society through our business,” continue our challenge at a global scale to develop and supply products, technologies and services with added values for the society.

Throughout business, a company should be an actor to respect, protect and promote the human rights of all stakeholders including employees, customers, business partners and local communities. As articulated in The Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 (hereafter, UN Guiding Principles), we must once again take our responsibility seriously to protect human rights.

We, the Nisshinbo Group, consider human rights to be “the rights of people to live fulfilling lives based on their own diverse choices.” In order for people to make their own life decision from diverse choices, their rights and opportunities for self-fulfillment must be ensured, and people need to be physically, mentally, and socially well-being. Above all, a safe and secure living environment is necessary.

Our group aims to provide solutions to climate change and realize a society where people can live safely and securely. We are aware that our business activities support people's living environment, which in turn leads to the protection of human rights, and we will continue to make further efforts to create a safe and secure environment. Furthermore, as we are aware of the significant impacts that our global business activities may incur on many people around the world, we will conduct human rights due diligence in line with the UN Guiding Principles. In light of the essential meaning of due diligence: “care and efforts reasonably expected in accordance with one's position,” we will continue to make appropriate and steady efforts to fulfill our corporate responsibility to protect human rights.

We, the Nisshinbo Group, place importance on “respecting diversity” and foster a corporate culture that encourages employees to respect each other's human rights as being “one member of diverse humans.” Through the human rights due diligence process, the group aims to be an organization that embraces diverse human resources with strong will and integrity to respect human rights, being aware of the impacts of our business on people. Under our corporate philosophy: “Change and Challenge! For the creation of the future of Earth and People,” we are committed to creating a well-being society, in which people of today and children of the future can live happy and fulfilling lives. We pledge to develop and provide products, technologies, and services that ensure people's safety and security.

This statement is positioned as a policy that precedes all documents and norms related to the Nisshinbo Group's efforts in respecting human rights through our business activities.

Scope of Application

All employees of the Nisshinbo Group, regardless of their positions, are protected and are expected to act in accordance with this statement.

All business partners involved in our group's business activities are also expected to understand and support this statement and to work together to respect human rights.

International Standards

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We, the Nisshinbo Group, are committed to the following:

- We respect human rights as described in [the International Bill of Human Rights](#) .
- We will fulfill our corporate responsibility to respect human rights by conducting human rights due diligence in line with [the Guiding Principles on Business and Human Rights](#) .
- We recognize our obligation to support, respect, promote and realize the core labor standards in the following five areas as set forth in [the International Labor Organization Declaration on Fundamental Principles and Rights at Work](#) :
 - ◆ freedom of association and the effective recognition of the right to collective bargaining
 - ◆ the elimination of all forms of forced or compulsory labor
 - ◆ the effective abolition of child labor
 - ◆ the elimination of discrimination in respect of employment and occupation
 - ◆ a safe and healthy working environment
- We will ensure that we respect the rights of children and women based on the principles of [the Children's Rights and Business Principles \(CRBP\)](#)  and [the Convention on the Elimination of All Forms of Discrimination Against Women](#) .

We, the Nisshinbo Group, comply with the laws and regulations of each country in which we operate throughout our business activities. In cases where the laws and regulations of the corresponding country differ from or conflict with international human rights norms, we will strive to respect international human rights standards to the maximum extent possible.

Our salient human rights issues

We, the Nisshinbo Group, consider the following as salient human rights issues in our business activities.

- Child labor and forced labor
- Discrimination
- Harassment
- Gender
- Human rights issues related to the environment and climate change
- Occupational health and safety

Human Rights Due Diligence Initiatives

Operational Structure and Responsibility

Responsibility for the human rights statement lies with the Director, President of Nisshinbo Holdings Inc., who oversees the whole Nisshinbo Group, and the chief executive officer of each group segment. The Sustainability Department will implement the human rights due diligence initiative under the supervision of the Executive Director of Sustainability. We will engage in dialogue with external experts and stakeholders who have expertise in human rights issues, and we will collaborate with each group company to promote the process and report regularly to the Board of Directors.

► Sustainability Promotion Structure

Mitigation and Remediation measures

When the Nisshinbo Group's business activities have been found to have caused or contributed to any adverse human rights impacts, the Nisshinbo Group will take appropriate remediation measures to mitigate and prevent such impacts. We also recognize that we have a responsibility to exercise our influence on remedial actions in cases where our products, technologies, and services are directly linked to adverse human rights impacts in the supply

chain.

We will take appropriate mitigation measures considering the scale, scope, and severity of the situation.

Information Disclosure

We, the Nisshinbo Group, disclose the status and outcomes of our human rights due diligence efforts and subsequent plans on the Nisshinbo Group website and other media. We will hold dialogues with stakeholders on the content of such information as appropriate and strive to make improvements.

Understanding and Dissemination of the Human Rights Statement

We, the Nisshinbo Group, will continuously build awareness and knowledge of all group employees to promote their understanding of this statement in order to ensure that business activities are conducted in accordance with this statement.

We will share this statement with our business partners and stakeholders throughout our supply chain to gain their understanding and support and to collaborate in promoting activities for respecting human rights.

Commitment to Remedy (Grievance Mechanism)

We, the Nisshinbo Group, have established the Corporate Ethics Reporting System and helpline to appropriately address issues that violate corporate ethics, including human rights. This system and helpline accept reports not only from employees of the Nisshinbo Group but also from a wide range of internal and external stakeholders. To ensure that whistleblowers can use the helpline with psychological safety, we will prohibit any disadvantageous treatment or retaliation against whistleblowers and promise to protect privacy and confidentiality.

In case we receive a report or concern regarding a violation of human rights, a violation of laws and regulations, or a violation of corporate ethics, we will confirm the facts and take appropriate measures to remediate the situation and prevent its recurrence. In developing our grievance mechanism, we will periodically check the number of reports and trends and report them to the Board of Directors and the person in charge of the Human Rights Statement.

This statement is approved by the Board of Directors of Nisshinbo Holdings Inc. and signed by Masahiro Murakami, Representative Director and President.

August 1, 2023
Nisshinbo Holdings Inc.
Masahiro Murakami,
Representative Director and President



Value-Creation Process

The VALUE of the Nisshinbo Group as Expressed in Its Corporate Philosophy

Since its inception, the Nisshinbo Group has always been committed to the concept of the Company as a public entity that contributing to society is the Companies' reason for being, and that contribution is the engine that drives their growth. The Group's corporate philosophy is "Change and Challenge! For the creation of the future of Earth and People." The business policy derived from this corporate philosophy is to "Realize a super-smart society as an *Environment and Energy Company* group." The Group has set the protection of the global environment as the top priority social issue to be solved, and its fundamental business activities are aimed at realizing a super-smart society with the environment at the core of all business activities.

History as an *Environment and Energy Company* Group

The history of the Nisshinbo Group began with operating companies such as Nisshin Cotton Spinning Co., Ltd., Japan Radio Co., Ltd., and TMD group. When Nisshin Cotton Spinning Co., Ltd. was founded in 1907, the textile industry was supporting the Japanese economy, but it was exposed to competition from low-priced foreign textile products. From that time onward, the Company believed that its mission was not to focus on textiles but to contribute to human society through its businesses to meet the needs of the times. Since then, the Nisshinbo Group has continued to grow through aggressive portfolio transformation.

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, "CARBODILITE" which is 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" became more widely used, 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).

History of Portfolio Transformation

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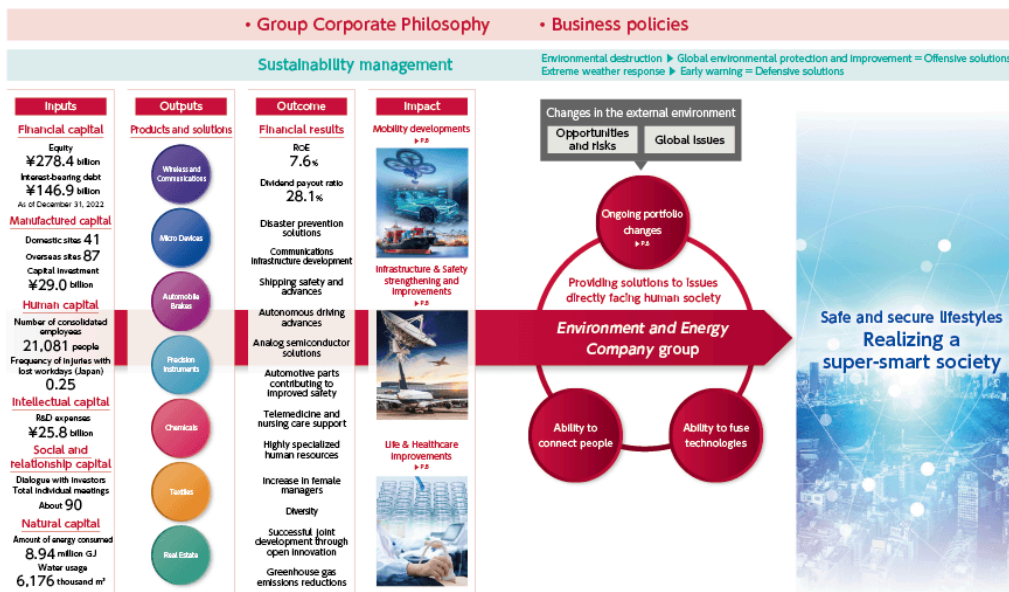
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| 1900s | 1940-1960 | 1960s-1980s | 1990s | 2000s | 2010s |
|--|--|---|---|--|--|
| Wireless and Communications | Wireless and Communications | Wireless and Communications | Wireless and Communications | Wireless and Communications | Wireless and Communications |
| Japan Radio Co., Ltd. 1915 -Japan Radio Telegraph Manufacturing Co. founded (now Japan Radio Co., Ltd.) 1922 -Completed Japan's first wireless weather broadcasting equipment 1923 -Completed Japan's first 500W vacuum tube transmitter 1930 -Completed world's first auto navigation | 1948 -Completed Japan's first ultrasonic depth finder 1949 -Nagano Japan Radio Co., Ltd. and Utsunomiya Japan Radio Co., Ltd. founded 1954 -Completed Japan's first weather radar 1959 -Completed Japan's first 500W vacuum tube transmitter 1960 -Completed world's first transistorized iron receiver | 1970 -Completed Japan's first digital flight simulator 1971 -Launched sales of Japan's first marine signal receiver 1983 -Launched sales of Japan's first marine satellite vessel communication equipment 1984 -Completed Japan's first GPS receiver for vessels | 1990 -Developed world's first onboard GPS receiver for car navigation  | 2000 -Completed efforts on the electronics field in preparation for the arrival of the information society 2009 -Holding company system adopted | 2010 -Japan Radio Co., Ltd. and Nagano Japan Radio Co., Ltd. became consolidated subsidiaries -Completed world's first marine radar for vessels 2011 -Completed world's first 500W solid-state weather radar for the Philippines 2013 -Nagano Marine Radar S.V. became a wholly owned subsidiary 2016 -Nagano AD became a wholly owned subsidiary 2019 -Nagano Components Co., Ltd. became a wholly owned subsidiary 2020 -Completed Mitsubishi U. Japan's first app relating about the approach of nearby vessels |
| Micro Devices | Micro Devices | Micro Devices | Micro Devices | Micro Devices | Micro Devices |
| New Japan Radio Co., Ltd. (now Nishinbo Micro Devices Inc.) 1961 -Transformed the Microwave Tube Manufacturing Department from Japan Radio Co., Ltd. | 1975 -Commenced production of operational amplifiers  | 2005 -Became a consolidated subsidiary of Nishinbo Cotton Springing Co., Ltd. (now Nishinbo Holdings Inc.) | 2018 -Became a wholly owned subsidiary of Nishinbo Holdings Inc. | 2022 -Nishinbo Micro Devices Inc. founded -Q-CLIC Technologies Co., Ltd. became a wholly owned subsidiary | |
| Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate | Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate | Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate | Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate | Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate | Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate |
| 1907 -Twisted-Heads Cotton Springing Co., Ltd. founded 1944 -Automobile Brakes: Production of friction materials started 1946 -Chemicals: Nishinbo Cotton Springing Co., Ltd. commenced operations at the Nishi-Arai Plant as a chemicals production facility 1954 -Precision Instruments: Established Nishinbo Instrumentation Co., Ltd. and commenced production of plastic systems | 1981 -Completed construction of Electronics Technology Development Center at the Roshu Osaka plant 1987 -Developed power control system IC | 1995 -Developed lithium-ion battery protection ICs 1999 -Developed mobile phone system ICs | 2009 -Developed ICs for automotive applications | 2011 -Automobile Brakes: TMD Friction Group S.A. became a wholly owned subsidiary 2014 -Nishinbo CHOTTA CORP. sold 2015 -Twisted-Heads TOKYO SHIRTS CO., LTD. became a wholly owned subsidiary 2016 -Precision Instruments: Nishinbo Instrumentation Co., Ltd. became a wholly owned subsidiary 2017 -Nagano business sold 2018 -Foundation brake business sold | |
| Challenges in each era | Challenges in each era | Challenges in each era | Challenges in each era | Challenges in each era | Challenges in each era |
| -National modernization and industrialization | -Transition in key industries from textile to automobile | -Global warming and climate change | | | |
| Nishinbo Group's role | Nishinbo Group's role | Nishinbo Group's role | Nishinbo Group's role | Nishinbo Group's role | Nishinbo Group's role |
| -Contributed to Japan's modernization as a cotton-textile maker | -Supported development of the automotive sector as a specialist supplier of friction materials | -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 are deeply exploring three strategic business domains: Mobility, Infrastructure & Safety, and Life & Healthcare in order to realize a super-smart society.



In order to create greater value in these three strategic business domains, the Group is developing and providing products that contribute to a sustainable society, as well as digitally developing the Group's technologies and products into new service businesses. Through the promotion of the "two-Ds" of DX (Digital Transformation) and D&I (Diversity & Inclusion), the Nisshinbo Group will drive innovation and lead to the transformation of the business model.

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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Materiality

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.

In February 2015, the Nisshinbo Group identified material issues for the Group in order to clarify issues that required action to achieve sustainable growth for the Nisshinbo Group's business together with society .

Materiality for the Nisshinbo Group

- Contribution to the environmental and energy field
- Creation of a safe and secure society
- Global compliance

Process of Determining Materiality

After organizing social issues based on the global guidelines and the different opinions of internal and external stakeholders, the Nisshinbo Group evaluated the relevance of the issues to the Nisshinbo Group's business and identified the social issues to consider. The issues were then prioritized from two perspectives: importance to stakeholders and importance to the Nisshinbo Group. From among these issues, the three items listed above were approved as the materiality at the Board of Management chaired by the president of the Nisshinbo Group.

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.

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.

3. Deliberate and approve at the Board of Management

The Board of Management, chaired by the president of Nisshinbo Holdings Inc. and comprising all managing officers, deliberated the issues' materiality. After considering the importance of these social issues and their relationship to the Group's businesses, we determined the three material issues indicated above.

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Contributing to SDGs


Back Issues (CSR

► Report/CSR & Sustainability Website) Report

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 identifies and pursues the core goals that the Nisshinbo Group believes will directly contribute to the achievement of the SDGs in all of its corporate activities and in all of its business strategies, including its three strategic business domains (Mobility, Infrastructure & Safety, and Life & Healthcare), and works to achieve these goals.

| Core SDG goals that contributed by all corporate activities | | | |
|---|--|---|--|
| | E Environment | S Society | G Governance |
| Procurement of raw materials | <ul style="list-style-type: none"> Promotion of LCA activities to reduce emissions of chemical substances and waste and to develop products that contribute to a sustainable society Promotion of activities for chemical substance management | <ul style="list-style-type: none"> Formulation of Sustainable Procurement Guidelines and disseminate to suppliers. Furthermore, we use supplier questionnaires. | <ul style="list-style-type: none"> Formulation of Anti-Corruption Guide and using it for anti-bribery measures, including at the Group's overseas companies. |
| Manufacturing | <ul style="list-style-type: none"> Development of zero-emission (recycling rate of 99% or more) activities Waste reduction activities with the goal of achieving a 95% recycling rate Conducting water risk assessments for business sites and major supply chains. In addition, conducting water consumption surveys and management. | <ul style="list-style-type: none"> Respect diversity in all aspects, including human rights and employment, and promote work-family life balance. Health and Safety Activities Promotion of health management through the Group Health Management Division Meeting Active participation by employees in environmental contribution activities and environmental beautification activities | |
| Logistics | <ul style="list-style-type: none"> Promotion of efficient use of natural resources such as fuel by reducing transportation volume | | |
| Sales | <ul style="list-style-type: none"> Increasing the ratio of products that contribute to a sustainable society Promotion of reuse of packaging materials and reduction of usage | <ul style="list-style-type: none"> Planned measures to achieve continuous promotion of measures to improve customer satisfaction | <ul style="list-style-type: none"> Operation of corporate ethics reporting system, early detection of legal violations, correction and prevention of recurrence |

| Core SDG goals contributed by business strategies, including strategic business field | | | | | |
|---|---|---|---|---|--|
| Mobility | | Infrastructure & Safety | | Life & Healthcare | |
|  |  |  |  |  |  |

Details of business strategies, including strategic business areas, can be found in the [Integrated Report](#) .

In addition, the quarterly group newsletter “N+” actively publishes features on the activities of each company to deepen employees' understanding of how the goals of the SDGs are aligned with the activity goals of each group company. In 2022, issues No. 14 and No. 15 featured a special feature on how the SDGs were goals that embody the concept of sustainability and how the SDGs were an important axis of sustainability management.

Sustainability Promotion Plan and KPIs

The Nisshinbo Group has formulated a CSR Plan since FY2008 and has been promoting activities with Key performance indicators (KPIs) since FY2016. From FY2022, the plan has been renamed the "Sustainability Promotion Plan," and all employees are working toward the goal of achieving sustainability in society and business.

Progress of the "Fifth Sustainability Promotion Plan (FY2022-2024)"

In the "Fifth Sustainability Promotion Plan (FY2022-2024)," which began in FY2022, the content of the plan and KPIs were revised based on the degree of achievement and results of the 20 targets set in the fourth period plan. Furthermore, from FY2023, the plan has been revised as a goal to promote activities that demonstrate both internally and externally the Group's management stance toward sustainability management. In particular, in the social field, the Group added "Human resource acquisition and development" and "Engagement" as key action items, reviewed KPIs for each target item, set qualitative targets, and expanded the scope of targets.

With regard to the priority activity items by the end of FY2022 in the "Fifth Sustainability Promotion Plan" before the revision, in the "Promote environmental management," the Group achieved the target for FY2024 ahead of schedule by reducing greenhouse gas emissions by 36% compared to FY2014, due to the suspension of coal boilers at PT. Nikawa Textile Industry, a subsidiary of Nisshinbo Textile Inc., and to switch to green power at PT. Nisshinbo Indonesia, PT. Naigai Shirts Indonesia, and PT. Nikawa Textile Industry. Meanwhile, in "Promote activities for occupational safety and health," the Group achieved the target for occupational accident prevention, and "Cultivate employee health" is also on track to meet the target. In addition, although activities for the action plan under the Law for Measures to Promote the Advancement of Women and Support the Development of the Next Generation were carried out as planned, the targets have been expanded in view of the need to acquire and develop even more diverse human resources for the creation of future innovations.

Fifth Sustainability Promotion Plan

The revised targets and KPIs for FY2023 and actual results for FY2022 are as follows.

Revised Fifth Sustainability Promotion Plan

| Environment (E) | | | |
|---|---|--|-------------------------------------|
| Materiality : Contribution in the Areas of Environment and Energy | | | |
| Key Action Items | The Nisshinbo Group's Initiatives | Targets・KPI (Achievement year 2024) | Coverage |
| 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 | All companies in Japan and overseas |
| | Reduction of greenhouse gas emissions | Reduce by 35% or more compared to FY2014 | |

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| | |
|---|---|
| Reinforcement of the maintenance of biodiversity | Activities in Japan and overseas at more than 5 new sites |
| Reduction of water usage per unit of sales | Reduce by 65% or more compared to FY2014 |
| Promote Life Cycle Assessment (LCA) *1 | 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 *2 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 |

Back Issues (CSR
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Social (S)



Materiality : Creation of a Safe and Secure Society

| Key Action Items | The Nisshinbo Group's Initiatives | Targets · KPI (Achievement year 2024) | Coverage |
|---|---|--|-------------------------------------|
| Respect human rights | Promoting human rights awareness-raising activities | (In Japan) Rate of implementation of Group Human Rights Training, 100% (In overseas) [Qualitative Target] Implementation of human rights awareness-raising activities | All companies in Japan and overseas |
| | Promoting business and human rights activities | [Qualitative Target] Develop human rights policy, introduce and promote Human Rights Due Diligence in fields with high human rights risks | |
| Human resource acquisition and training | Training of management candidates necessary for business promotion | [Qualitative Target] Increase the rate of participants in the Successor Program in senior management posts (executive officers and above) | All core companies |
| | Strengthen mid-career recruitment to improve the age structure of human resources | [Qualitative Target] Strengthen mid-career recruitment to improve the age structure of human resources | |
| Engagement | Conduct global survey | [Qualitative Target] Continue to conduct global survey | All companies in Japan and overseas |
| Promote diversity | Group-wide D&I penetration initiatives | [Qualitative Target] Communicating the top management message and implementing measures that contribute to the success of diverse human resources | All companies in Japan and overseas |
| | Securing diverse human resources | Ratio of female recruitment to total recruits Mid-carrier : Administrative occupations, 50% New graduate : Office occupations, | All companies in Japan *3 |

| | | | |
|--|--|---|--------------------------------------|
| | | 50% | |
| | | Technical occupations, 20% | |
| Promoting diverse human resources | | Rate of managers hired as mid-career employees to total managers, 11% (Target value as of the end of FY2024) ※By FY2030, the goal is to have this ratio equal to the rate of employees hired through mid-career recruitment to all full-time employees. | All companies in Japan ^{*3} |
| | | Rate of female managers to total managers, 6% (Target value as of the end of FY2024) ※By FY2030, the goal is to have this ratio equal to the rate of female employees to all full-time employees. | |
| | | Rate of training on psychological safety, 100% | All companies in Japan |
| Create a comfortable workplace environment for employees | | Rate of taking annual paid leave, 70% or more | All companies in Japan ^{*3} |
| | | Rate of male employees taking childcare leave, 30% or more of eligible male employees | |
| Promote activities for occupational safety and health | Prevent occupational injuries | The number of serious accidents "0" | All companies in Japan and overseas |
| Cultivate employee health | Promoting health management | Rate of patients receiving detailed examinations after regular health checkups, 85% or more | All companies in Japan |
| | | Implementation rate of health guidance for high-risk workers, 100% | |
| Improve quality and customer satisfaction | Continuously promote measures to improve customer satisfaction | The number of violations of the Product Liability Act "0" | All companies in Japan and overseas |
| | | [Qualitative Target] Understand and share the status of quality claims for each segment | |
| Development of social contribution activities | Participate in local contribution activities | [Qualitative Target] Expand participation in local contribution activities | All companies in Japan and overseas |

Governance (G)



Materiality : Global Compliance

| Key Action Items | The Nisshinbo Group's Initiatives | Targets · KPI (Achievement year 2024) | Coverage |
|------------------|-----------------------------------|--|----------|
|------------------|-----------------------------------|--|----------|

| | | | |
|---|---|--|--|
| Practice the Group's Corporate Philosophy | Communicating management's messages based on the Group's Corporate Philosophy | Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in global survey, 80% or more) | All companies in Japan Review survey results and consider the target affirmation rate, including overseas |
| Thorough compliance | Raising awareness of compliance | Rate of compliance training participation by management-level personnel, 100% | All companies in Japan and overseas |
| | Operating the corporate ethics reporting systems | Response rate to corporate ethics reporting system, 100% | Company with a Corporate Ethics Reporting System |
| Strengthen internal controls | Development and operation of internal control systems | [Qualitative Target] Continuously developing and operating internal control systems | All companies in Japan and overseas |
| Promote risk management activities | Operating a risk management system that responds to the external environment | [Qualitative Target] Continuous operation of the risk management system in response to the external environment | All companies in Japan and overseas |
| Strengthen information security measures | Defending against external threats | [Qualitative Target] Strengthen protection against external threats and continuously training employees on information security | All companies in Japan and overseas |
| Promotion of sustainable procurement | Improving sustainable procurement in collaboration with suppliers | Evaluation of improvement efforts based on the results of the sustainable survey to major suppliers (more than 80% of transaction amount), 100% | Internal control assessment critical business locations, and all companies in Japan with 301 or more employees |
| | Implementation of global response | [Qualitative Target] Consideration and implementation of deployment methods to the supply chain at overseas business connection and critical overseas locations | All companies in Japan and overseas |
| | Expanding internal awareness-raising activities | Implementation rate of training for purchasing staff (annual theme), 100% | |

Fifth Sustainability Promotion Plan before the Revision and its Results

| | | | | |
|----------------------------------|---|---|-------------------------------------|---------------------|
| 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 | All companies in Japan and overseas | 55% |
| | Reduction of greenhouse gas emissions | Reduce by 35% or more Compared to FY2014 | | Reduced by 36% |
| | Reinforcement of the maintenance of biodiversity | Activities in Japan and overseas At more than 5 new sites | | 2 new registrations |
| | Reduction of water usage per unit of sales | Reduce by 65% or more Compared to FY2014 | | Reduced by 78% |
| | Promote Life Cycle Assessment (LCA) ^{*1} | 60% or more of total sales | | Reduced by 64% |
| | Reduction of the energy consumption per unit of sales | Reduce by 15% or more Compared to FY2014 | | Reduced by 19% |
| | Reduction of the volume of PRTR substances ^{*2} emissions per unit of sales | Reduce by 30% or more Compared to FY2014 | | Reduced by 42% |
| | Improvement of recycling rate | Increase the recycling rate to 90% or more | | 84% |

| | | | | | | | | | |
|-------------------|---|---|---|---|---|---|---|--|---|
| Social (S) |  |  |  |  |  |  |  |  |  |
|-------------------|---|---|---|---|---|---|---|--|---|

Materiality : Creation of a Safe and Secure Society

| Key Action Items | The Nisshinbo Group's Initiatives | Targets · KPI (Achievement year 2024) | Coverage | FY2022 Results |
|----------------------|--|--|---|-----------------------|
| Respect human rights | Enhance human rights awareness-raising activities and prevent harassment | Rate of companies that conducted overall training (theme by fiscal year), 100% | All companies in Japan | 91% |
| Promote diversity | Increase employment rate of disable persons | Employment rate of persons with disabilities (Ratio of achieving companies), 100% | Japan companies with 43.5 or more employees | 100% |
| | 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 Participation and Advancement in the Workplace – General Business Operator Action Plans (Ratio of companies that achieved), 100% | Japan companies with 301 or more employees | Activities as planned |
| | | Achievement rate of FY2024 targets in accordance with the | Japan companies with 101 or more | Activities as planned |

| | | | | |
|---|--|---|--|-----|
| | | Act on Advancement of Measures to Support Raising Next-Generation Children – General Business Operator Action Plan (Ratio of companies that achieved), 100% | employees | |
| Promote activities for occupational safety and health | Prevent occupational injuries | The number of serious accidents “0” | All companies in Japan and overseas | 0件 |
| Cultivate employee health | Promote health management | Participation rate of regular health examination, 100% | All companies in Japan | 99% |
| | | Implementation rate of stress check, 95% | All companies in Japan with 50 or more employees | 96% |
| Improve quality and customer satisfaction | Continuously promote measures to improve customer satisfaction | The number of violations of the Product Liability Act “0” | - | 0件 |
| Development of social contribution activities | Participate in local contribution activities | - | - | - |

Governance (G)



Materiality : Global Compliance

| Key Action Items | The Nisshinbo Group's Initiatives | Targets・KPI (Achievement year 2024) | Coverage | FY2022 Results |
|--|---|---|--|-----------------------|
| 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% | All companies in Japan and overseas | 98% |
| Thorough compliance | Regularly implement compliance training | Participation rate of compliance training for managers, 100% | All companies in Japan and overseas | 100% |
| | Operate a corporate ethics reporting system | Response rate to corporate ethics reporting system, 100% | Company with a 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% | Internal control assessment critical business locations, and all companies | Activities as planned |

in Japan with 301
or more employees

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Promotion System for Sustainability Activity

The Nisshinbo Group promotes group-wide sustainability activities under the direction of the Board of Management, which is responsible for business execution functions under the Corporate Governance Systems, centered on the Sustainability Development Department of the Corporate Strategy Center of Nisshinbo Holdings Inc. Each department reports management reviews and issues to the Board of Management.

To promote group-wide efforts, the Nisshinbo Group established the Group Sustainability Promotion Council, which is headed by the Director and the Chief of the Corporate Strategy Center and includes Sustainability Promotion Managers and other members from each business group. In addition to formulating policies, key action items, and KPIs, the Council regularly shares information on the status of implementation and issues. Specific activities are carried out mainly by individual expert committee.

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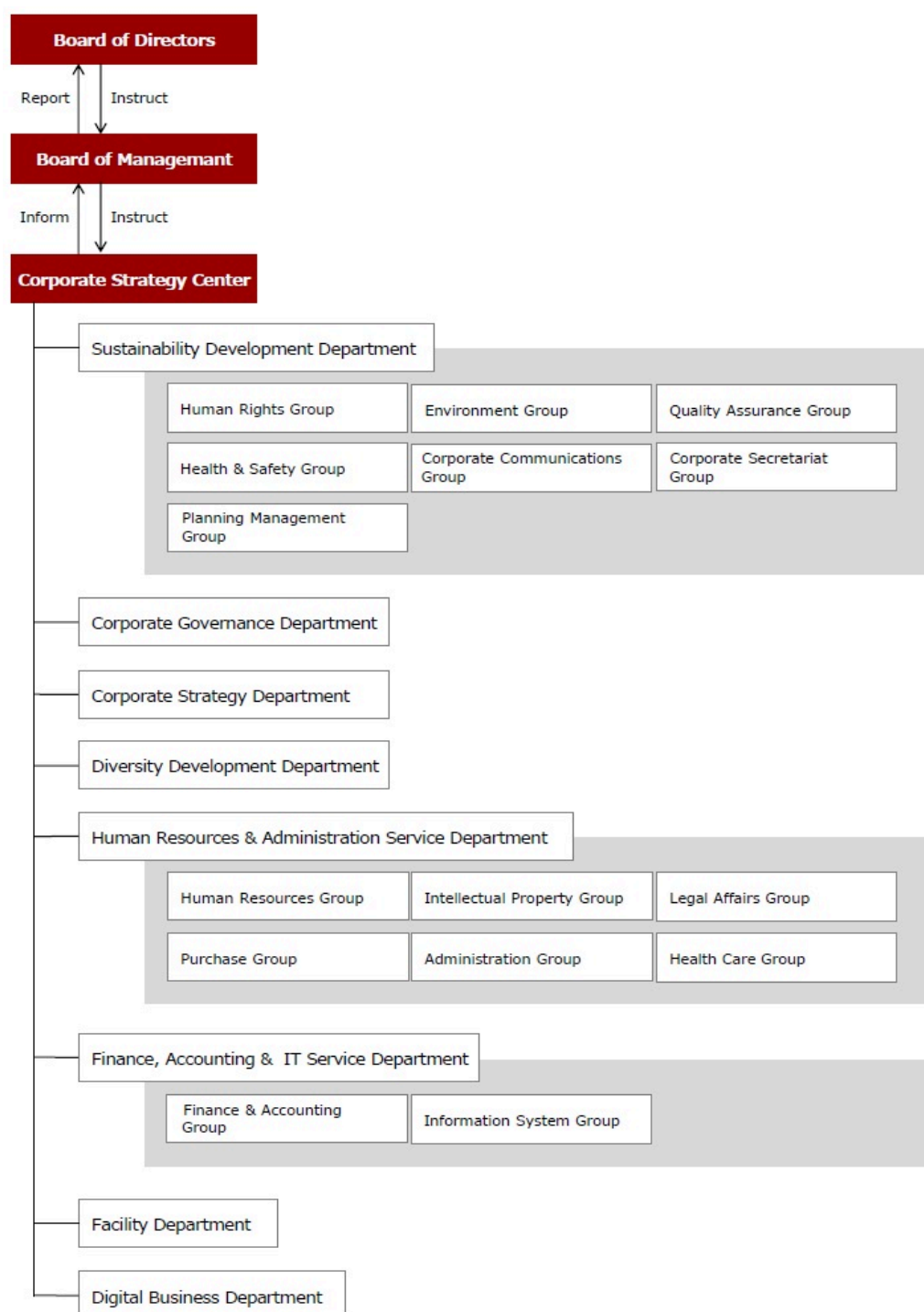
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【The Board of Management】

The Board of Management, which is composed of Directors, Audit & Supervisory Board member, Managing officer, deliberates on important matters related to the execution of the Group's business. In principle, the Board of Management is held once a month.

Stakeholder Engagement and Third Party Opinion

The Nisshinbo Group believes that only by listening to customers, stockholders, employees, and the other stakeholders involved with the Group as stipulated in VALUE and gaining their understanding and trust will the Group be able to achieve sustainable growth and enhance its corporate value over the medium to long term. The Group takes a variety of opportunities to deepen communication with all stakeholders and works to resolve issues.

The Nisshinbo Holdings' Basic Policy on Communication with stakeholders is stipulated in "Nisshinbo Corporate Governance Policy" III-1-(1).

▶ [Nisshinbo Corporate Governance Policy](#)

Stakeholder Engagement Initiatives

| Stakeholder | Examples of approach (FY2022 results) | Main contact for dialogue |
|------------------------|---|---------------------------|
| Customers | ● Web site, SNS ● Exhibitions, Online seminars | Sales and Engineering |
| | ● Activities to improve customer satisfaction (95 cases) | |
| | ● CM | |
| Shareholders/investors | ● General Meeting of Shareholders (One time) ● Financial Results Briefing (Two times) ● Business Briefing (Two times) | Corporate Communications |
| | ● Individual meetings with institutional investors and analysts (approx. 80 times) | |
| | ● IR tools (integrated reports, sustainability website, shareholder newsletters) | |
| | ● Websites for shareholders and investors | |
| Employees | ● In-house newsletters for the group companies, both in Japan and overseas (4 times), Intranet | Diversity |
| | ● Town hall meetings between the president and employees (10 days, 38 meetings in total) | |
| | ● Global survey (one time) | |
| | ● Health fairs and events for employees (10 times) | Health Management |

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| Stakeholder | Examples of approach (FY2022 results) | Main contact for dialogue |
|---------------------------------|---|---------------------------|
| | ● Internal reporting system (6 times) | Corporate Ethics |
| | ● Improvement suggestion meetings (31 times) | Business units |
| | ● Disaster prevention training, BCP training (15 times) | |
| Local community | ● Factory tours and job experience (11 times), Craft workshops (30 times, 560 people) | Business sites |
| | ● Cleanup activities | |
| | ● Participation in biodiversity conservation activities | |
| Suppliers | ● Dissemination of the Basic Policy on Sustainable Procurement | Procurement |
| | ● Implementation of sustainable procurement questionnaires | |
| NGOs, NPOs, government agencies | ● Donation activities | Business sites |

Third-Party Opinion

Continuing to meet the expectations and needs of the Nisshinbo Group's stakeholders, the Group received feedback from outside experts regarding their assessment of the Nisshinbo Group's sustainability efforts, as well as their expectations and requests of the Group.

Takeshi Shimotaya **Managing Director, Sustainavision Ltd.**

I hereby express my opinion as a third party about the Nisshinbo Group's sustainability initiatives based on the information provided in the Nisshinbo Group Sustainability website.

In February 2015, the Nisshinbo Group set three materialities: "Contribution to the environmental and energy field, Creation of a safe and secure society," and "Global compliance," and the Group has been implementing sustainability activities in a balanced manner. "In the Environment area," the Nisshinbo Group endorsed the TCFD recommendations in June 2022 and shifted its efforts to embrace climate change-related business opportunities and mitigate risks, aiming for a 50% reduction in greenhouse gas emissions by 2030 and carbon neutrality by 2050. The report actually lists specific activity items under these three materiality items, so if you set these as specific materiality items, the priorities of each activity item become even clearer. In addition, there is a global tendency to emphasize stakeholders that are considered dual materiality. It is important for the Nisshinbo Group to further deepen engagement with these stakeholders through ongoing communication, communicating progress on the materiality items relevant to each stakeholder, and obtaining feedback on the expectations and concerns.

In addition, "Business and Human Rights," which have recently been required to be addressed globally, will be clarified through the formulation of a human rights policy and the introduction of human rights due diligence, as well as the identification and prioritization of human rights risks. This also applies to supply chain management, which will require the introduction of audits and SAQs.* The establishment of a grievance mechanism to make it work properly is also an important factor.

The Nisshinbo Group participates in a variety of different initiatives, but the Group must be aware that these initiatives are related to SDGs 17, and from its participation in these initiatives, the Group must confirm what

environmental and social issues related to its corporate activities will be resolved, and how the implementation of these initiatives will relate to its core business. I hope that management and employees will continue to implement sustainability as a business practice based on a common understanding.

* SAQs : Self-Assessment Questionnaire



Takeshi Shimotaya
Managing Director, Sustainavision Ltd.
Joined a major heavy industry manufacturer in 1991 and was responsible for human resources, general affairs, recruitment, training, payroll, labor negotiations, occupational health and safety, etc. in the plant management department. After setting up a new business in the environmental sector (new energy and R.P.F. manufacturing), moved to the UK in 2007.
Holds a Master of Environmental Science from the University of East Anglia, UK, and an MBA from Lancaster University, UK.
In 2010, he established Sustainavision Ltd. in the UK to serve as a CSR bridge between Japan and Europe.
Based in London, Sustainavision Ltd. provides CSR and sustainability consultancy, training, seminars and related research to Japanese companies.
President, Japan Sustainable Restaurant Association
Founder, The Global Alliance for Sustainable Supply Chain

Commitment to Initiatives

In striving to achieve sustainability, the Nisshinbo Group is committed to the following initiatives in Japan and overseas.

Global Initiatives

Support to The Task Force on Climate-related Financial Disclosure (TCFD)

Nisshinbo Holdings Inc.

The Task Force on Climate-related Financial Disclosure (TCFD) established by the Financial Stability Board (FSB) recommends that companies identify and disclose the financial impacts of the risks and opportunities posed by climate change. Nisshinbo Holdings Inc. expresses its support for the TCFD's recommendations and discloses the financial impacts based on the Framework.



- ▶ Information Disclosure Based on TCFD Recommendations

Japan Initiatives

Endorsement to the Federation of Keidanren's Declaration of Biodiversity and Guidelines for Action (Revised)

Nisshinbo Group

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/policy/2018/084_honbun.html#p3 

- ▶ Contribution to Environmental and Biodiversity Conservation

Action 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., JRC Engineering Co., Ltd., JRC System Services Co., Ltd., JRC Logistics Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nagano Communications Sales Co., Ltd., NJ Components Co., Ltd., Asashina Nichimu 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

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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.

- ▶ Promoting Work Style Reform

Declaration to Build Partnerships

Nisshinbo Holdings Inc.

The "Declaration to Build Partnerships" mechanism was established in May 2020 at the "Council for Promoting Partnership Building for the Future," whose members include relevant cabinet ministers (Cabinet Office, METI, MHLW, MAFF, MLIT, and the Deputy Chief Cabinet Secretary), Keidanren chairman, JCCI president, and the RENGO chairman. This "Declaration to Build Partnerships" is a declaration of efforts for cooperation, coexistence and co-prosperity with business partners in the supply chain and compliance with desirable business practices between parent companies and subcontractors (the Promotion Standards based on the Law for the Promotion of Small and Medium-sized Subcontractors): the prevention of unfair assignment on trade terms and conditions to subcontractors. The Group made the declaration in 2020 and is promoting cooperation with suppliers.



- ▶ Promoting Responsible Supply Chains

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.



- ▶ Promoting Work Style Reform

Social Contribution

Supporting the Foundation for International Development/Relief (FIDR)

NISSHINTOA IWAOKI INC. supports the activities of the Foundation for International Development/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 INC. 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 FY2022, as part of the company's internal awareness-raising activities, a debriefing session on FIDR activities was held in May. Mr. Okada, the executive director of FIDR, and the heads of local offices in Cambodia, Nepal, and Vietnam reported on their activities, which were viewed live or recorded by 116 of the company's employees. Monthly activity reports are also posted on the company bulletin board.

In FY2023, NISSHINTOA IWAO INC. will continue its activities that will include support to improve the nutrition and health of children in Cambodia.

► Social Involvement

Donation to the United Nations World Food Programme (WFP)

NISSHINTOA IWAO INC., has been continuously donating to the United Nations World Food Programme (WFP), a humanitarian support agency that received the Nobel Peace Prize in 2020, since 2007.

In agreement with the WFP 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. In addition to donations from the company and employees, the company participates in the WFP Walk the World (a charity walk aimed at eliminating hunger among children in developing countries) organized by the association and continues to support the "Donations Collected at Home" activity in which donations are made with unwanted postcards and other items.



In FY2022, Mr. Suzuki, director and secretary general of WFP, gave a lecture on the activities of the WFP in November, which was attended by 116 employees, including the company president. The lecture was very interesting and provided an opportunity to deepen the understanding of the status of world hunger, efforts to achieve the SDGs of zero hunger, and emergency relief activities in Ukraine.

In FY2023, the company will continue its activities of donations and participation in charity events.

► Social Involvement

Nisshinbo Holdings Inc.

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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 FY2021 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

▶ Metrics and Targets

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 climate-related issues are borne by such meetings as the Board of Management, 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

Sustainability

▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

▶ Nisshinbo Group Human Rights Statement

▼ Sustainability Management

▶ Value-Creation Process

▶ Materiality

▶ Sustainability Promotion Plan and KPI

▶ Promotion System for Sustainability Activity

Stakeholder Engagement
▶ and Third Party Opinion Activity

▶ Commitment to Initiatives

Information Disclosure
▶ Based on TCFD Recommendations

▶ Human Rights Due Diligence Initiatives

▶ External Ratings and Evaluation

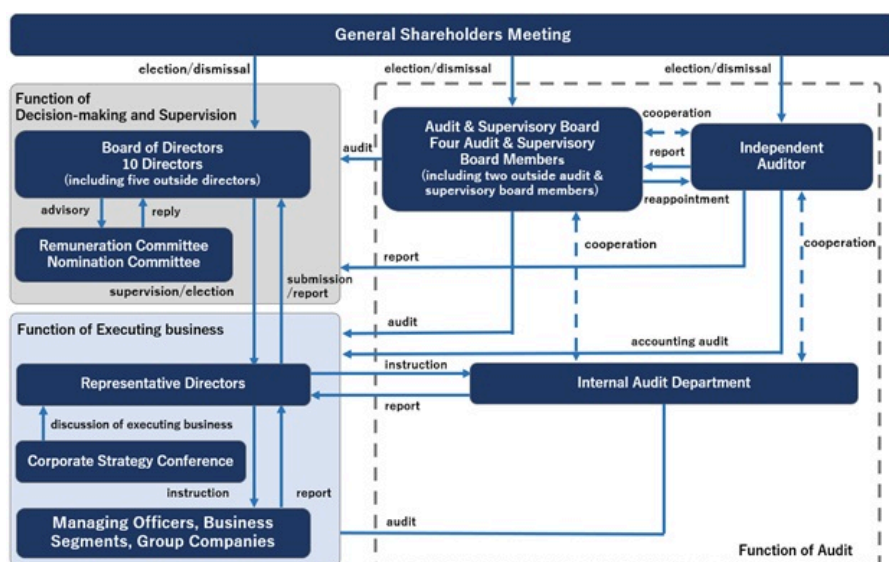
▶ Environment

▶ Social

▶ Governance

▶ GRI Content Index

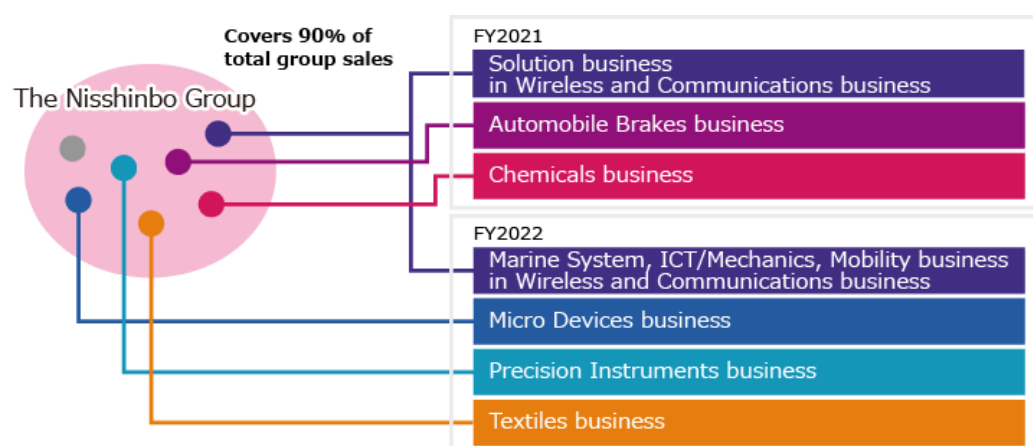
▶ Editing Policy



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 Communications business, the Automobile Brakes business, and the Chemicals business where risks and opportunities are expected to have a significant impact. In FY2022, the Group completed an analysis of its major businesses with production activities by targeting the Marine System, ICT/Mechanics, and Mobility business in the Wireless and Communications business, the Micro Devices business, the Precision Instruments business, and the Textiles business. The climate change scenarios used are for a world where warming progresses (warming progression scenario, 2.5°C to 4°C) and a world where warming is controlled and active transitions occur (decarbonization scenario, 1.5°C to 2°C).



Analysis

Steps of Climate Scenario Analysis



1. Assess Materiality of Climate-related Risks



As the first step in the scenario-analysis, the Nisshinbo Group identified the material risks and opportunities for each of the 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.



| Risk Type | Assessment Item | | Risks | Opportunities |
|------------------|------------------------------|--|---|--|
| | Category | | | |
| Transition Risks | Policy and Legal | Carbon price | <div><div>• Increased raw material procurement and manufacturing costs due to carbon taxation</div><div></div></div> | <div><div>• Decrease future operating costs by switching to renewable energy</div><div></div></div> |
| | Market and Technology Shifts | Energy mix | <div><div>• Increase or decrease in energy costs due to fluctuations in city gas/crude oil/electricity prices</div><div></div></div> | - |
| | | Customer and market changes | <div><div>• Cost increase due to response to GHG reduction requests from customers</div><div></div></div> | <div><div>• Increased demand for related products due to increased demand for marine transportation as a result of modal shift</div><div></div><div>• Increase in sales of brake friction materials due to change in demand for automobiles</div><div></div><div>• Increase in sales of insulation materials due to the popularization of ZEB/ZEH</div><div></div><div>• Increase in sales of cross-linking agents due to rising demand for cold-drying paints</div><div></div><div>• Expanding the market for CFRP related products that contribute to low-carbon</div><div></div><div>• Expand sales of products for environment-oriented apparel and environmentally friendly industrial materials</div><div></div></div> |
| | | Spread of low-carbon and energy-saving technologies | <div><div>• Decrease in demand for ICE vehicle parts due to the spread and expansion of EVs</div><div></div></div> | <div><div>• Increased demand for products related to EVs, new energy vehicles, smart mobility, and fuel cells</div><div></div><div>• Sales expansion of energy-saving GaN power semiconductors and electronic device related products</div><div></div><div>• Increase in demand for related products due to increase in new offshore wind power generation</div><div></div></div> |
| Physical Risks | Chronic | Average temperature rise, and change in precipitation and weather patterns | <div><div>• Increase in disaster response costs and relocation costs due to storm surge damage</div><div></div><div>• Increase or decrease in product costs due to fluctuations in raw cotton prices</div><div></div></div> | <div><div>• Increase in demand for disaster prevention products and services due to increased flood risk</div><div></div><div>• Increased demand for air conditioner parts due to more frequent use of air conditioning in summer</div><div></div><div>• Increase in sales of products for heat protection (cool biz, cool sensation, etc.)</div><div></div></div> |
| | Acute | Severity of extreme | <div><div>• Physical damage and loss of business interruption due to typhoons and guerrilla</div></div> | - |

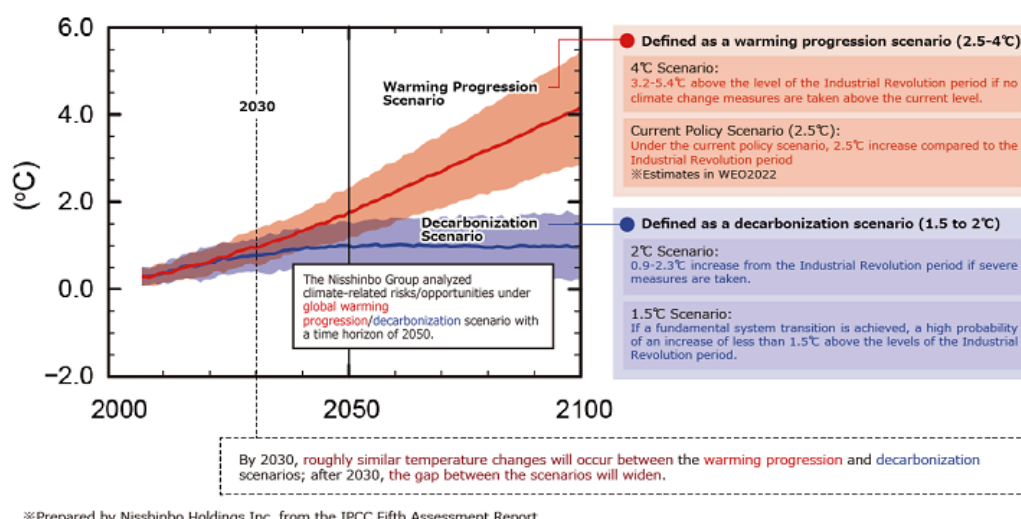
| Risk Type | Assessment Item | | Risks | Opportunities |
|-----------|-----------------|----------------|---|---------------|
| | Category | | | |
| | | weather events | rainstorms  | |

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 | <ul style="list-style-type: none"> • Stated Policies Scenario (STEPS) • Reference Technology Scenario (RTS) | <ul style="list-style-type: none"> • RCP8.5 |
| Decarbonization Scenario | <ul style="list-style-type: none"> • Net-Zero Emissions Scenario (NZE) • Sustainable Development Scenario (SDS) | <ul style="list-style-type: none"> • RCP2.6 or RCP4.5 |

*IEA scenarios are based on the latest data available at the time of analysis of each project, and there may be slight differences in conditions and other factors.



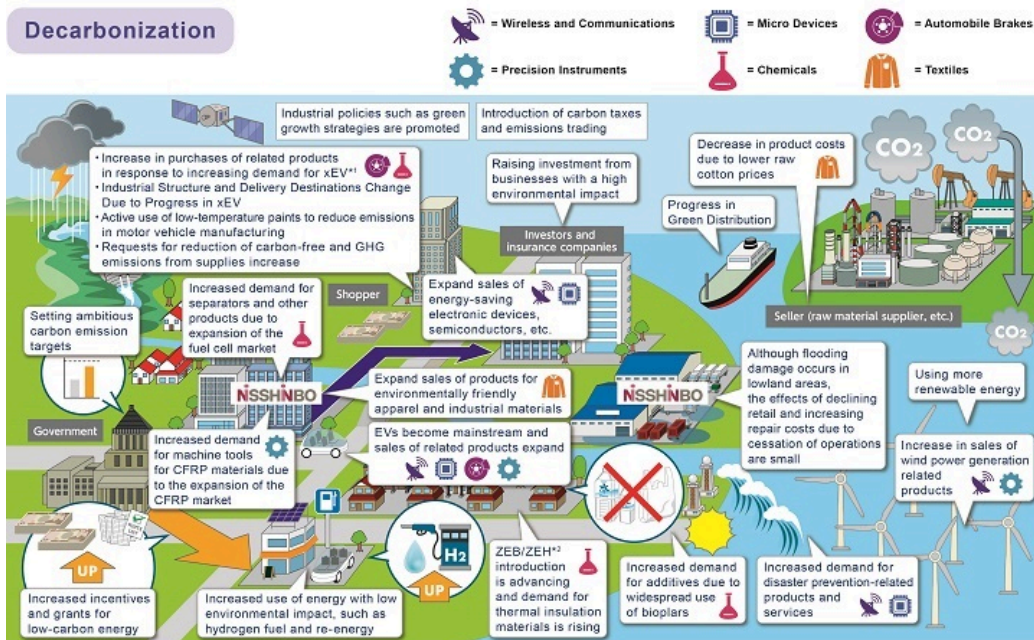
The Nisshinbo Group organized the global view of the warming progression scenario and the decarbonization scenario.

In the warming progressive scenario, while some sites will be affected by flooding and other damage, sales opportunities for countermeasure products as temperatures rise will increase, and demand for disaster prevention-related products and services is expected to rise. In the decarbonization scenario, countries will tighten emission reduction targets and introduce high carbon taxes, while demand for decarbonization-related products and environmentally friendly products, especially EVs/renewable energy, is expected to increase. Each image looks like the following:

Global warming



Decarbonization



*1 xEV: Electric Vehicle (electric cars)

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

3. Evaluate Business Impacts



In the 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 the Marine System, ICT/Mechanics, and Mobility business, demand for EV and ship-related products is expected to increase in both scenarios, although there are differences in scale perceptions.

In the Micro Devices business, demand for EV-related products is expected to expand under both scenarios, and demand for water level gauge sensors is expected to increase in response to flood damage. In addition, under the decarbonization scenario, the response to the reduction of carbon tax costs will become an important issue in the future.

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 Precision Instruments business, demand for wind power generation-related components and machine tools for CFRP materials is expected to increase under both scenarios. In addition, under the decarbonization scenario, a response will be required in order to reduce carbon tax costs.

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/ZEH is expected to increase the demand for insulation materials for building materials, increase the demand for additives as demand for bioplastics expand, and the demand for cross-linking agents will also increase from the expanded use of cold-drying paints.

In the Textiles business, the decarbonization scenario will require measures to address the significant impact of carbon taxes, while demand for environmentally friendly products is expected to grow, requiring the capture of demand for industrial materials and environmentally oriented apparel.










| Category | Assessment Item | Assessment of Impacts* | |
|-----------------------------|---|------------------------------|--------------------------|
| | | Warming Progression Scenario | Decarbonization Scenario |
| Carbon price | Increased cost of procuring raw materials from suppliers and manufacturing costs at factories due to carbon taxation | - | --- |
| Energy mix | Increase or decrease in energy costs due to fluctuations in city gas/crude oil/electricity prices | + | -- |
| Customer and market changes | Increase in sales for related products due to increased demand for marine transportation as a result of modal shift | + | + |
| | Increase in energy costs due to response to GHG reduction requests from customers | - | --- |
| | Increase in sales of brake friction materials due to change in demand for automobiles | +++ | ++ |
| | Increase in sales of insulation materials due to the popularization of ZEB/ZEH | ++ | +++ |
| | Increase in sales of cross-linking agents due to rising demand for cold-drying paints | ++ | +++ |
| | Increase in sales of machine tools for CFRP materials due to an increase in the number of companies working to reduce GHG emissions | + | + |
| | Expand sales of products for environment-oriented apparel and environmentally friendly industrial materials | + | + |

| Category | Assessment Item | Assessment of Impacts* | |
|--|---|------------------------------|--------------------------|
| | | Warming Progression Scenario | Decarbonization Scenario |
| |  | | |
| Spread of low-carbon and energy-saving technologies | Increase in sales for products related to EVs, new energy vehicles, smart mobility, and fuel cells  | ++++ | ++++ |
| | Increase in sales of energy-saving GaN power semiconductors and electronic device related products  | + | + |
| | Increase in sales of wind power generation related parts  | + | + |
| | Increase in sales of related parts due to change in demand for ICE vehicles  | + | + |
| Average temperature rise, and Change in Precipitation and Weather patterns | Increase in sales for disaster prevention products and services due to increased flood risk  | ++ | ++ |
| | Increase in sales for air conditioner parts due to more frequent use of air conditioning in summer  | + | + |
| | Decrease in product costs due to lower raw cotton prices  | + | + |
| | Increase in sales of clothing for heat protection  | + | + |
| Severity of extreme weather events | Increased costs due to physical damage and loss of business interruption caused by flooding  | -- | - |

* Assessment of Impacts :  : Positive Impact/  : Negative Impact

Degree of Impacts : Less than 1 billion yen :  /  , More than 1 billion yen but less than 5 billion yen :


  /   , More than 5 billion yen but less than 10 billion yen :    /

   , 10 billion yen or more :     /    

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 FY2023, the Nisshinbo Group will expand the scope of analysis to all its businesses by conducting climate change scenario analysis for businesses that have not yet done so.

| Business | Outline of Business Impacts | Direction of Responses |
|--|--|---|
| Common to all projects | <ul style="list-style-type: none"> • Risk of incurring additional costs due to the introduction and higher cost of carbon taxes. In addition, suppliers may increasingly request GHG emission reductions and be forced to respond to such requests. • Potential for physical damage and loss of business interruption caused by increased flooding | <ul style="list-style-type: none"> • Avoidance of carbon tax and reduction of energy costs through GHG reduction/energy conservation • Prevention and mitigation of physical damage and loss of business interruption caused by flooding |
|  (Solutions, Marine System, ICT/Mechanics, Mobility business) | <ul style="list-style-type: none"> • Increased demand for marine transportation due to modal shift may expand sales opportunities for ship-related products • Demand for EV-related products may increase due to growth in EV sales | <ul style="list-style-type: none"> • Capturing demand for shipping-related products • Expand development and manufacturing of EV-related products • Application of energy-saving related products (GaN power semiconductors, electronic device related products, etc.) to the electric power field |

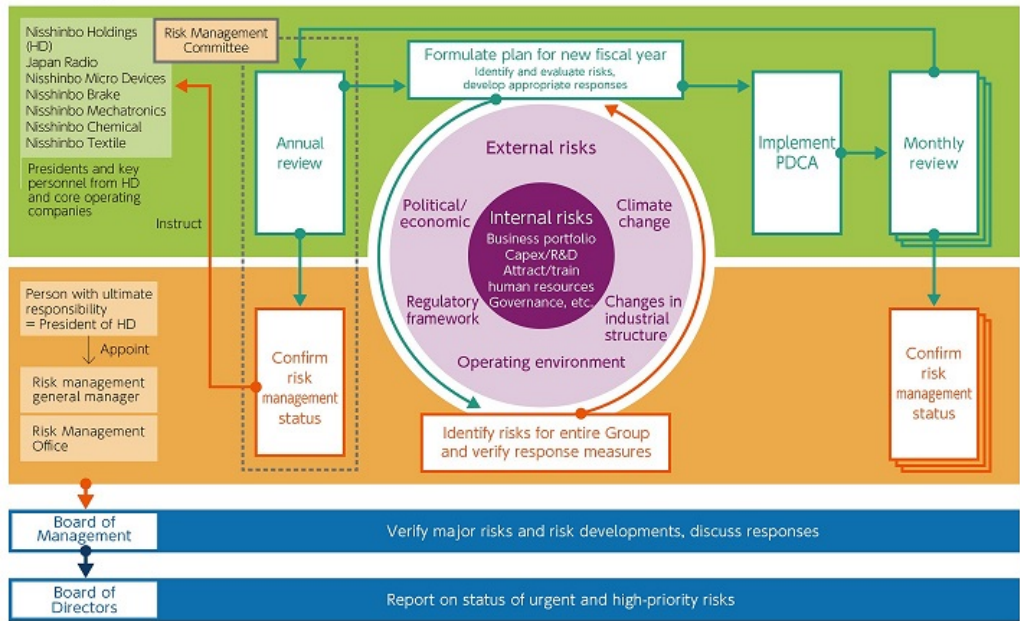
| Business | Outline of Business Impacts | Direction of Responses |
|-----------------------|--|--|
| | <ul style="list-style-type: none"> • Demand for energy-saving devices may expand and sales opportunities for energy-saving devices may increase • Frequent occurrence of natural disasters may increase flood risk, thereby increasing demand for disaster prevention-related products and services • Potential for increased demand for offshore wind power related products due to increased demand for renewable energy | <ul style="list-style-type: none"> • Capturing demand for ships to support offshore wind facilities • Development and manufacture of millimeter wave radar water gauge for disaster prevention, capturing demand for disaster prevention products and services |
| Micro Devices | <ul style="list-style-type: none"> • Potential increase in sales of smart mobility-related products due to social developments toward a smart mobility society • Potential for increased demand for low-carbon and energy-saving products • Frequent occurrence of natural disasters may increase flood risk, thereby increasing demand for disaster prevention-related products | <ul style="list-style-type: none"> • Development and manufacture of smart mobility-related products along with the expansion of the smart mobility society, and enhancement of the related parts production system • Development and manufacture of energy-saving products to respond to demand for low-carbon and energy-efficient products • Capturing demand for water gauge sensors to address increased flood risk |
| Automobile Brakes | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Providing products and services that comply with the changes and regulations associated with the promotion of decarbonization |
| Precision Instruments | <ul style="list-style-type: none"> • Increasing environment-oriented in the supply chain may expand sales opportunities for machine tools for CFRP materials • Demand for wind-related products may increase as the introduction of renewable energy increases • Sales opportunities for new energy vehicle-related products may increase due to growth in EV sales, while sales opportunities for ICE vehicle-related products may shrink • Increased demand for air conditioners due to global warming may expand sales opportunities for related products | <ul style="list-style-type: none"> • Capturing sales opportunities for machine tools for CFRP materials to respond to the environmental needs of the supply chain • Development and manufacture of wind power generation related products along with expansion of renewable energy introduction • Development and manufacture of parts processing and assembly-only machine related to new energy vehicles as EV sales increase • Development and manufacture of air conditioning parts to meet the growing demand for air conditioning during the summer season |
| Chemicals | <ul style="list-style-type: none"> • Potential for increased demand for cross-linking agents due to expanded use of low-temperature drying paints • Potential for demand for insulation materials for building materials to increase due to the spread of ZEB/ZEH • Potential for sales of fuel cell bipolar plates to grow in proportion to the expansion of the fuel cell market | <ul style="list-style-type: none"> • Capturing demand for cross-linking agents due to increased demand for low-temperature drying paints • Capturing demand for heat insulating materials due to the spread of ZEB/ZEH • Capturing demand for fuel cell bipolar plates due to the spread of fuel cells • Providing products and services that comply with the changes and regulations associated with the promotion of decarbonization |
| Textiles | <ul style="list-style-type: none"> • Changes in environment-oriented in the supply chain may expand opportunities to sell to more environment-oriented customers and to sell environmentally friendly products • Fluctuations in raw cotton costs due to climate change, but also the possibility of increased sales opportunities for products of heat-related protection due to rising temperatures | <ul style="list-style-type: none"> • Capturing demand for products for apparel to promote decarbonization, and development and manufacture of environmentally friendly industrial materials • Development and manufacture of clothing for heat protection |

Risk Management

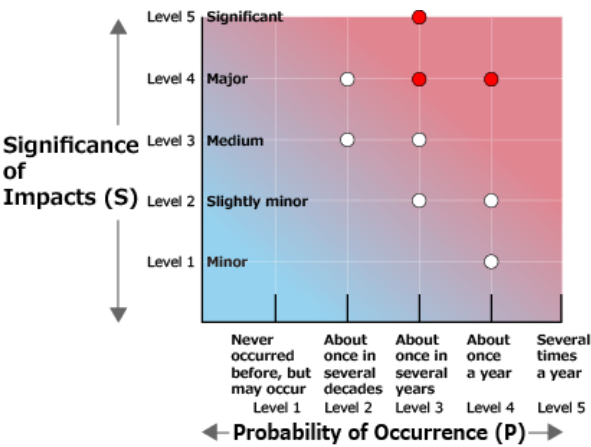
The Nisshinbo Group has established and operates a risk management system to appropriately respond to management risks of business and to minimize losses in the event of management risks. With regard to the risks and opportunities related to climate change that the Group should be aware of, the Nisshinbo 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 Board of Management and the Board of Directors.

Risk Management System

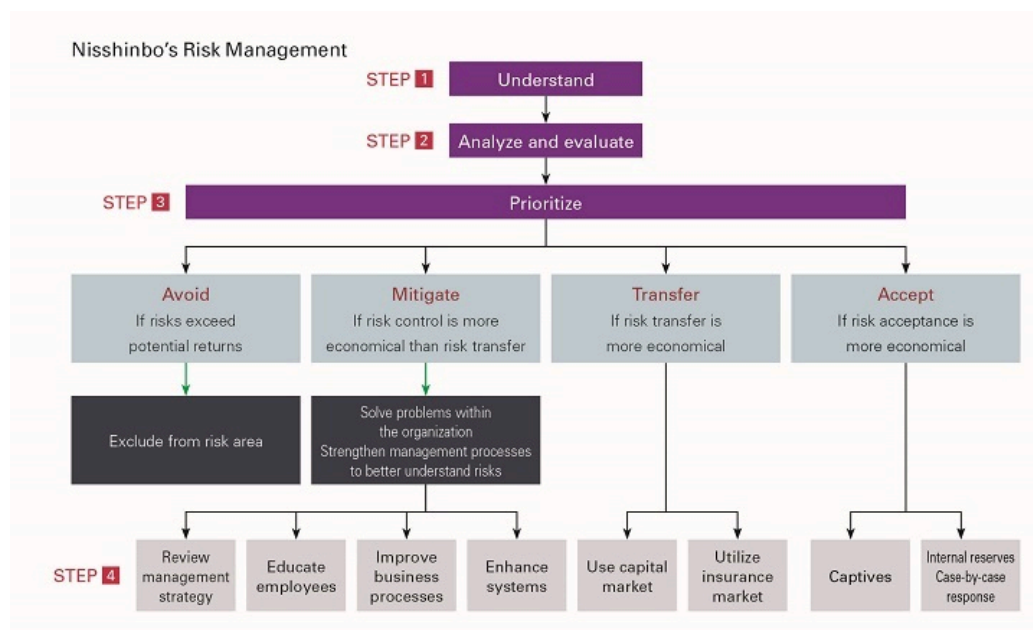


Risks and opportunities are assessed on a five-point scale based on the probability of occurrence and the degree of influence. Items whose products are more than constant are identified as important risks.



Taking into account the economic impact of identified risks, the Nishinbo 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

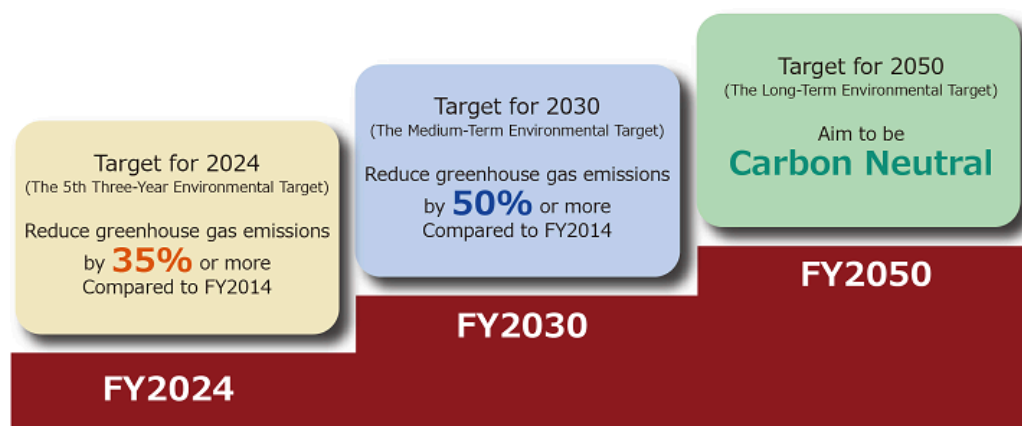


The details of the risks and opportunities that the Group perceives as having the potential to have an important impact on the linkage performance and response can be found on the " ► [Materiality, Risks and Opportunities](#) " page.

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 PFCs (perfluorocarbons)* emissions with the aim of carbon neutrality by 2050.

* PFCs (perfluorocarbons): Fluorinated greenhouse gases used in dry etching and other processes in semiconductor



The business activities and environmental impact of the Group can be found in the " ► [Material Balance](#) " section.

External Ratings and Evaluation

The Nisshinbo Group strives for sustainability initiatives and has received evaluations and awards from Japan and overseas ESG evaluation organizations.

Status of ESG Index Inclusion

Nisshinbo Holdings Inc. has been selected for inclusion in Japan 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 OF ANY 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 BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Three 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 Empowering Women Index (WIN)

Nisshinbo Holding was selected for inclusion in the MSCI Japan 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.

Sustainability

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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.

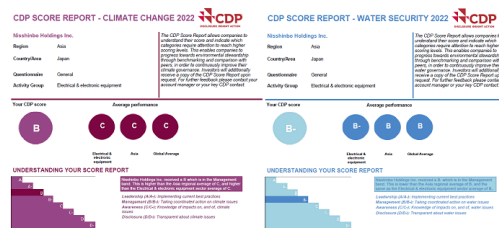


External Ratings and Evaluation of the Nisshinbo Group's ESG Activities

CDP Climate Change 2022 CDP Water Security 2022

Nisshinbo Group

The CDP is an international NGO working in the environmental field. The CDP surveys more than 18,700 companies worldwide and assigns scores from A to D in more than 1,100 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 2022 and a "B-" rating in Water Security 2022.



▶ Promoting Climate Change Countermeasures

▶ Water Resource Conservation

The Nikkei's 2022 SDG Management Survey

Nisshinbo Group

In the overall rankings of the 2022 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 21 evaluation indicators. This year, the fourth year of the survey, 886 companies participated in the survey, including companies listed on Japanese exchanges.



The Nikkei Smart Work Management Survey

Nisshinbo Group

The Nisshinbo Group was recognized with a three-star rating in the overall assessment of the "Sixth 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 defines 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 2022, 813 companies, including domestic listed companies, participated in the survey.



The Toyo Keizai CSR Company Rankings

Nisshinbo Holdings Inc.

In its latest assessment of CSR, the 2023 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 the environment, corporate governance and a ranking of AA on human resources utilization, 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 2023 CSR Company Ranking is the 17th.

SOMPO Risk Management the "Buna no Mori" Environmental Questionnaire 2022

Nisshinbo Holdings Inc.

Nisshinbo Holdings Inc. received an overall rank of A in the evaluation results of the "Buna no Mori" Environmental Questionnaire 2022 conducted by Sompo Risk Management Inc. The Buna no Mori Environmental Questionnaire analyzes and evaluates the status of a company's environmental management efforts. In order to evaluate companies based on the characteristics of each industry, the best-in-class method is used to select companies with relatively superior initiatives within each industry. Companies are classified into 27 unique industry categories based on the 33 industry categories of the TSE, and their environmental management is evaluated on a relative basis within each industry category. The top 25% of companies in each industry with relatively excellent environmental management systems are given an A ranking, companies in the 25th

to 75th percentile are given a B ranking, and companies in the 75th percentile or lower are given a C ranking. Companies that score below a certain level or that have been downgraded due to scandals are given a D rank. In the Sompo Japan Green Open fund (nicknamed "Buna no Mori"), companies ranked A to C are considered as candidate stocks for investment.

Selected as a "Zero Emissions Challenge Company" by METI

Nisshinbo Holdings Inc. , Japan Radio Co., Ltd., 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.



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.

Status of Collaboration and

- ▶ Participation with Various Initiatives

The Certified Health and Productivity Management Organization Recognition Program 2023

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., Ueda Japan Radio Co., Ltd., JRC Logistics Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd.

Nine 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. Four companies were certified in the small and medium scale corporate sector under the Certified Health and Productivity Management Organization Recognition Program 2023.



- ▶ Promoting Health Management

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).



▶ Promoting Work Style Reform

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Environmental Activities

Basic Concept

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.” With “Awareness and Concern towards our Environmental Impact” as the Group’s Business Conduct Guidelines, the Group has a deep understanding of environmental behavior and actively engage in and act on environmental activities. As an *Environment and Energy Company* group, the Group 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.

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 setting environmental targets for the above issues and promoting activities to address them, 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.

Promotion System

The Nisshinbo Group, as an *Environmental Company*, has established internal regulations for promotion of environmental management to contribute to the sustainable development of society on a global scale and to specify basic matters related to the promotion of environmental management.

The chief executive responsible for promotion of the environmental management of the Group is the President of Nisshinbo Holdings Inc. The Group is engaged in promotion activities of the environmental management under a system in which the director and the chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge.

Similarly, at each of the Company’s subsidiaries, a representative serves as the chief executive responsible for promotion of the environmental management, and the general manager responsible for promotion of the environmental management and the person for promotion of the environmental management are appointed to promote environmental management promotion activities.

The “Sustainability Development Promotion Meeting” and the “Environmental Management Promotion Staff Meeting” are held once a year under the auspices of the Sustainability Development Department to discuss policies and issues related to the promotion of environmental management on a Group-wide basis.

Sustainability

▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

▶ Nisshinbo Group Human Rights Statement

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▶ Environmental Activities

Status of Collaboration
▶ and Participation with Various Initiatives

▶ Promoting Climate Change Countermeasures

▶ Energy Conservation

▶ Promoting Life Cycle Assessment

▶ Resource Conservation

▶ Water Resource Conservation

▶ Chemical Substance Management

▶ Reduction of Transport Volume

Contribution to
▶ Environmental and Biodiversity Conservation

▶ Material Balance

▶ Environmental Accounting

▶ Environmental Data

The Environment Group of the Sustainability Development Department of Nisshinbo Holdings Inc. collects performance data and manages the progress of each Group company's activities toward environmental targets, and the progress is checked by the Director and Chief of the Corporate Strategy Center of the Company.

The Group conducts periodic environmental audits once a year to ensure that the environmental management system is being properly implemented, including compliance with environment-related laws and regulations. The representative of each of the Company's subsidiaries in charge of the general manager responsible for promotion of the environmental management conducts an environmental management review once a year to receive reports on changes to the environmental management system and the status of achievement of the annual environmental plan, as well as to issue instructions on the necessary implementation items for environmental management.

The Director and chief of the Corporate Strategy Center of the Company reports the details of changes to the Group's environmental management system, the status of achievement of the three-year environmental targets, and the results of environmental audits once a year at the board of management*. The President, who is the chief executive responsible for promotion of the environmental management, conducts environmental management reviews and issues instructions on matters necessary for environmental management. The management review is also reported to the Board of Directors, which discusses actions to be taken and oversees the targets and their progress.

* The Board of Management: Executive conference consisting of Directors, Executive officers, etc.

| |
|--|
| ▶ Social |
| ▶ Governance |
| ▶ GRI Content Index |
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| Back Issues (CSR Report/CSR & Sustainability Website) Report |

Specific Initiatives of the Nisshinbo Group

The Nisshinbo Group is developing activities with an emphasis on providing sustainable products and solutions through technological capabilities and innovation created by its diverse human resources. The Group 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 address environmental and social issues.

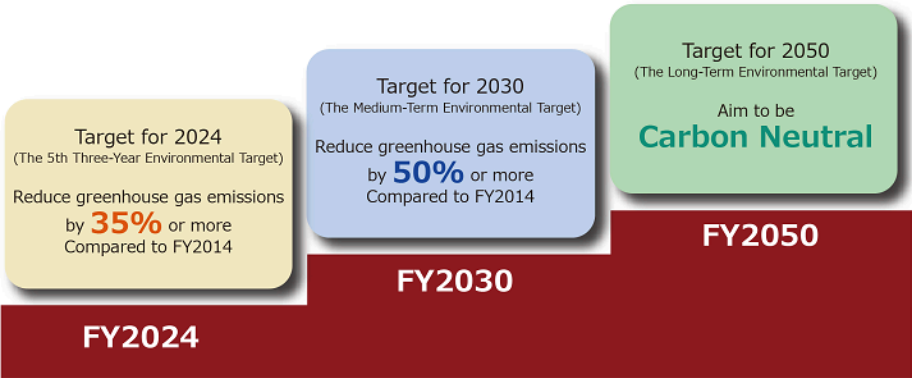
Environmental Targets

■ The Long-Term Environmental Target (Greenhouse Gas Emissions Reduction)

The Nisshinbo Group aims to capture climate change-related business opportunities and reduce risks. In order to reduce climate change-related risks, the Group declared in June 2022 to be carbon neutral by 2050 and established a new long-term environmental target with 2050 as the year of achievement. With the achievement of carbon neutrality as its top priority, the Group is actively promoting climate change countermeasures, such as energy conservation activities, switching to electricity derived from renewable energy, and reducing emissions of PFCs* (perfluorocarbons). At the same time, in June 2022, the Group revised its three-year and medium-term environmental targets for reducing greenhouse gas emissions.

* PFCs: Fluorinated greenhouse gases used in dry etching and other processes in semiconductor

The Nisshinbo Group's Greenhouse Gas Emissions Reduction Targets



■ The Medium-term Environmental Targets

The Nisshinbo Group positioned the environmental target, which is to be achieved by FY2030, as the medium-term 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”^{*} including those that contribute to reducing greenhouse gas emissions throughout the supply chain as the top target.

^{*} Within all products, the Group identifies “products that contribute to a sustainable society.”

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

■ The Three-Year Environmental Targets

The Nisshinbo 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 FY2024. The four items that are also included in the mid-term environmental goals are positioned as milestones in the mid-term targets. The Fifth Three-Year Environmental Targets are included in the Fifth Sustainability Promotion Plan.

► Sustainability Promotion Plan and KPIs

FY2022 Results and Assessment of the 5th Three-Year Environmental Targets

The 5th Three-Year Environmental Targets (FY2022-2024)

| Key Action Items | The 5th Three-Year Environmental Targets | Result as of FY2022 |
|---|---|------------------------------------|
| Improvement of the sales percentage by the products that contribute to the development of the sustainable society | 60% or more of total sales | 55% of total sales |
| Reduction of greenhouse gas ^{*1} emissions | Reduce by 35% or more compared to FY2014 | Reduced by 36% compared to FY 2014 |
| Reinforcement of the maintenance of biodiversity | Activities in Japan and overseas at more than 5 new sites | At 2 new sites ^{*2} |
| Reduction of water usage per unit of sales | Reduce by 65% or more compared to FY2014 | Reduced by 78% compared to FY 2014 |
| Promote Life Cycle Assessment ^{*3} (LCA) | 60% or more of total sales | 64% of total sales |
| Reduction of the energy consumption per unit of sales | Reduce by 15% or more compared to FY2014 | Reduced by 19% compared to FY 2014 |
| Reduction of the volume of PRTR substances ^{*4} emissions per unit of sales | Reduce by 30% or more compared to FY2014 | Reduced by 42% compared to FY 2014 |
| Improvement of recycling rate | Increase the recycling rate to 90% or more | 84% |

^{*1} The Greenhouse Gas Emissions

• Scope1 :

Energy related Greenhouse Gas Emissions = $\Sigma[\text{Fuel Consumption} \times \text{CO}_2 \text{ Emission Factor}^{*1-1}]$

Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO₂ Emissions + $\Sigma [\text{Greenhouse Gas Emissions other than CO}_2 \times \text{Global Warming Potential}^{*1-2}]$

*1-1 Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor calculated based on actual calorific values, which is 1.896 t-CO₂/t in FY2022.

*1-2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

• Scope2 :

Energy related Greenhouse Gas emissions = $\Sigma [\text{purchased electricity and purchased steam volume} \times \text{CO}_2 \text{ emission factor}^{*1-3}]$

*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. Data for FY2021 and earlier use country-specific emission factors for each year from "IEA Emissions Factors 2021." 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 FY2020 based on the Act on Promotion of Global Warming Countermeasures. For data for past fiscal years after FY 2014, greenhouse gas emissions were retroactively adjusted using the emission factors in *1-3 above.

*2 FY2022 Activities started: Japan Radio Co., Ltd. (Japan) and Nisshinbo Micro Devices AT Co., Ltd. (Japan).

*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.

The Nisshinbo Group conducted an assessment of its activities in FY2022 (the first year) with regard to its 5th Three-Year Environmental Targets (to be achieved by FY2024). Seven of the Group's eight initiatives are making steady progress, and five of them have achieved their targets for FY2024 ahead of schedule.

Sales of "the products that contribute to the development of sustainable society" are growing steadily, accounting for 55% of the Group's FY2022 sales. The breakdown is as follows: friction materials compliant with copper and antimony regulations^{*5} in the Automobile Brakes business account for 18%, semiconductor products (contributing to energy saving and smaller chip size in electrical appliances) in the Micro Devices business account for 11%, disaster prevention and mitigation-related products in the Wireless and Communications business account for 8%, and others account for 18%. The Group aims to achieve a sales expansion rate of 60% by increasing production of carbon separators for fuel cells, including those for automobiles, at its new plant (Midori-ku, Chiba City), which will start operation at the end of 2024.

In FY2022, the Group will reduce greenhouse gas emissions by 36% from the FY2014 level, achieving the FY2024 target ahead of schedule, through energy conservation activities, switching to green electricity from purchased electricity, installation of additional PFCs (perfluorocarbons) gas abatement equipment involving capital investment, and expansion of solar power generation, as well as through the aggressive Group-wide promotion of other measures. The target for FY2024 was achieved ahead of schedule. In the Textiles business, which is a major source of greenhouse gas emissions, switching to the purchase of green power derived from geothermal power generation for electricity at production plants in Indonesia led to an approximately 23% reduction in emissions for the entire Group compared to the previous fiscal year.

In strengthening biodiversity preservation activities, in the Wireless and Communications business, the Group began in FY2022 to collaborate with the Tokyo University of Marine Science and Technology on research into the collection and monitoring of marine plastic waste through fixed-net fishing. In addition, the Micro Devices business has registered its longstanding efforts to restore the vegetation of the Kashibaru Marshland, which dates back to the middle of the Showa period, as a Nisshinbo Group biodiversity conservation activity. Each segment is also considering the details of new activities to be determined.

In FY2022, water consumption per sales was reduced by 78% compared to FY2014, achieving the FY2024 target ahead of schedule. Water consumption per net sales was 12.0 m³/million yen, a 13% decrease from the previous fiscal year, because of the efforts to improve water intake methods at the Fujieda and Yoshinogawa plants of the Textiles business, which use a large amount of water, and a reduction of more than 600 thousand m³ (equivalent to about 10% of the Group's total water consumption) compared to the previous fiscal year.

In terms of the Life Cycle Assessment (LCA) promotion target, this represents 64% of the Group's FY2022 sales, and the FY2024 target has been achieved ahead of schedule. New LCA implementation has been completed for

ring yarn (general staple spun yarn) in the Textiles business, fuel cell separators in the Chemicals business, and valves for automobile engines in the Precision Instruments business, and the implementation rate is improving in all segments.

Energy used in FY2022 per sales was reduced by 19% from FY2014, achieving the FY2024 target ahead of schedule. In the Textiles business, PT. Nikawa Textile Industry stopped using coal boilers to generate electricity from November 2021, which greatly contributed to the 8% reduction compared to the energy consumption per sales in the previous fiscal year.

In FY2022, emissions of PRTR substances per sales were reduced by 42% compared to FY2014, achieving the FY2024 target ahead of schedule. Significant reductions were achieved by switching to paints and cleaning agents used by the Wireless and Communications businesses that do not contain PRTR substances.

In terms of the target for improving the recycling rate, the Group as a whole achieved 84% in FY2022. The treatment of friction material polishing powder in the Automobile Brakes business is an issue, and the Group aims to achieve the target by promoting the study of reuse methods and recycling destinations.

*5 Copper and antimony regulations: Laws of and regulations Japan and overseas that restrict the use of copper and antimony, which are considered highly toxic when released into the environment.

The Status of Environmental Management System

As of the end of December 2022, 50 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 7 business locations have received certification.

Organizations with ISO 14001 Certification (As of December 31, 2022)

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

In Japan (23 group companies)

| | |
|--------------------------------------|--|
| Nisshinbo Holdings Inc. | NISSHINTOA IWAO INC. |
| Japan Radio Co., Ltd. | JRC Tokki Co., Ltd. |
| Japan Radio Glass Co., Ltd. | Nagano Japan Radio Co., Ltd. |
| JRC Logistics Service Co., Ltd. | Nagano Japan Radio Manufacturing Co., Ltd. |
| NJ Components Co., Ltd. | Ueda Japan Radio Co., Ltd |
| JRC Mobility Inc. | Nisshinbo Micro Devices Inc. |
| Nisshinbo Micro Devices AT Co., Ltd. | Nisshinbo Micro Devices Fukuoka Co., Ltd. |
| Nisshinbo Brake Inc. | Nisshinbo Mechatronics Inc. |

| | |
|---|-------------------------------------|
| Nisshinbo Precision Instrument & Machinery Hiroshima Corp. | Nanbu Plastics Co., Ltd. |
| Kyushu Nanbu Plastics Co., Ltd. | Excel Tokai Co., Ltd. |
| Nisshinbo Chemical Inc. | Nisshin Environmental Planning Inc. |
| Nisshinbo Textile Inc. | |

In Overseas (27 group companies)

| | |
|---|--|
| Shenzhen NJRC Technology Co., Ltd. (China) | Nisshinbo Micro Devices (Thailand) Co., Ltd. (Thailand) |
| TMD Friction Services GmbH* (Germany) | TMD Friction UK Ltd. * (The United Kingdom) |
| TMD Friction Romania SRL* (Romania) | TMD Friction Espsna, S.L.* (Spain) |
| TMD Friction do Brasil S.A. (Brazil) | TMD Friction Mexico, S.A. de C.V.* (Mexico) |
| Shijiazhuang TMD Friction Co., Ltd.* (China) | Hangzhou TMD Friction Co., Ltd.* (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) | |

* Also received certification for ISO 50001 Energy Management System.

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.

Status of Collaboration and Participation with Various Initiatives

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▶ Water Resource
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▶ Chemical
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▶ Reduction of Transport
 Volume

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 ▶ Environmental and
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▶ Environmental
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▶ Environmental Data

SDGs



The Nisshinbo Group, as an *Environment and Energy Company* group, is committed to solving global environmental issues and contributing to the realization of a sustainable society. To this end, the Group will collaborate with local communities, local governments, universities and other academic institutions, other companies, and supply chains, and participate in and endorse a variety of different initiatives.

Collaboration and Participation in Initiatives

The Task Force on Climate-related Financial Disclosure (TCFD)

The Task Force on Climate-related Financial Disclosure (TCFD) established by the Financial Stability Board (FSB) recommends that companies identify and disclose the financial impacts of the risks and opportunities posed by climate change. Nisshinbo Holdings Inc. expresses its endorsement for the TCFD's recommendations and discloses the financial impacts based on the framework.



▶ Information Disclosure Based on TCFD Recommendations

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 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.



ZERO EMISSIONS CHALLENGE

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 Emission 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 623 companies that agreed to the aims of the Zero Emission Challenge are listed.

▶ Promoting Climate Change Countermeasures

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

“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 <https://www.challenge-zero.jp/> 

View case studies of the Group's efforts to realize a decarbonizing society is presented.

▶ Promoting Climate Change Countermeasures

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 local governments.



The Company's activities to conserve biodiversity began in fiscal 2015, and activities continue at 13 sites in Japan. We are also developing biodiversity conservation Activities at 5 sites abroad.

▶ Contribution to Environmental and Biodiversity Conservation

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.

▶ Social

▶ Governance

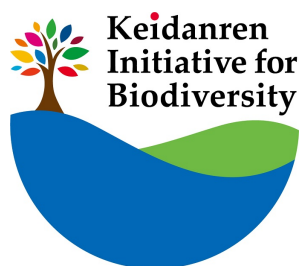
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▶ Report/CSR & Sustainability Website) Report

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



Keidanren Declaration of Biodiversity Initiative

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 273 companies and organizations (logo marks) that expressed their endorsement with the revised declaration and action guidelines and also introduces its Group.

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 its Activities.

^{*} Post-Aichi Biodiversity Targets: Global Biodiversity Targets for 2020 and beyond

▶ Contribution to Environmental and Biodiversity Conservation

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Promoting Climate Change Countermeasures



Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group is committed to reducing greenhouse gas emissions and providing decarbonized technologies, products, and services to faithfully realize a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of the systematic measures to achieve its environmental targets for reducing greenhouse gas emissions^{*1} and expanding sales of products that contribute to a sustainable society.

【Main measures】

- 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.
- ③The Group is promoting new solar power generation facilities and switch to electricity derived from renewable energy sources.
- ④In 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.
- ⑤In the Micro Devices business, the Group is expanding equipment to reduce the emissions of PFCs gas^{*2} from semiconductor production facilities.
- ⑥The Group is developing, manufacturing and sell ingseparator materials, core components of the fuel cells that contribute to the development of a hydrogen-based society. The Group is also advancing the use of CFCs in insulation products in its Chemicals business.

^{*1} Greenhouse gas emissions are targeted by Scope 1+Scope 2

^{*2} PFCs: Fluorinated greenhouse gases used in dry etching and other processes in semiconductor manufacturing

▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

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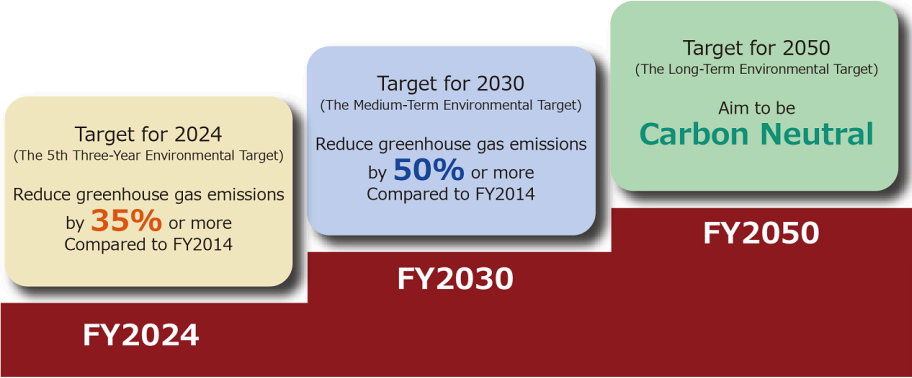
▶ Environmental Accounting

▶ Environmental Data

Greenhouse Gas Emissions Reduction Targets

The Nisshinbo Group aims to capture climate change-related business opportunities and reduce risks. In order to reduce climate-related risks, the Group declared in June 2022 to be carbon neutral by 2050 and established a new long-term environmental target with 2050 as the year of achievement. With the achievement of carbon neutrality as its top priority, the Group actively promoting climate change countermeasures such as energy conservation activities, switching to electricity derived from renewable energy, and reducing emissions of PFCs* (perfluorocarbons). At the same time, in June 2022, the Nisshinbo Group revised its three-year and medium-term environmental targets for reducing greenhouse gas emissions.

The Nisshinbo Group's Greenhouse Gas Emissions Reduction Targets



Please refer to "[Environmental Activities](#)" for The Group's Environmental Targets and "[Material Balance](#)" for business activities and environmental impacts.

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 FY 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.

Please refer to "Disclosure Based on TCFD Recommendations" for the results of climate change scenario analyses.

► Disclosure Based on 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: The Task Force on Climate-related Financial Disclosure established by the Financial Stability Board (FSB)

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 2022 in the Japanese version to improve the reliability of its Greenhouse Gas Emissions (Scope1, Scope2) environmental performance data.

► Nisshinbo Group Greenhouse Gas Emissions Data 2022

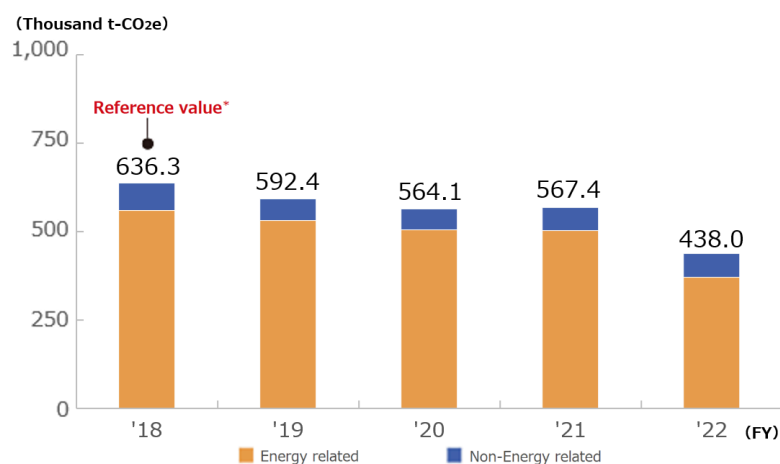
- Social
- Governance
- GRI Content Index
- Editing Policy
- Back Issues (CSR Report/CSR & Sustainability Website) Report

Greenhouse Gas Emissions

The Nisshinbo Group's actual greenhouse gas emissions were approximately 438.0 thousand t-CO₂e, down 23% from the previous fiscal year's greenhouse gas emissions. Emissions from energy sources were significantly reduced after the Textiles business shut down its in-house power generation facilities using coal boilers and converted to purchased power; the Automobile Brakes business switched to green power derived from solar, wind, and hydroelectric power generation; and the Textiles business switched to green power derived from geothermal power generation.

Perfluorocarbons (PFCs) composed 84% of non-energy related greenhouse gas emissions. The PFCs emissions were mainly from the semiconductor product manufacturing process at 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.

Greenhouse Gas Emissions by Scope

| | | | 2018 (Reference value after adjustment)*1 | 2019 | 2020 | 2021 | 2022 |
|--------------------------|-----------------------|--|--|-------|-------|-------|---------|
| Greenhouse Gas Emissions | Scope1 | (Energy related + Non-Energy related) | 263.4 | 243.8 | 246.7 | 237.9 | 134.6 |
| | | (Energy related) | 187.0 | 183.1 | 187.7 | 173.7 | 66.7 |
| | | (Non- Energy related) | 76.3 | 60.7 | 59.0 | 64.2 | 67.9 |
| | Scope2 | (Non- Energy related) | 373.0 | 348.6 | 317.4 | 329.4 | 303.4 |
| | Scope1 + Scope2 | (Energy related + Non-Energy related) | 636.3 | 592.4 | 564.1 | 567.4 | 438.0*2 |

*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 2022

[Calculation method]

• Scope1 :

Energy related Greenhouse Gas Emissions = $\Sigma[\text{Fuel Consumption} \times \text{CO}_2 \text{ Emission Factor}^{*1}]$

Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO₂ Emissions + $\Sigma[\text{Greenhouse Gas Emissions other than CO}_2 \times \text{Global Warming Potential}^{*2}]$

*1 Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor calculated based on actual calorific values, which is 1.896 t-CO₂/t in FY2022.

*2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

• Scope2 :

Energy related Greenhouse Gas emissions = $\Sigma[\text{purchased electricity and purchased steam volume} \times \text{CO}_2 \text{ emission factor}^{*3}]$

*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. Data for FY2021 and earlier use country-specific emission factors for each year from "IEA Emissions Factors 2021". Purchased steam uses emission factors based on the Act on Promotion of Global Warming Countermeasures.

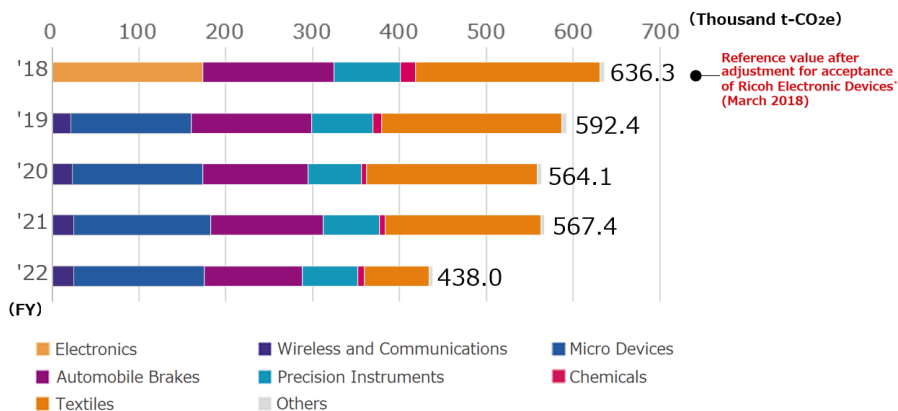
*4 For purchased electricity, alternative emission factors by electric power supplier were used until FY 2020 based on the Act on Promotion of Global Warming Countermeasures. For data for past fiscal years after FY 2014, greenhouse gas emissions were retroactively adjusted using the emission factors in *3 above.

[Subject Organizations]

In FY 2022, a total of 100 companies, including Nisshinbo Holdings Inc. and 99 consolidated subsidiaries, were counted.

In greenhouse gas emissions by business, the Micro Devices business accounted for 34% of total emissions. This was followed by the Automobile Brakes business, which accounted for 26%.

Greenhouse Gas Emissions by Business

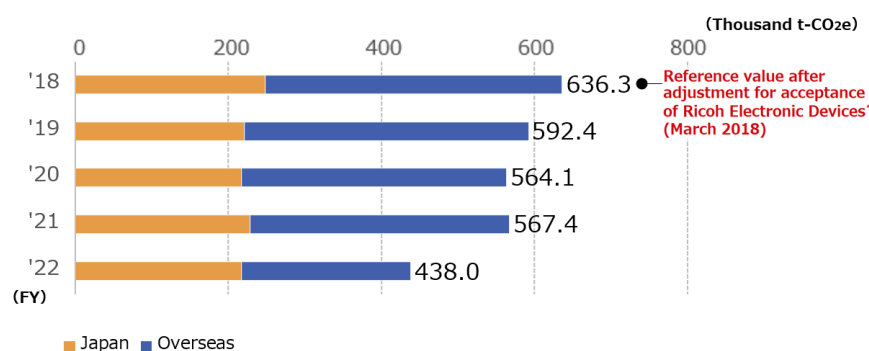


*1 In 2018, we changed our fiscal year-end from Mrch 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019,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

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

Of the Nisshinbo Group's greenhouse gas emissions, the proportion in Japan accounts for 50%.

Greenhouse Gas Emissions in Japan and Overseas



* 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.

► Environmental Data

Renewable Energy

■ Solar Power Generation

Solar power generation equipment installed by the Nisshinbo Group remained steady throughout FY2022, generating 6.2 thousand MWh of power. Solar power generation facilities were installed and started operation in April 2022 at Nisshinbo Micro Devices (Thailand) Co., Ltd.

| Installation site | Generation capacity (kW) | Year operation commenced | Use |
|--|--------------------------|--------------------------|---|
| Nisshinbo Mechatronics Inc. Miai Machinery Plant | 430 | 2010 | Self-consumption |
| 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 |
| Nisshinbo Precision Instrument & Machinery Hiroshima Corp. | 1,020 | 2015 | Electric power sales |
| Nisshinbo Micro Device Inc. Kawagoe Works | 19 | 2018 | Self-consumption |
| Nisshinbo Micro Devices (Thailand) Co.,Ltd. | 1,524 | 2022 | Self-consumption |
| Total | 5,321 | | |

■ Purchasing Green Power

The Nisshinbo Group is promoting the switch to green power, and purchased approximately 61.4 thousand MWh of green power in FY2022.

Nisshinbo Holdings Inc., Head Office, purchases non-fossil certificates derived from hydroelectric power generation; and Nisshinbo Brake Inc. Tatebayashi Plant, Nisshinbo Somboon Automotive Co., Ltd. and Nisshinbo Automotive Manufacturing Inc. in the Automobile Brakes business purchased electricity derived from solar power generation from solar, wind, and hydroelectric power generation, while TMD Friction UK Limited purchased electricity derived from solar power generation; and PT. Nikawa Textile Industry, PT. Nisshinbo Indonesia and PT. Naigai Shirts Indonesia in Textiles businesses purchase green power derived from geothermal power generation.

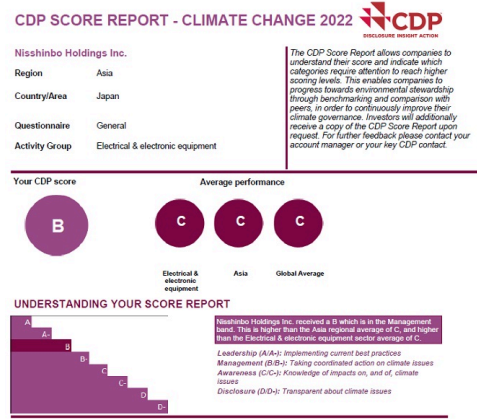
Amount of Green Power Purchased by Business Site in FY2022

| Company / Plant | Segment | Retailer | Category | Purchase Amount (MWh) |
|---|-------------------|--|--------------------------------------|-----------------------|
| Nisshinbo Brake Inc. Tatebayashi Plant | Automobile Brakes | West Holdings Corporation | Solar power by PPA* | 51 |
| Nisshinbo Automotive Manufacturing Inc. | Automobile Brakes | Sterling Planet Inc. | Solar power | 923 |
| Nisshinbo Somboon Automotive Co.,Ltd. | Automobile Brakes | WEST International (Thailand) Co.,Ltd. | Solar power by PPA | 128 |
| TMD Friction UK Limited Warrington | Automobile Brakes | Drax Power Ltd. | Solar, Wind, and Hydroelectric power | 187 |
| TMD Friction UK Limited Hartlepool | Automobile Brakes | Bryt Energy Ltd. | Solar, Wind, and Hydroelectric power | 14,358 |
| TMD Friction UK Limited Elvington | Automobile Brakes | Bryt Energy Ltd. | Solar, Wind, and Hydroelectric power | 9 |
| PT. Nisshinbo Indonesia | Textiles | PT Perusahaan Listrik Negara (Persero) | Geothermal power | 6,314 |
| PT.Nikawa Textile Industry | Textiles | PT Perusahaan Listrik Negara (Persero) | Geothermal power | 37,838 |
| PT. Naigai Shirts Indonesia | Textiles | PT Perusahaan Listrik Negara (Persero) | Geothermal power | 1,030 |
| Nisshinbo Holdings Inc. Head Office | Others | TEPCO Energy Partner, Incorporated | Hydroelectric power | 586 |
| Total | | | | 61,424 |

* PPA: Abbreviation for Power Purchase Agreement.

► Environmental Data

The CDP is an international NGO working in the environmental field. The CDP surveys more than 18,700 companies worldwide and assigns scores from A to D in more than 1,100 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 2022.



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 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 623 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.

View case studies of the Group's efforts to realize a decarbonizing society is presented.

Specific Activities of the Group Companies

Progress in Installation of PFCs Abatement Equipment and Reduction of Greenhouse Gas Emissions

Nisshinbo Micro Devices Fukuoka Co., Ltd., is implementing measures to reduce greenhouse gas emissions by focusing on PFCs and electricity, which emit the largest amounts of greenhouse gases. The two main activities are the introduction of high-efficiency equipment and inverters in conjunction with the replacement of electrical equipment, along with the installation of abatement equipment at facilities using C3F8 gas (PFCs).

In FY 2022, annual greenhouse gas emissions were 33,128 t-CO₂, down 27.3% from 2014 (12,437 t-CO₂ reduction), while PFCs emissions were flat at 16,998 t-CO₂. With two units installed in January, PFCs emissions are expected to be reduced by 4,018 t-CO₂/year and total emissions by 36.2% (16,510 t-CO₂ reduction).

In parallel, the company is considering installing a third PFCs gas abatement system ahead of schedule, as well as installing additional abatement equipment at facilities that use CF₄ gas.



PFCs gas abatement system

Expand the Use of Renewable Energy

Nisshinbo Micro Devices (Thailand) Co., Ltd., in Thailand installed photovoltaic panels with an installed capacity of 1,524 kW on the factory roof in April 2022. With a total panel area of 10,184 m², this is the largest installation of power generation panels in the factory building. This initiative has made it possible to convert approximately 2,107 MWh (938 t-CO₂) of the company's annual electric energy use to renewable energy.

The solar power operation was originally planned to start in December 2021. However, because of the global outbreak of the COVID-19, procurement of power generation panel components was delayed, and the pilot operation was successfully completed in April 2022. After three months of pilot operation, full operation began in July 2022.

Since the start of full solar power generation operation, the current power generation is in line with the initial estimate and has continued to steadily generate power. The company will continue to monitor power generation and promote the stable use of renewable energy.



Installed solar power generation equipment



On-site PPA Solar Power Generation

Nisshinbo Brake Inc., Tatebayashi Plant, installed solar power generation equipment by concluding an on-site PPA* and started generating electricity in December 2022. Approximately 3,698m² of solar panels were installed on a portion of the roof of the Tatebayashi Plant. The system has a capacity of 500 kW and is expected to generate approximately 741 MWh per year. The annual greenhouse gas emissions are expected to be reduced by approximately 285 t-CO₂, or 2.3% of the plant's total greenhouse gas emissions.

The status of the solar power generation equipment can be monitored in real time using a Web browser, including the amount of electricity generated on the day of installation, the cumulative amount of electricity generated since installation, and the presence or absence of abnormalities in the equipment and its history. The company plans to gradually add more solar power generation facilities in the future because there is space on the roof for more solar panels.

*PPA: Abbreviation for Power Purchase Agreement, a power sales contract



Solar Panels Installed at the Tatebayashi Plant

On-site PPA to Install Solar Power

Nisshinbo Somboon Automotive Co., Ltd. in Thailand installed a solar power generation system with an on-site PPA and started generating electricity in December 2022. Approximately 5,900 m² of solar panels have been installed on the roof of the plant. The system has a capacity of 1,000 kW and is expected to generate approximately 1,580 MWh of electricity annually. The annual greenhouse gas emission reduction effect is estimated to be approximately 790 t-CO₂, or about 18% of the greenhouse gas emissions generated for the company's electricity use.

The status of the solar power generation facilities can be monitored in real time using a Web browser, including the amount of electricity generated on the day, the cumulative amount of electricity generated since installation, and the presence or absence of abnormalities in the facilities and their history. The company will use the accumulated solar power generation history to find more efficient ways to use solar power generation and further reduce greenhouse gas emissions.



Installed On-site PPA Solar Power Generation Facilities

Expansion of Bipolar Plates for Fuel Cells Manufacturing, Sales, and Development System

Nisshinbo Chemical Inc. has decided to expand the production capacity of Bipolar Plates for Fuel Cells, which it has been manufacturing and selling at its Chiba Plant.

The company began full-scale production and sales of bipolar plates when they were adopted for use in ENE-FARM, a household fuel cell system that was launched in Japan in 2009. Currently, as countries around the world accelerate their efforts to achieve carbon neutrality, fuel cells are considered one of the key devices for achieving this goal, and their deployment in stationary applications, such as data centers, communication base stations, buildings, construction machinery, and small generators, is progressing around the world. In the future, the market is expected to expand to include trucks, buses, and other in-vehicle applications, as well as marine and railroad applications, and demand for bipolar plates, one of the key components, is expected to grow.

Under such circumstances, the company has been receiving strong inquiries from customers and has decided to increase production capacity by expanding the plant. The company has also started development of next-generation bipolar plates to strengthen competitiveness. Through business activities, the company will continue to contribute to the expansion of the fuel cell market and global environmental protection and work toward the realization of a sustainable society.

Initiatives to Use Renewable Energy in Indonesia

It is estimated that Indonesia has 28,000 MWh of geothermal energy, more than 40% of the global geothermal energy potential. This resource is the second largest in the world after the United States. The basic mechanism is simple: power is generated by turning turbines with steam from groundwater heated by magma beneath volcanoes. The main features of this system are that it has a low environmental impact because it does not require fossil fuels, that electricity prices are not affected by fuel market conditions, and that it provides more stable power than other power generation methods of solar and wind power, which are easily affected by weather conditions.

Three of Nisshinbo Textile's subsidiaries in Indonesia (PT. Nikawa Textile Industry, PT. Nisshinbo Indonesia, and PT. Naigai Shirts Indonesia) have switched their contracts to geothermal power from the state-owned power company (PLN). In FY2022, the three Indonesian companies reduced greenhouse gas emissions by approximately 40,000 t-CO₂ by switching to geothermal power generation.



Geothermal Power Plant

Utilization of Biomass Fuel

PT. Nisshinbo Indonesia in Indonesia is mainly engaged in the dyeing and finishing of dress shirts and uniforms. In the bleaching, dyeing, and resin treatment processes, steam and heated oil are required to heat the processing solution and cleaning water or to dry the fabric, for which boilers are used.

Boilers use coal as fuel, but the company is now actively using coconut shells as a biomass fuel. Indonesia is the world's largest producer of palm oil, and the coconut shells emitted during the production process are considered to have zero CO₂ emissions from combustion, since CO₂ is taken up during the growth of the oil palm, the raw material. By actively using these coconut shells as boiler fuel, the company is reducing the amount of coal used, thereby reducing CO₂ emissions.

In FY2022, the company used 6,190 t of biomass fuels, such as coconut shells, reducing coal use by 33% and reducing greenhouse gas emissions by approximately 9,000 t-CO₂. The company will continue to strive to use biomass fuels as a renewable energy source.

Energy Conservation

Sustainability

▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

Nisshinbo Group Human
▶ Rights Statement

▶ Sustainability Management

▼ Environment

▶ Environmental Activities

Status of Collaboration
▶ and Participation with Various Initiatives

▶ Promoting Climate Change Countermeasures

▶ Energy Conservation

▶ Promoting Life Cycle Assessment

▶ Resource Conservation

▶ Water Resource Conservation

▶ Chemical Substance Management

▶ Reduction of Transport Volume

Contribution to
▶ Environmental and Biodiversity Conservation

▶ Material Balance

▶ Environmental Accounting

▶ Environmental Data

Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group provides energy-saving technologies, products, and services, as well as its own energy-saving measures, and faithfully realizes a safe and secure society for all people. 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.

【Main measures】

- ① Promoting activities to curb energy consumption through ISO 14001 activities
- ② Selecting environmentally friendly equipment when renewing equipment and continuously implementing energy conservation measures through improvement activities
- ③ Systematic use of LEDs for lighting
- ④ Pursuit of the introduction of energy-saving equipment in new buildings and warehouses and the reduction of energy consumed by air conditioning

▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

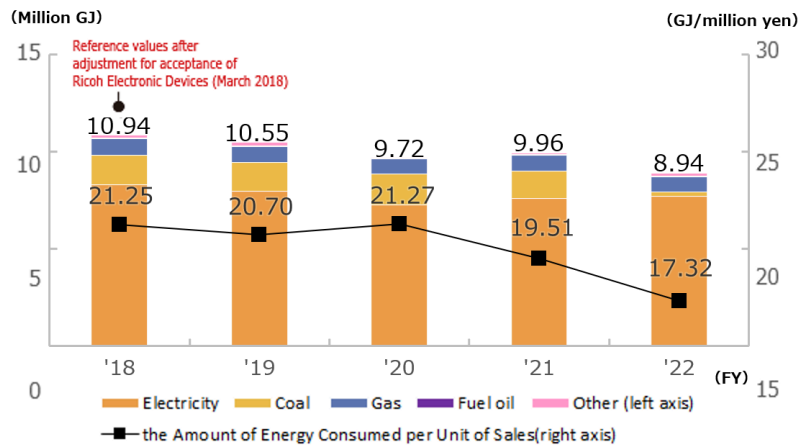
Energy Use by Type of Fuel

The Nisshinbo Group's energy usage amounted to 8.94 million GJ, down 10% year-on-year (YoY). Energy usage per unit of sales was 17.32 GJ per million yen, down 11 % YoY.

PT. Nikawa Textile Industry in Textiles business stopped using coal boilers to generate electricity and switched to purchasing electricity from November 2021, which resulted in a significant reduction in coal consumption and a decrease in energy consumption per net sales.

By type of fuel used, electricity accounted for 86% of the total, and gas accounted for 9%.

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



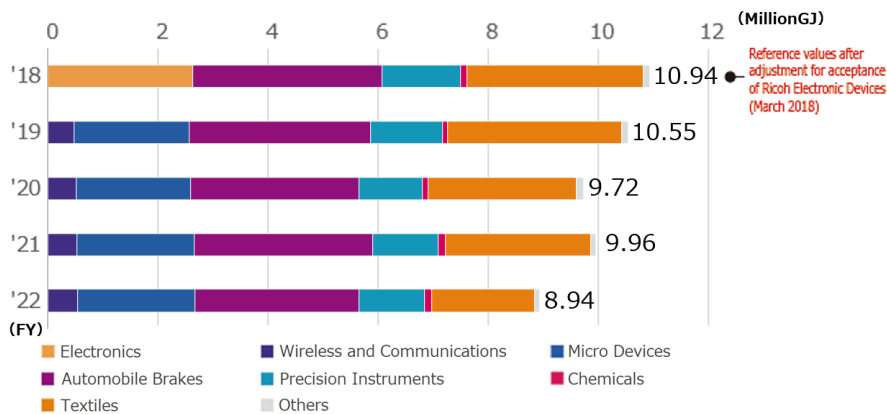
* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019,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

▶ Environmental Data

Amount of Energy Consumed by Business

The automobile brakes business accounts for the largest portion of energy consumed, at 2.99 million GJ, followed by the micro devices business at 2.13 million GJ.

Amount of Energy Consumed by Business



*1 In2018, 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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

▶ Environmental Data

Effect of Introducing LED Lighting

▶ Social

▶ Governance

▶ GRI Content Index

▶ Editing Policy

Back Issues (CSR
▶ Report/CSR & Sustainability
Website) Report

The energy conservation impact of new conversion to LED lighting in FY2022 was 919 MWh, as indicated in the table below.

Nagano Japan Radio Co., Ltd. in the Wireless and Communications business and TMD Friction Services GmbH in the Automobile Brakes business each reduced electricity consumption by more than 200 MWh.

Reduction in Electricity Consumption

| Business Category | Reduced Consumption(MWh) |
|-----------------------------|--------------------------|
| Wireless and Communications | 378 |
| Microdevices | 160 |
| Automobile Brakes | 240 |
| Precision Instruments | 132 |
| Chemicals | 5 |
| Textiles | 3 |
| Real Estate | 1 |
| Total | 919 |

* In FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

► Environmental Data

Specific Activities of the Group Companies

LED Lighting Fixtures

Japan Radio Co., Ltd., is promoting energy-saving activities by converting lighting fixtures installed in its Ueda Logistics Center to LEDs as part of a five-year plan starting in FY2021.

In FY2022, the second year of the plan, 460 lighting fixtures on the third floor of the north building and the second floor of the south building, 65 emergency lighting fixtures, and 39 guide lights on the first floor of the north building and the first floor of the south building were converted to LED. During the installation of LED lighting fixtures on the second floor of the South Wing, wall switches were added to improve workability.

Because of the shortage of parts and materials, the acquisition of the fixtures was delayed by three to four months from the original schedule, but the conversion to LED lighting fixtures resulted in a reduction in electricity consumption of 136 MWh per year (CO₂ reduction: 53 t- CO₂). In addition, the replacement of one aging air-conditioning unit on the first floor of the south building with an energy-saving unit resulted in a reduction in electricity consumption of 8 MWh per year (CO₂ reduction: 3 t- CO₂).

The company will continue to promote further energy saving at the Ueda Logistics Center by switching to LED lighting fixtures in the next fiscal year and beyond.

Reduction of Electricity Consumption by Renewal of Facilities

Nisshinbo Micro Devices Inc., Kawagoe Plant, has taken two measures to reduce CO₂ emissions by reducing electricity consumption in FY2022.

① Conversion of lighting fixtures to LED

Approximately 900 fluorescent lamps in plant buildings (including clean rooms) were replaced with LED base lights, resulting in an annual reduction of approximately 110 MWh (42.3 t-CO₂ emissions). Since it is difficult to update lighting fixtures in the clean room on production operation days, it is done on non-operation days of the production line. Therefore, it will take another five years to update all the equipment, but the company will continue its efforts.

② Renewal of commercial air conditioners

By updating to high-efficiency equipment (six units), the company was able to reduce annual CO₂ emissions by approximately 26 MWh (10.0 t-CO₂).

There are many pieces of equipment that have been in use for a long time in the plant, some of which cannot be repaired by the manufacturer. In the future, the company will work to reduce electricity consumption and CO₂ emissions while continuing to upgrade these facilities.



LED lighting fixtures



High-efficiency commercial air conditioners

Energy Saving Thermal Barrier Coating on Roofs

Nisshinbo Micro Devices Fukuoka Co., Ltd., promoted the energy conservation measures of using thermal barrier coating on roofs with the goal of reducing electricity consumption by 1% or more compared to the previous fiscal year and by 10.0% or more compared to FY2014.

The previous coating of the plant building's long, folded half-length roof with silicon resin thermal barrier coating (useful life of approximately eight years) was applied in 2011. Eleven years have passed since then, and a ceramic-based thermal barrier coating (developed by NASA) was selected for the purpose of roof protection and energy conservation. The company then carried out the painting work from April 2 to May 21. The roof surface temperature (when the outside air temperature is 23°C and sunny) was improved from 47°C to 32°C, leading to a reduction of approximately 5.8 MWh of electricity (CO₂ emissions: approximately 2 t-CO₂) as of August 2022.

As a summary of electricity consumption, in FY2022, the production load was reduced by 4.0% from the previous year and energy-saving measures led to a reduction of 738 MWh (CO₂ emissions: approx. 289 t-CO₂) compared to the previous year.

In addition, the company plans to start operation of a non-CFC inverter-turbo refrigerator (HFO-1233zd (E) refrigerant) in March 2023, which will further reduce energy consumption.



Painting with ceramic-based thermal barrier paint

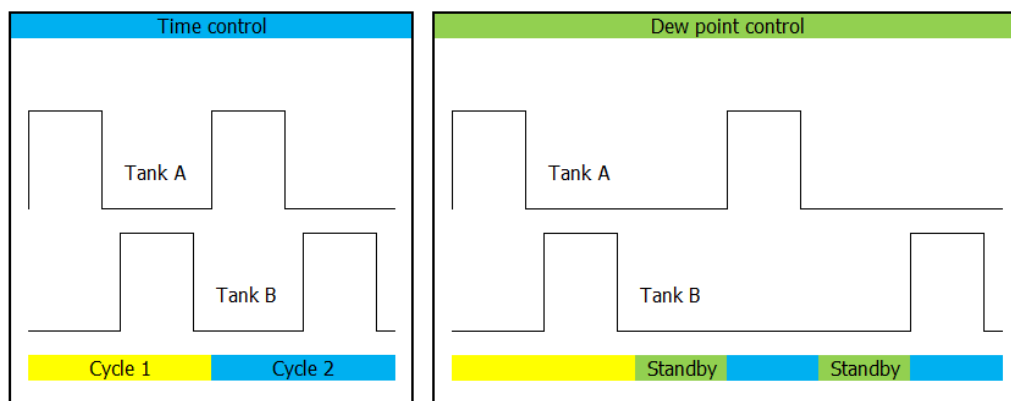
Energy Conservation Activities by Changing Equipment Control Methods

Nisshinbo Micro Devices (Thailand) Co., Ltd., in Thailand is strengthening its activities to reduce power consumption. In May 2022, the control method of heatless air dryers was changed from time control to dew point control, thereby reducing the amount of electricity used by shortening the operating hours of equipment.

With the conventional time control method, the two tanks were switched at regular intervals to operate constantly. In this case, the dew point was always kept well below -40°C , the company's standard value, but there was an aspect of unnecessary equipment operation.

Therefore, the company changed the control of the air dryer to the dew point control method, which monitors the dew point as a reference value to ensure optimal equipment operation. When the dew point is below the reference dew point, the equipment is placed in standby mode. This has resulted in a 32.6% reduction in unutilized time compared to the conventional operating time of air compressors. The number of facilities in the company is five.

This initiative has made it possible to reduce annual electricity consumption by 516 MWh (CO₂ emissions: 230 t-CO₂).



Flow diagram of the time control method

Flow diagram of the dew point control method

Promoting Energy Conservation by Installing Central Mist Filter Equipment

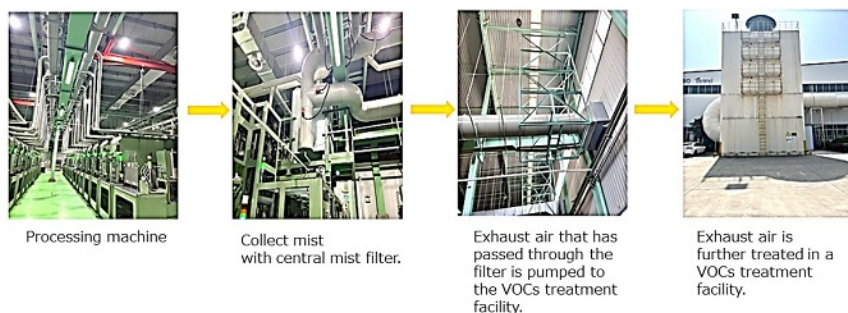
Nisshinbo-Continental Precision Machining (Yangzhou) Co., Ltd., in China changed the collection of mist* generated from each facility in the plant from the use of stand-alone mist filter equipment to the use of central mist filter equipment as in 2021.

In the case of the collection by stand-alone mist filter equipment, mist is collected by motors attached to individual equipment (181 units), but in the case of collection by central mist filter equipment, mist can be collected by suction through piping to each piece of equipment using motors attached to the VOCs equipment.

This means that the inefficient motor drive of individual mist filters can be efficiently covered by the large motor of a single VOCs facility, which significantly reduces electricity costs, resulting in an annual electricity consumption reduction of approximately 180 MWh (CO₂ emissions: approximately 76 t-CO₂). In addition, the company has been

able to significantly reduce the use of filters, which in China are treated as hazardous materials and disposed of by designated contractors.

* Mist (oil mist): Particulates of lubricating oil used in machine tools that are dispersed into the air when the machines are operated, causing adverse effects on the human body and the environment.



Mist treatment flow with central mist filter facility

Reducing Electricity and Fuel Consumption by Changing Reaction Vessel Cleaning Process

Nisshinbo Chemical Inc., Tokushima Plant, manufactures "Carbodilite[®]," a resin additive, in batch production in a reaction vessel. After the product is manufactured, the reaction vessel is washed with a cleaning solution to prepare it for the next product manufacturing process, which in the past required approximately eight hours. The washing process requires fuel and electricity because the washing liquid in the reaction vessel must be agitated while repeatedly adjusting the temperature by heating and cooling.

The company focused on the fact that the background value measured by the FT-NIR device (near-infrared spectrometer) introduced in June 2022 indicates the cleanliness of the reaction vessel and decided to first control the condition of the inside of the reaction vessel after the washing process using the background value. Next, the company changed the liquid temperature setting and shortened the washing time on the assumption that the condition would stay within the controlled range. As a result, the company confirmed that the process was shortened by two to three hours per batch and achieved a reduction of approximately 15 MWh of electricity and 470 L of kerosene fuel per year.

Saving Energy through Productivity Improvement

PT. Naigai Shirts Indonesia in Indonesia has been working on variable production under T-KAIZEN (Nisshinbo Textile Group's original improvement activities) with the aim of minimizing the deterioration of profitability due to increases and decreases in order quantities. The target was achieved because the number of sheets produced per person per day (productivity) improved by approximately 10% from 9.3 to 10.2 sheets, and the power consumption per sheet of electricity not directly related to production, such as commercial air conditioners (38 units) and electric lights, was reduced.

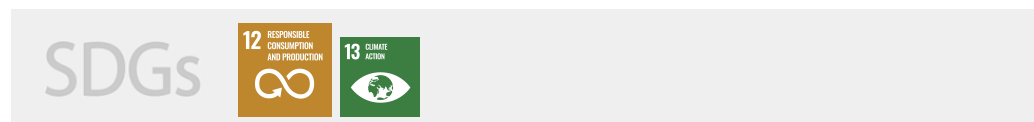
Variable manufacturing allows the company to minimize increases in staffing and costs by shifting staff assignments as production increases. Currently, the company's manufacturing process consists of a parts manufacturing process and an assembly process. When production increases, employees from the parts manufacturing process are transferred to the assembly process, and personnel to support the parts manufacturing process are transferred from the inspection and finishing process.

The amount of electricity used per sheet decreased due to improved productivity. As a result, the average power consumption was 1.18 kWh/sheet, a 15.1% reduction from the previous year (1.39 kWh/sheet in FY2021).

Nisshinbo Holdings Inc.

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Promoting Life Cycle Assessment



Basic Concept

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. The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group promotes the reduction of environmental burdens throughout the life cycle of its products, including the stage of use, and faithfully realizes a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental goal of promoting LCA.

【Main measures】

- ①Improved convenience by making the same LCA software available in Japan and overseas
- 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

- ▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

- ▶ Promotion System

Specific Initiatives of The Nisshinbo Group

Advancement of LCA activities

The Nisshinbo Group is expanding its LCA activities while putting LCA software to effective use to calculate LCA data in order to understand environmental impacts and promote product standards and manufacturing process improvements, as well as the development of environmentally friendly products.

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

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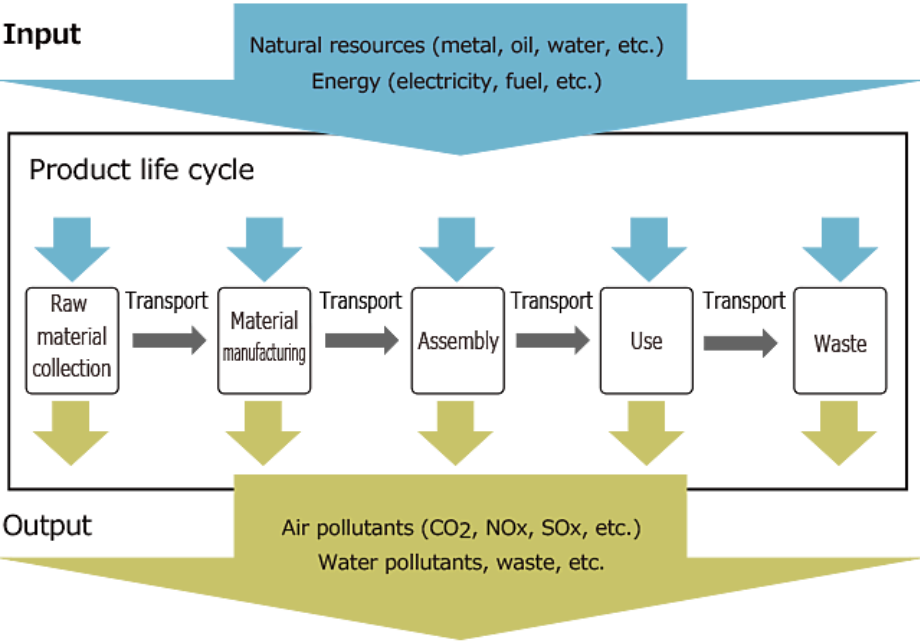


Image of Life Cycle Assessment

Specific Activities of the Group Companies

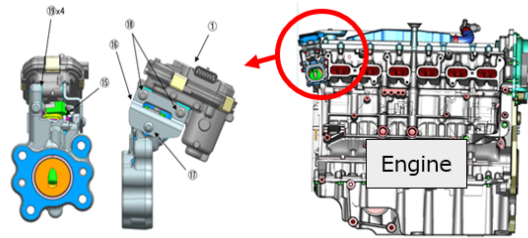
LCA Implementation for Newly Ordered Products

Nisshinbo Precision Instrument & Machinery Hiroshima Corp. conducted Life Cycle Assessments (LCA) of EGR and ESV for newly ordered products as part of its efforts in FY2022, which improved the company's LCA implementation rate by 15%.

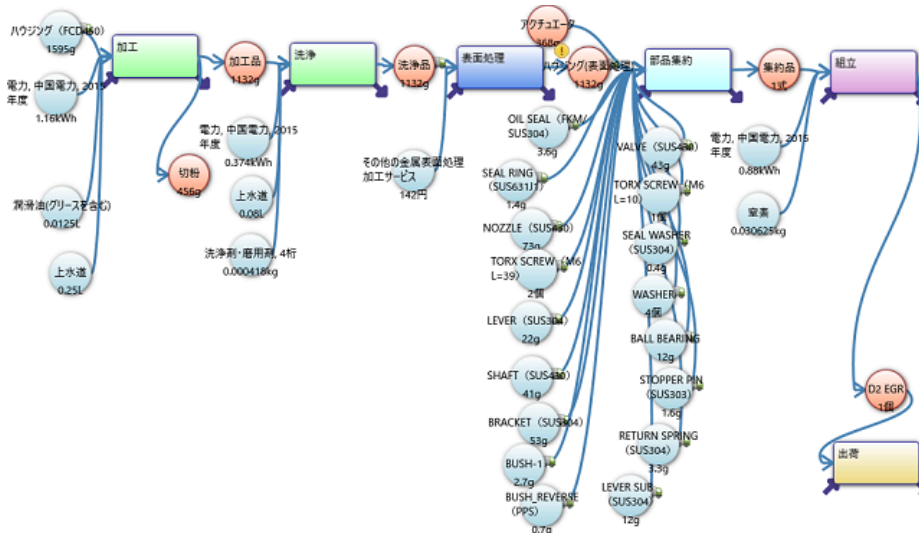
The main purpose of this newly ordered product is to reduce nitrogen oxide (NOx) contained in engine exhaust gas. The valve is designed to return a minimum amount of exhaust gas to the intake side of the engine depending on the engine operating conditions. EGR stands for exhaust gas recirculation, which means that once exhaust gas has been discharged, it is returned to the intake port of the engine and then to the combustion chamber. The ESV has a valve in the exhaust pipe route and adjusts the exhaust gas pressure by changing the opening degree of the valve according to the engine operating conditions. A portion of the pressure-adjusted exhaust gas is returned through the EGR path and recirculated to the engine intake.

The LCA results are shown in the figure below. Most of the impact on CO2 emissions comes from the power source for operating the production facilities for processing, cleaning, and assembling products. In the future, the company will work on improvements to increase production efficiency with the aim of reducing the energy required for this power. The company is also promoting cost reduction activities through VA* activities to conserve resources by reducing the number of parts.

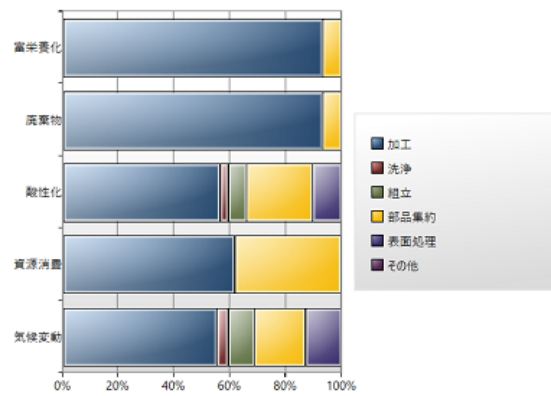
* VA: Value Analysis. An organized activity aimed at obtaining the necessary functions of a product or service at the lowest possible cost.



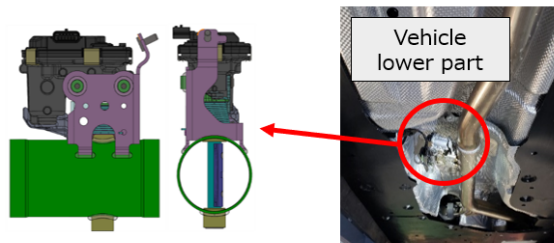
EGR



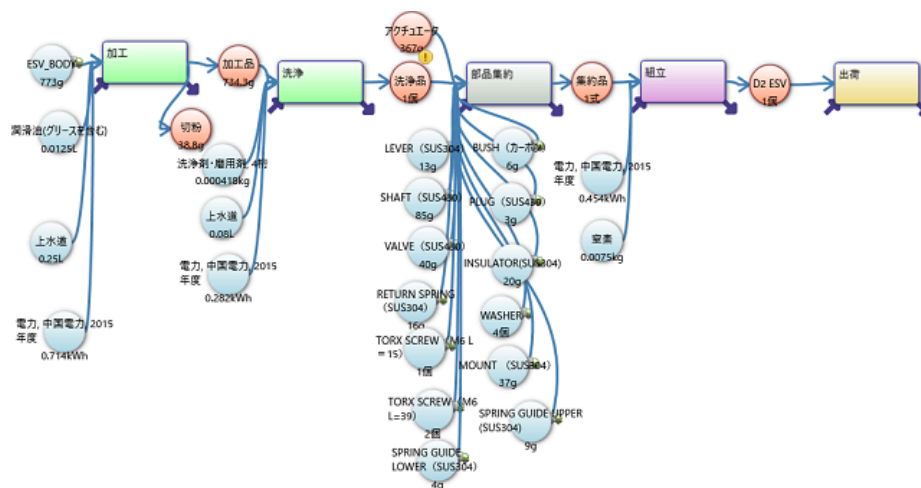
System diagram (EGR)



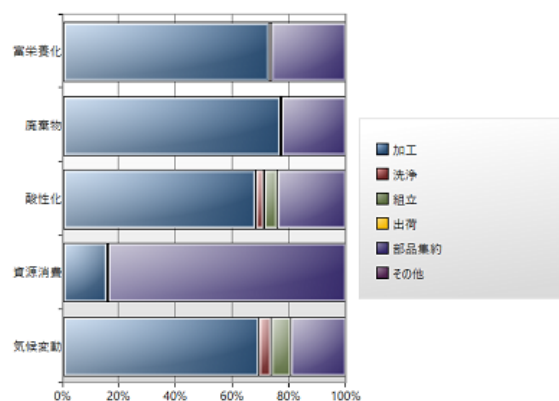
LCA analysis results (EGR)



ESV



System diagram (ESV)



LCA analysis results (ESV)

Promotion of LCA Analysis

Nisshinbo Textile Inc. is promoting Life Cycle Assessment (LCA) analysis of the products it manufactures and sells.

In FY2022, the company conducted an analysis of ring yarn produced and sold at Nisshinbo Do Brasil Industria Textil LTDA. Ring yarns are strong yarns with uniformly aligned fibers and uniform twisting throughout. It is generally used for knitwear and shirts.

Brazil is a country with a high ratio of hydroelectric power generation, which is a clean energy source, compared to countries with a high ratio of thermal power generation, such as Japan. Therefore, for the same product, yarns produced in Brazil emit less CO₂ during the manufacturing process. In addition, the cotton used in Nisshinbo Do Brasil Industria Textil LTDA. is produced in Brazil, which also reduces the transportation load. LCA analysis has revealed that CO₂ emissions for the same product vary depending on the production region.

The company will continue to conduct LCA analysis for other production regions such as Indonesia.

Resource Conservation

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Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group is committed to promoting recycling and other activities with a view to improving the quality of resource recycling, and faithfully realizing a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental target for improvement of the recycling rate.

【Main measures】

- ① Proper disposal of industrial waste through ISO 14001 activities while ensuring proper waste disposal governance
- ② Promotion of reduction of waste discharge, recycling, reuse of packaging materials, reduction of use, etc.
- ③ 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

▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

▶ Promotion System

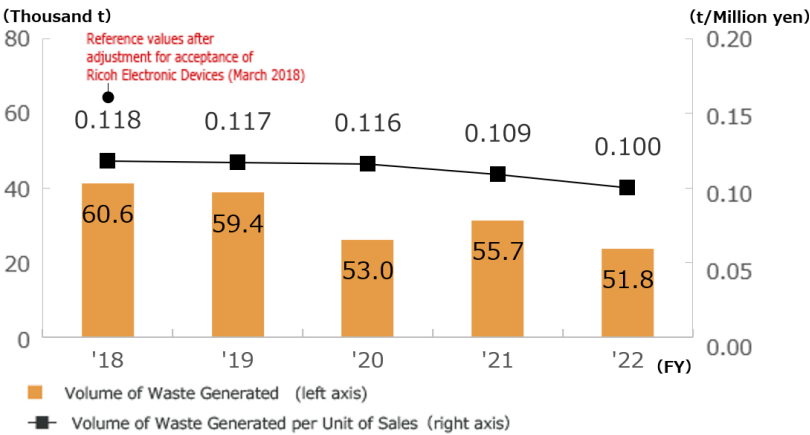
Specific Initiatives of The Nisshinbo Group

Volume of Waste Generated

The Nisshinbo Group generated 51.8 thousand tons of waste, 7% decrease from the previous fiscal year. The amount of waste generated per unit of sales was 0.100 t/million yen, 8% decrease from the previous fiscal year. The amount of waste generated and the amount of waste generated per unit production decreased because of the suspension of production at TMD Friction France S.A.S. in the Automobile Brakes business and the switch to electricity purchase from November 2021 at PT. Nikawa Textile Industry in the Textiles business.

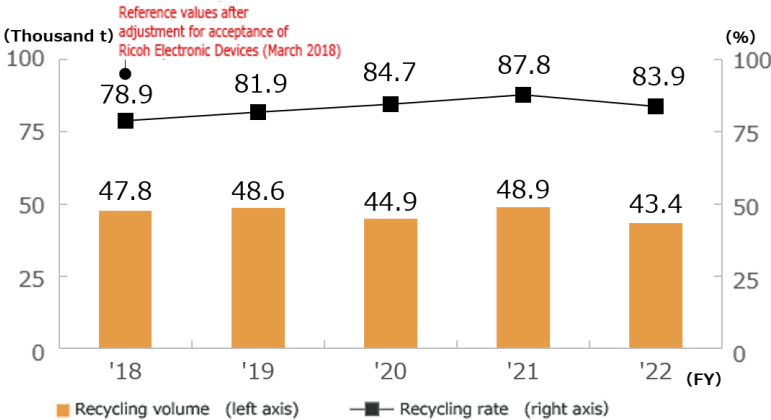
The recycling rate was 84% (an increase of 4% recycling rate in the previous fiscal year). This was mainly due to a decrease in demand for the recycling of brake friction material polishing powder at overseas Automobile Brakes

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



* 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



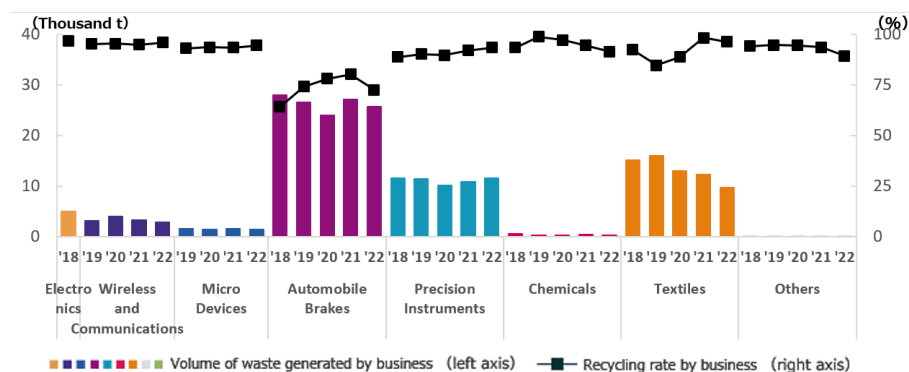
* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019,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

Trends in 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 FY2030. To this end, The Group is engaging in initiatives to reduce the amount of waste generated by each business.

The Automobile Brakes business accounted for 49% of all waste generated by the business. Processing of brake friction material polishing powder at overseas sites is an issue, and the Group is studying reuse methods and recycling destinations.

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



*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.

► Environmental Data

Examples of Nisshinbo Group

Zero Emissions

Throughout the Nisshinbo Group, the Group is working toward zero emissions (a recycling ratio of 99% or more). Of its locations that generated 10 tons of waste or more in FY2022, 41 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. Nakano Head Office |
| Japan Radio Co., Ltd. Nagano Plant | Japan Radio Co., Ltd. Kawagoe Plant |
| Japan Radio Co., Ltd. Kanto Logistics Center | Japan Radio Co., Ltd. Tatsumi Office |
| Japan Radio Co., Ltd. Osaki Warehouse | Japan Radio Co., Ltd. Ueda Logistics Center |
| Japan Radio Co., Ltd. Sanada Warehouse | Japan Radio Co., Ltd. Kitashinetsu Branch |
| Japan Radio Co., Ltd. Hokkaido Branch | Japan Radio Co., Ltd. Chubu Branch |
| Japan Radio Co., Ltd. Chugoku Branch | Japan Radio Co., Ltd. Kyusyu Branch |
| Nagano Japan Radio Co., Ltd. Head Office & Factory | Nagano Japan Radio Manufacturing Co., Ltd. |
| Ueda Japan Radio Co., Ltd. Togura Plant | JRC Tokki Co., Ltd. Main Plant |
| Japan Radio Glass Co., Ltd. | NJ Components Co., Ltd. Sanyo Office |
| NJ Components Co., Ltd. Okazaki 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 Services GmbH (Hamm) | Nisshinbo Mechatronics Inc. Miei Machinery Plant |
| Nanbu Plastics Co., Ltd. Head Office and Techno Center | Nanbu Plastics Co., Ltd. Susono Plant |
| Nanbu Plastics Co., Ltd. Oigawa Works | Nisshinbo Chemical Inc. Chiba Plant |
| Nisshinbo Chemical Inc. Tokushima Plant | Nisshinbo Chemical Inc. Toke Development Center |
| Nisshin Environmental Planning Inc. | Nisshinbo Textile Inc. Tokushima Plant |
| Nisshinbo Textile Inc. Yoshinogawa Plant | Nisshinbo Do Brasil Industria Textil LTDA. |
| PT. Naigai Shirts Indonesia | |

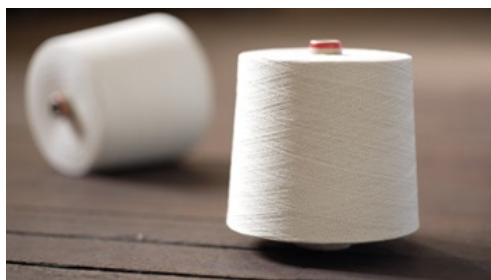
Specific Activities of the Group Companies

Establishment of a Corporate Collaboration Platform to Upcycle Discarded Resources

NISSHINTOA IWAOK INC. together with Nestlé Japan Ltd. and 13 other companies and organizations, established "Upcycle Association," a corporate collaboration platform on February 7, 2023, to promote the upcycling of discarded resources in order to realize a sustainable society for the present and future generations. The first project is "TSUMUGI," which uses upcycled paper yarn.

This is an initiative to upcycle paper resources that would otherwise be discarded, as well as materials such as Japanese cypress generated from the thinning of forests on Mt. Rokko, into paper yarn. Although paper is a material with a high recycling image, the recycling rate for paper containers and packaging is 2.7%. In addition, some of the thinned wood generated for road maintenance is difficult to use because of its size and shape and is currently left unattended.

The Upcycle Association will promote initiatives and product development to transform discarded resources into familiar articles by leveraging the strengths and expertise of supporting companies.



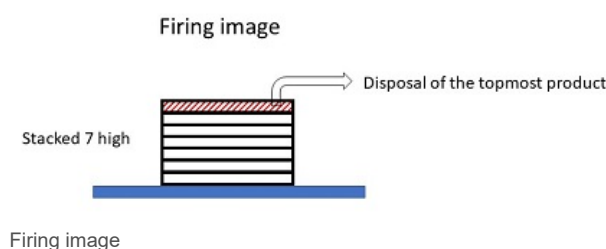
Upcycled paper yarn



Improving Raw Material Costs through Effective Use of Discarded Materials

NJ Components Co., Ltd., Sanyo Office, conducts firing of some of the products in the piezoelectric manufacturing division. An electric furnace is used for firing, and in order to reduce energy costs and CO₂ emissions during firing, the company is trying to fire as many products as possible in an efficient manner. In order to achieve this, the company uses multistage stacking firing in which many products are stacked on top of each other. However, in multistage stacking baking, warping occurs in the topmost product, which then results in the loss of raw materials due to the disposal of the topmost product.

Therefore, the company focused on materials that were originally discarded in the manufacturing process (waste materials). The company considered reducing the loss of raw materials by making a dummy product for the topmost layer from the discarded materials and replacing it with a regular product. Since there was concern about mixing the dummy product with the regular product when replacing it, the company changed the size of the regular product and the dummy product for the top shelf so that they could be easily identified. As a result, a 14% reduction in raw material loss was achieved.



Resource Conservation Initiatives through Collaboration of Group Companies "Utilization of Scraps of Nonwoven Fabrics as Rags"

Nanbu Plastics Co., Ltd., Fujieda Plant, received scraps of nonwoven fabric at a low price from the adjacent Fujieda plant of Nisshinbo Textile Inc. and used them to wipe off machine oil in the manufacturing department and as an absorbent material, cut them into pieces, and used them as rags for disinfection with alcohol to prevent the COVID-19. The company has been implementing a reuse program since 2021.

This initiative also made it possible to reduce the purchase of new rags, which resulted in cost savings. In addition, the company's neighboring Oigawa Plant and the Head Office also utilize the rags during the year-end cleaning season. In FY2022, 110 kg of nonwoven scraps were provided annually at a frequency of approximately every two months.

The company will continue to promote collaboration within the Nisshinbo Group by starting with small activities.

Utilization of Plastic Scraps

Toms Manufacturing Corporation in the Philippines is promoting the reuse of plastic scraps. In the plastic molding process, a material, which is called runner, is generated that are not used as products. These runners are crushed, melted, and re-pelletized to be reused in molding. The company mixes re-pelletized materials into its production whenever possible for use in molded products. This process of re-pelletizing crushed materials is called re-pelletizing.

The company currently owns two re-pellet machines. For those that can be reused as crushed material without re-pelleting, runners are automatically removed from the molding machine and then crushed, mixed, dried, and molded into pellets. As a result of these activities, the amount of crushed material reused increased from approximately 186 t in FY2021 to 325 t in FY2022.



Re-pellet facility



Re-pellet material

Recycling of Plastic Scrap Materials

Nanbu Philippines Incorporated in the Philippines has always been environmentally conscious and focused on reducing plastic waste.

As a measure to reduce the amount of waste materials generated, the company continues to review the molding conditions of each product and to revise the procedures to minimize the initial loss amount at the weekly start-up. Furthermore, the company is reducing waste by sorting recyclable plastic scraps generated in the production process, such as lost materials due to "chocotei"* and cutting scraps in the cutting process, and then recycling them through pulverization after carefully checking customer requirements and restrictions.

As a result of these efforts, the ratio of waste to raw material input was halved from 27.0% to 13.5% in FY2022 compared to the previous fiscal year.

The company will continue to work with employees, mainly at weekly meetings, to further increase recycling potential while learning together.

* Chocotei: A temporary stoppage of equipment or production.

Initiatives to Create Reports with Electronic Signatures

Nisshin Environmental Planning Inc. analyzes the samples requested by customers and delivers measurement certificates and analysis reports as deliverables of analysis results. Until now, a measurement certificate stamped on paper by an environmental certified measurer for each case was recognized as an official document, so in the majority of cases, multiple copies of a paper report with a stamp were prepared and delivered.

In February 2016, the Ministry of Economy, Trade, and Industry (METI) issued "Interpretation and Application of Laws and Regulations Related to the Measurement Law," indicating that measurement certificates could be issued electronically, and began the move to digitization. In consideration of the environment and in order to promote paperless operations, the company proposed to customers the electronic delivery using "e-metering," a report with an electronic signature and has started to do so with customers who have given approval.

The number of reports issued by the company using "e-metering" increased year by year to 273 in FY2021 and 725 in FY2022, but this is still only a part of the total number of reports. In the future, the company will work to have customers understand the purpose of this project and switch from imprinting to "e-metering" as soon as possible.

Shirt Recycling Project

Nisshinbo Textile Inc. is engaged in the "Shirt Recycling Project" in which discarded shirts are reborn as new shirts.

Used shirts are collected and cut, and ionic liquid is used to dissolve the cut shirts and extract the cellulose. The extracted cellulose is spun into yarn and recycled as regenerated cellulose fiber, which is then used to make shirts again. The company was selected for the NEDO Leading Research Program in FY2022 and is conducting research and development to establish the basic technology in collaboration with Shinshu University.

In December 2022, equipment will be installed at the company's Yoshinogawa Plant, and a pilot plant will start up in April 2023. The goal is to establish production technology, produce prototype shirt products by the end of 2024, and establish a circular economy model with Tokyo Shirts Co., Ltd.

Start of Recycled MOBILON Production

Nisshinbo Textile Inc. and Fukusuke Co., Ltd., launched Japan's first, "Satisfaction x Mobilon Circular Economy Project," which aims to realize a Circular Economy for stockings.

Used stockings of "Satisfaction" and "Daily Satisfaction," Fukusuke's flagship products, are collected at 12 directly managed Fukusuke stores nationwide. The collected stockings are spun together with virgin raw materials using a special technology to extract only MOBILON, which is then transformed into recycled MOBILON and reused as a raw material for new stockings.

The conventional economic activities of mass production, mass consumption, and mass disposal bring about a variety of negative factors, such as climate change and loss of biodiversity. The "Circular Economy" is an activity to recycle waste as a resource by reusing previously discarded materials as raw materials. The company is committed to expanding the Circular Economy in the future.

Reduction of Industrial Waste

Nisshinbo Textile Inc., Tokushima Plant, obtained ISO 14001 certification in 1999 and has been working to improve productivity and minimize the environmental impact of its manufacturing processes, starting with raising employee awareness, and then through more efficient energy and resource consumption and zero emissions.

In 2019, the company obtained certification from Tokushima Prefecture as a 3R Practice Office, and the company is actively working to protect the environment by promoting waste reduction and recycling. In 2021, the company reviewed the entire process from sorting to treatment by subdividing waste into smaller pieces, recycling non-recyclable waste, and consolidating waste treatment companies to reduce the number of transports out of the plant. As a result, in FY2022, the company was able to reduce the total volume of waste by 74% and waste treatment costs by 60% compared to the previous year, contributing to a reduction in environmental impact, cost reduction, and management efficiency.

Reuse of Used Paper Tubes

Nisshinbo Do Brasil Industria Textil Ltda. in Brazil reuses used paper tubes in cooperation with two major customers in the state of São Paulo. Paper tubes are a material used in the yarn manufacturing process and are the core part of the yarn when wound. They are mainly made of recycled paper and have a certain degree of strength and durability.

Until now, the yarn was disposed of after use at the destination, but from the viewpoint of resource conservation, the company explained the purpose of collecting and reusing used paper tubes, and two of the suppliers agreed to this. Collection began in June 2021 and reuse began in August of the same year. The company checks and sorts each collected paper tube for damage and stains before recycling, and to date, there have been no complaints about the quality of the recycled paper tubes. In FY2022, the company collected 613,000 pieces (approx. 25 tons) and reused 435,000 pieces (approx. 17 tons) after strictly sorting them.

The company will continue this activity from the viewpoint of resource conservation and cost reduction.



Used paper tubes after sorting

Water Resource Conservation

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Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group promotes water conservation, recycling, and other activities with an eye to improving the quality of resource recycling, and faithfully realizes a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental target regarding reducing water consumption per unit of sales.

【Main measures】

- ① Promoting water conservation activities through ISO 14001 activities
- ② Expanding activities such as the introduction of water-saving equipment at manufacturing sites, reduction of water consumption and reuse of treated wastewater
- ③ Efforts toward sustainable water intake at overseas sites with different water availability conditions, such as use of rainwater and water recycling (returning to groundwater)
- ④ Activities in the Textiles business to purify well water that has been drained and deliver a portion of it to neighboring residents free of charge
- ⑤ Contributing to Japan and overseas wastewater treatment fields by providing microbial carriers for water treatment in the Chemicals business

▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

Use of Water Resources

Nisshinbo Group's actual water use was 6,176 thousand m³, a 12% decreased from in the previous year. The volume of water used per sale was 12.0 m³ per million yen, a 13% 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 improving water withdrawal methods.

The volume of water recycled was 967 thousand m³. This was an increase of 21% in the recycling volume of water in the previous year. In the Textiles business, the water used in the production of spunlace* (water-jet interlacing method) nonwoven fabrics is reused in air-conditioning facilities.

* Spunlace: Nonwoven fabrics produced by intertwining fibers through a high-pressure water flow.

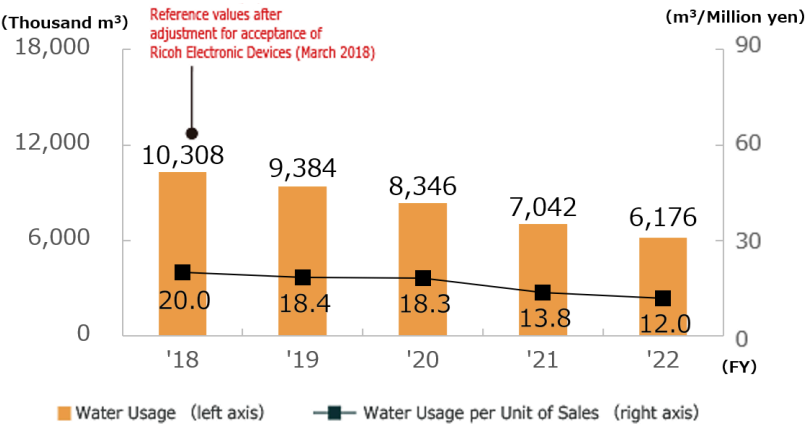
▶ Social

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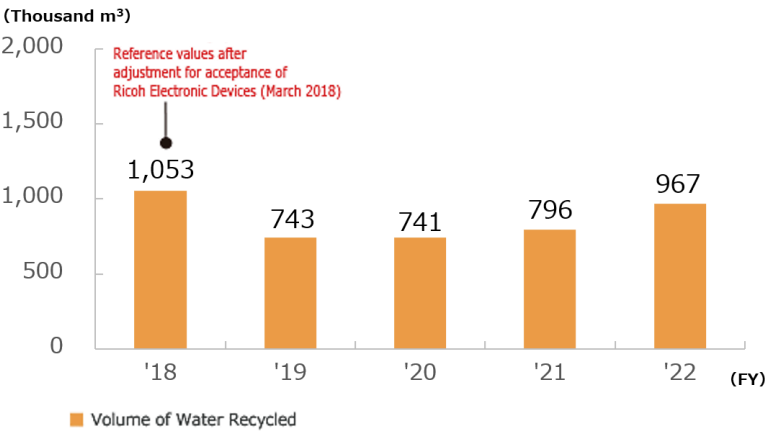
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Water Usage and Water Usage per Unit of Sales



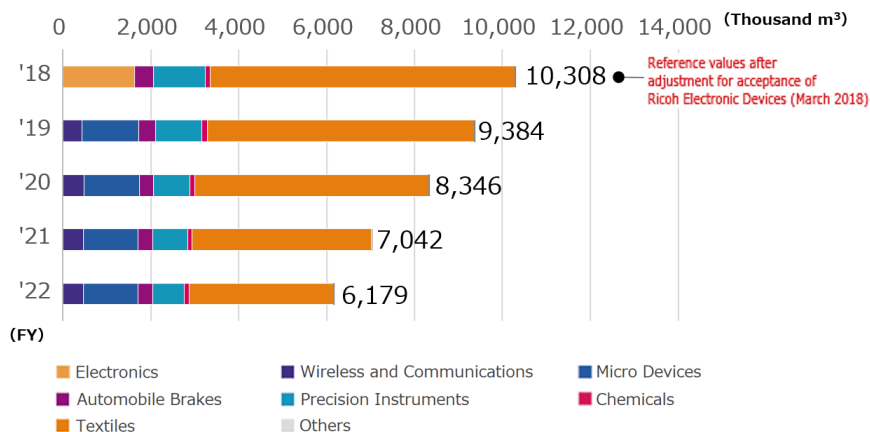
* In 2018, we changed our fiscal year-end from March 31 to December 31. As a result, the consolidated fiscal year, which is a transitional period, is an irregular accounting period. For this reason, the period used for reference to FY2018 is adjusted to the period from April 1, 2018 to March 31, 2019,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

Trends of Water Recycled



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Trends in Volume of Water Usage by Business



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

► Environmental Data

Understanding and Monitoring Water Risks

The Nisshinbo Group conducts water risk assessments of all of the Group's business sites and main supply chains using the AQUEDUCT Water Risk Atlas* published by the World Resources Institute (WRI).

As a result of the AQUEDUCT assessment, seven of the Group's business sites (Nisshinbo Mechatronics India Private Limited in India, Saeron Automotive (Beijing) Co., Ltd., Saeron Automotive (Yantai) Co., Ltd. and Shijiazhuang TMD Friction Co., Ltd. in China, and PT. Nikawa Textile Industry, PT. Nisshinbo Indonesia and PT. Naigai Shirts Indonesia in Indonesia) are classified as "Extremely high" areas.

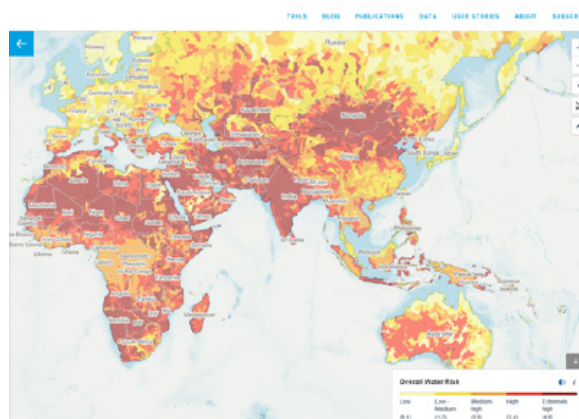
At view point of the current water consumption at these sites, the Group estimates that it is not highly likely to have a significant impact on its business activities.

In addition, 11 sites of its main supply chain companies (Indonesian, Cambodian and Chinese business partners in Textiles business, and Chinese business partner in Automobile Brakes business) are classified as "Extremely high" areas.

The Group continues to monitor the situation of those sites and supply chains that have been assessed as "Extremely high."

The Group has also assessed the risk from flooding as of 2050 in its climate change scenario analysis. The Group will promote risk reduction measures to deal with property damage and loss of business due to possible flooding.

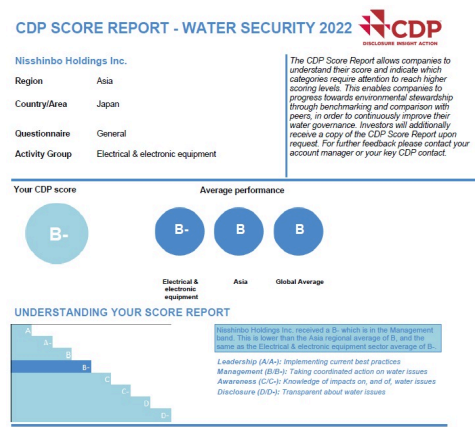
* AQUEDUCT Water Risk Atlas: Maps based on 12 different water risk indicators, including "physical water stress," "water quality," "water resource regulatory risks," and "reputational risks."



AQUEDUCT Water Risk Atlas

CDP Water Security 2022 Evaluation

The CDP is an international NGO working in the environmental field. The CDP surveys more than 18,700 companies worldwide, assigning scores from A to D and more than 1100 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 2022.



CDP Water Security 2022 Evaluation

Specific Activities of the Group Companies

Water Reduction Effects of Changing Sludge Recovery Facilities

NJ Components Co., Ltd., Sanyo Office, started sludge treatment by dehydrating polishing sludge containing processing water in the polishing process of its ferrite manufacturing division.

Ferrite cores must be polished to obtain the required performance. In the polishing process, processing water with a grinding agent added is used to mitigate cutting resistance, and the processing water is then circulated. The processing water used contains abrasive sludge generated during grinding. Therefore, it is necessary to separate the polishing sludge from the processing water in order to circulate it. In the past, a tank was installed in the processing water circulation route to allow the sludge to settle, and the settled sludge was periodically collected.

However, in this method, a large volume of processing water was disposed of along with the polishing sludge because the processing water in the tank was also discarded. In order to reduce the volume of water used, the sludge recovery method was changed from the conventional precipitation separation method to a dehydration separation method that removes the water from the sludge. This method made it possible to dispose only of the sludge that did not contain processing water, thereby reducing the amount of new processing water replenishment due to the disposal of processing water by 50%.



Sludge treatment by dehydration

Reduction of Water Consumption by Renewal of Pure Water Facilities

Nisshinbo Micro Devices Inc., Kawagoe Plant, reduced water consumption by updating a resin tower (a facility that removes impurities from water through ion exchange to improve water purity), which is part of its pure water production facilities.

Pure water used in the cleaning process before and after each step in the semiconductor wafer process removes minute particles and dust from the wafer surface to prevent residues. Residues greatly affect the yield of product quality, so pure water is a very important part of the infrastructure. In the renewal of the resin tower at the facility that produces the pure water, the company changed to a compact, integrated resin tower in order to minimize the amount of water that is discharged and wasted in consideration of the environmental impact.

This will result in a reduction of approximately 18,000 m³ per year, a 28% reduction compared to the previous year, when the new system goes into operation at the end of FY2022.



Integrated resin tower

Reduction of Water and Sewage Consumption for Production

Nisshinbo Micro Devices AT Co., Ltd., uses large volumes of pure water and tap water for wafer dicing (a manufacturing process in which wafers are cut to individual chips) and substrate dicing (a manufacturing process in which substrates with encapsulated devices are cut into pieces). In order to reduce wastewater consumption, a filtration system has been installed to collect and reuse wastewater from these processes.

The filtration unit uses hollow fiber membranes (a straw-like fiber membrane with one end closed and with countless ultrafine pores on the wall surface that remove impurities when pressurized water passes through them) in the filtration section, which is the heart of the filtration unit, and filtration through this device provides water quality better than that of tap water. By reusing the recovered water for transporting it to the manufacturing process, the company achieved a significant reduction in water consumption. In FY2022, 70,000 m³ per year was saved, and the same amount of sewage water was also reduced.



Installed filtration equipment

Recycling of Wastewater from Production Facilities

Nisshinbo Micro Devices (Thailand) Co., Ltd., in Thailand is stepping up its efforts to reduce water consumption. The ultrafiltration (UF) and reverse osmosis (RO) units recycle wastewater from dicing equipment for reuse as cooling water for different types of equipment, thereby reducing water consumption.

The ultrafiltration unit is used to recover high-molecular-weight substances and low-molecular-weight substances. Reverse osmosis is a method to separate extremely low molecular weight components and is used for water purification. The company attempted to recycle equipment wastewater by connecting the wastewater system of dicing equipment, which separates wafers with many ICs formed on them into individual chips, to the relevant unit.

This activity enabled the company to reduce the water supply to the cooling tower by approximately 19,176 m³ per year. In FY2023, the company will continue to promote the further recycling of wastewater from production facilities by changing the layout of the plant and consolidating the dicing equipment located in different areas.



Dicing wastewater tank



UF tank to contain wastewater



RO unit for producing pure water

Water Saving by Changing Operation of Vacuum Pump Heat Exchanger Cooling Water

Nisshinbo Chemical Inc., Tokushima Plant, uses a water-sealed vacuum pump to vacuum dry the reaction vessel after washing, which requires about six hours for the drying process. During this time, the water temperature of the circulating water for the water seal is important in order to maintain the vacuum inside the reaction vessel. If the temperature of the circulating water rises from the heat generated by the vacuum pump, bubbles will be generated in the water seal of the circulating water under negative pressure, which will adversely affect the vacuum inside the reaction vessel.

The vacuum pump heat exchanger has been operated with cooling water constantly supplied to suppress the temperature rise of the circulating water, but the company focused on the fact that the cooling water is unnecessary, except when the vacuum pump is in operation, and stopped the water supply during the vacuum pump shutdown period to save water. As a result, water consumption in FY2022 was reduced by 1,400 m³ compared to FY2021.

Utilization of Waterless Dyeing Technology by Improving Cotton Materials

The supercritical CO₂ dyeing method is used for anhydrous dyeing of hydrophobic fibers, such as polyester. Anhydrous dyeing is an environmentally friendly and water resource-neutral dyeing technology that dyes fabrics without using any water at all in the dyeing process or generating contaminated water containing dyes. Because this process uses disperse dyes adapted to polyester, it was previously impossible to dye a natural fiber like cotton, which is hydrophilic.

Nisshinbo Textile Inc. developed a technology that makes it possible to dye fabrics made of hydrophilic cotton fibers using the supercritical CO₂ dyeing method of hydrophobizing the hydroxyl groups of cellulose. Currently, a large volume of water is consumed in the dyeing process of cotton materials, and contaminated water containing used dyes is then discharged, but this development enables environmentally friendly waterless dyeing. Further research is underway to solve the issues of productivity, cost, and fastness toward practical application.

Reducing Wastewater Volume by Reusing Cooling Water

Nisshinbo Textile Changzhou Co., Ltd. in China is processing yarn-dyed shirts, mainly by form stabilization.

In the processing process of cooling dough, room temperature industrial water is poured into the cylinder rolls that come in contact with the dough for indirect cooling of the dough. In the past, the water used for this cooling was drained into a wastewater treatment facility.

After August 2022, the water for cooling is returned to the intake system. After filtering the used water, it is now softened by ion exchange and can be reused as industrial water. As a result, 704 m³ (46% of the total water used) out of the total water consumption of 1,547 m³ during the five-month period from August to December was reused.

Chemical Substance Management

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Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group properly manages hazardous substances, implements measures to prevent leakage in accordance with the laws and regulations of each country, strives to properly manage substances contained in its products, and faithfully realizes a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of systematic measures to reduce the emissions of PRTR* substances per sales, to achieve its environmental target.

【Main measures】

- ① Conducting appropriate control and anti-leakage measures for hazardous materials through ISO 14001 activities in accordance with the laws and regulations of each country
- ② Reducing the use of substances subject to PRTR and reducing the release and transfer of substances subject to PRTR at manufacturing sites
- ③ In the Precision Instruments business, switching of cleaning agents used in cleaning processes to products not covered by PRTR
- ④ Provide emergency response training for chemical substance leaks

* 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.

▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

Volume of Chemical Substances Handled

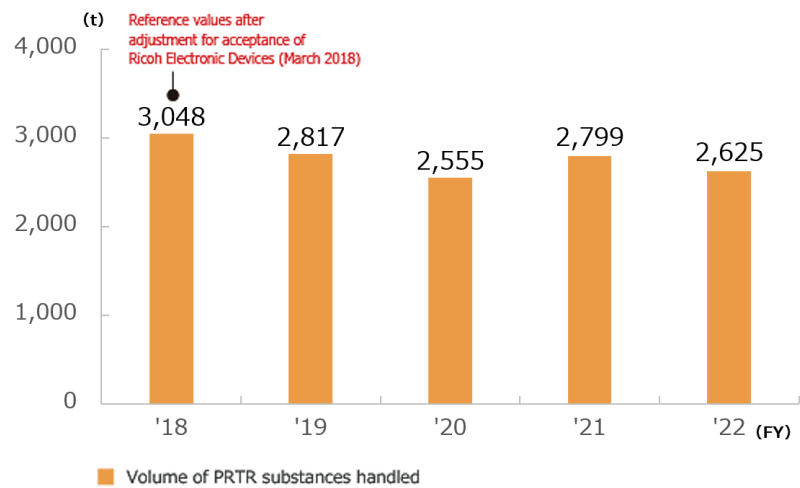
The volume of substances subject to PRTR handled by the Nisshinbo Group was 2,625 t, down 6% year-on-year (YoY). At Nagano Japan Radio Manufacturing Co., Ltd., there was a decrease due to progress in replacing toluene,

xylene, and ethylbenzene with substances not subject to the PRTR.

Major items making up the Nisshinbo Group's volume of PRTR substances handled were antimony (639 t) and chromium (330 t) for brake materials, as well as methylenebis (4,1-phenylene) diisocyanate (688 t) and methylenebis (4,1-cyclohexylene) diisocyanate (387 t) for urethane materials.

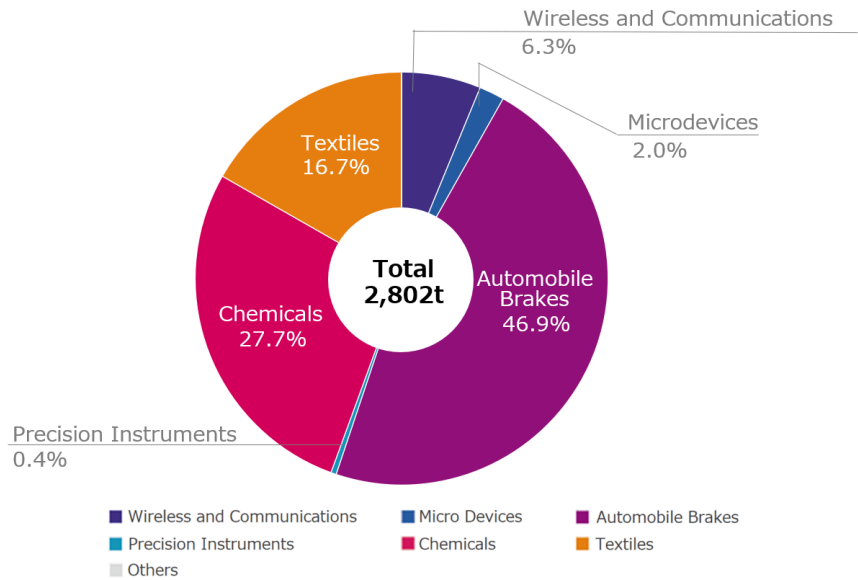
The Automobile Brakes business accounted for 47% of the overall volume of chemical substances handled by the Group.

Trends in the Volume of PRTR Substances Handled



* 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



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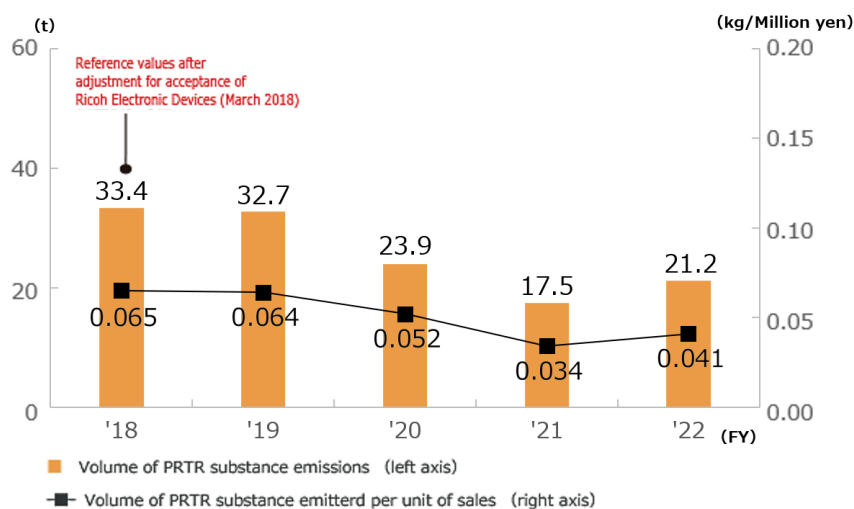
► Environmental Data

Volume of Chemical Substance Emissions

The Nisshinbo Group's volume of PRTR substance emissions totaled 21.2 t, up 20% year on year. Volume of PRTR substance emissions per unit of sales was 0.041 kg per million yen, up 20% year on year. At Toms Manufacturing

Corporation in the Precision Instruments business, emissions of PRTR substances into the environment increased because of the newly started use of a cleaning agent.

Trends in Volume of PRTR Substance Emissions and Volume of PRTR Substance Emissions per Sales



* 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.

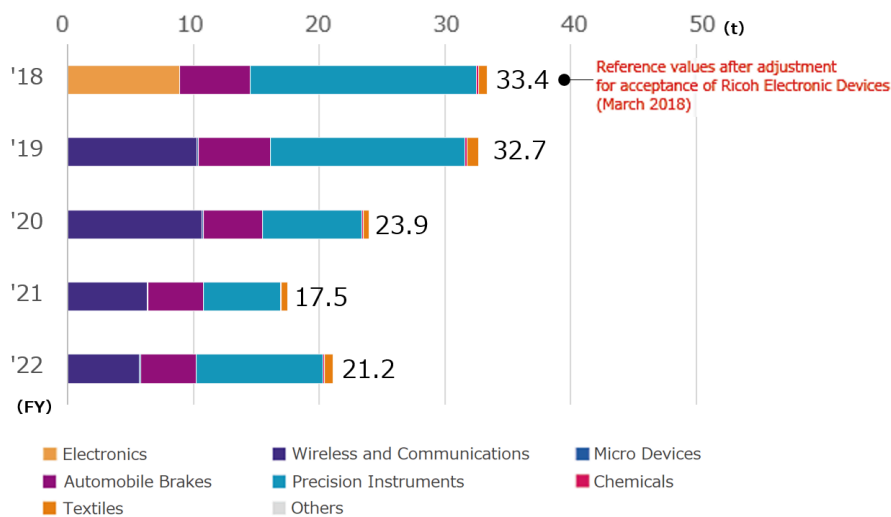
Emission Breakdown by Chemical Substance

| Chemical Substance | Discharge Amount(t) | Ratio |
|------------------------|---------------------|-------|
| Toluene | 7.9 | 37.3% |
| Xylene | 3.9 | 18.1% |
| Ethylbenzene | 2.3 | 11.0% |
| 1-Bromopropane | 1.7 | 7.9% |
| Hexamethylenetetramine | 1.3 | 6.2% |
| Phenol | 1.3 | 6.1% |
| Others | 2.8 | 13.4% |

Toluene accounted for the highest proportion of emitted chemical substances, at 37% of the total.

By business, the proportion of the Precision Instruments business releasing xylene and 1-bromopropane was 48% of the total.

Volume of PRTR Substances Emitted by Business



*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

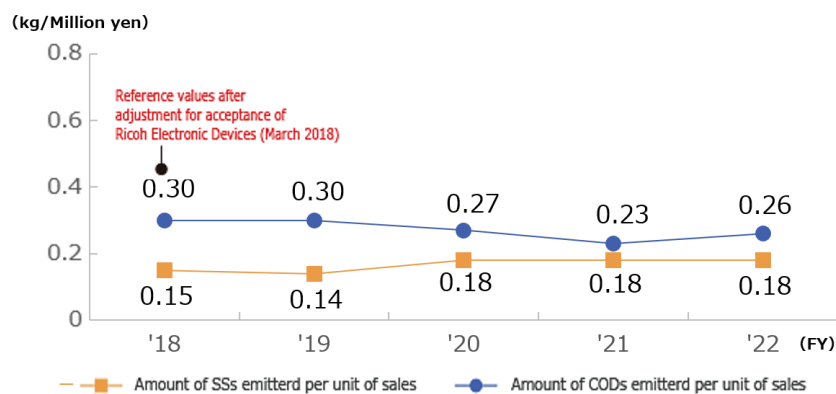
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Purification of Wastewater

The Nisshinbo Group's volume of suspended substances (SSs) emissions per unit of sales totaled 0.18 kg per million yen, up 1% year on year. The volume of CODs* emissions per unit of sales was 0.26 kg per million yen, up 14 % year on year. This was due to a recovery in production in the Textiles business and an increase in wastewater discharges.

* 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



* 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.

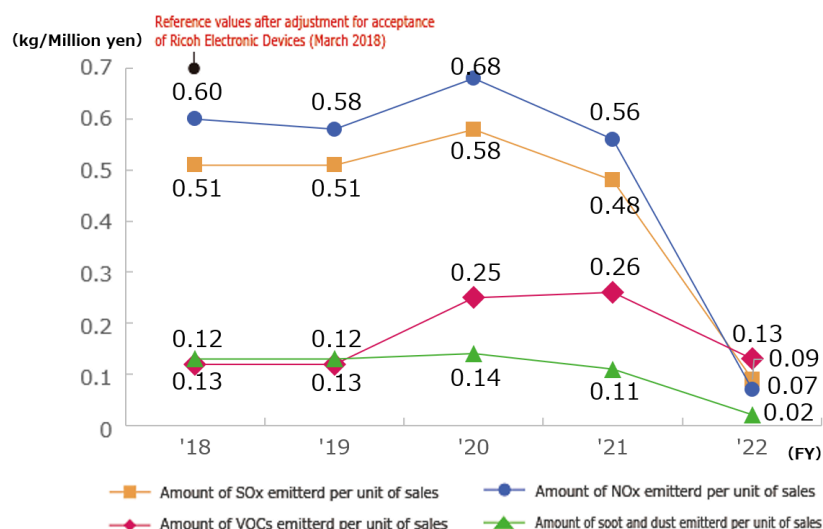
Environmental Data

Atmospheric Releases

The Nisshinbo Group's sulfuric oxides (SOx) emissions per unit of sales was 0.07 kg per million yen, down 86% YoY. Nitrogen oxides (NOx) emissions per unit of sales was 0.09 kg per million yen, down 83% YoY. Volatile organic compounds (VOCs*) emissions per unit of sales was 0.13 kg per million yen, down 52% YoY. Soot and dust emissions per unit of sales was 0.02 kg per million yen, unchanged down 78% YoY. This was due to the fact that PT. Nikawa Textile Industry in the Textiles business stopped using coal boilers to generate electricity from November 2021, resulting in a significant reduction in the amount of coal used.

* 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



* 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.

► Environmental Data

Specific Activities of the Group Companies

Efforts to Prevent Leakage of Environmentally Hazardous Substances

Nagano Japan Radio Co., Ltd., Head Office Factory, conduct emergency response training once a year to prevent leakage of environmentally hazardous substances outside the premises in case of leakage into soil or waterways due to overturned or broken containers, since the drainage canal on the premises is connected to an adjacent agricultural waterway.

In FY2022, 13 representatives from departments managing hazardous material storage facilities participated in the training on October 19. The training included the following: ①confirmation of basic storage containers and handling procedures, ②confirmation of the emergency contact system in the event of a leak, ③confirmation of response procedures and hands-on training (e.g., checking and damming drainage canal weirs, installing oil fences in onsite drainage canals, pumping out hazardous substances using adsorbent sheets and ladles), and ④confirmation of emergency response storage equipment and storage locations. The participants are required to disseminate the information from the training to all employees in their own divisions to raise their awareness of environmental conservation.

Reducing the Risk of Chemical Contamination by Conducting Emergency Training on Wastewater Treatment

NJ Components Co., Ltd., Sanyo Office, uses caustic soda (alkali) and sulfate bands (acid) as neutralizing agents at its wastewater treatment facility. Since the treatment facility is located close to residences, there is a risk of damage to nearby residents due to soil contamination in the event of a leakage accident. Leakage due to problems at the wastewater treatment facility does not always occur during weekdays when management is present.

Currently, inspections are conducted on holidays and at night by workers who are knowledgeable about the facility and how to deal with problems. However, problems can occur at any time. Therefore, the company provides the following training for the two workers who conduct inspections on holidays and at night when the manager is not available, in order to prevent soil contamination and to avoid causing damage to nearby residents.

- ①Confirmation of the number of sandbags stored, their deteriorated condition, and location
- ②Checking the operation of drainage pumps
- ③Training on how to respond to a hypothetical leak

Checking the hazards of chemicals using SDS and first aid methods, and safety training was also provided.



Scene of operator training



Hazardous Waste and Hazardous Chemicals Leak Response Training

In April 2022, Nisshinbo Saeron Automotive (Changshu) Co., Ltd., in China conducted a hazardous waste and hazardous chemical leakage training. Twenty-five employees from the departments that handle hazardous waste and hazardous chemicals departments and the emergency rescue teams participated in the training.

The training was based on the premise of a worker transporting a hazardous waste chemical with a forklift damaged a valve on a container tank by mishandling on-vehicle operations and causing a leak.

As soon as the leak was confirmed, emergency supplies were used in the warehouse to prevent leakage of the hazardous waste, and the situation was reported to the General Affairs Section, which requested assistance. The General Affairs Section notified the emergency rescue team via an in-house broadcast system, and the emergency rescue team (emergency support team, evacuation team, and accident investigation team) was on site to handle the leak (e.g., replace containers, organize leaked materials on the ground, and close rainwater valves), and after the initial emergency treatment, washed the hazardous waste remaining on the ground with tap water and collected the cleaning water for treatment at the sewage treatment facility. Finally, samples of rainwater were taken, and the results of the tests performed by an outside party passed the tests, and the alarm was lifted.



Hazardous Waste Leakage Training



Simulation Training for Hazardous Waste Leakage

PT. Standard Indonesia Industry in Indonesia provides training with the goal of ensuring that line process leaders can respond quickly in the event of a hazardous material leakage incident at the site.

B3 is an acronym for *Bahan* (substance), *Berbahaya* (hazardous), *dan Beracun* (toxic), which is the Indonesian industry standard. B3 is a substance or physicochemical hazardous substance that may endanger human health or environmental sustainability. B3 is required by law to be used and controlled with care.

In July 2022, 10 people from each department participated in a simulation training session to simulate a leak of B3 hazardous substances.

Oil Leak Emergency Response Training

At Excel Tokai Co., Ltd., emergency response training is provided once a year for new employees on the assumption of oil leakage accidents during oil changes for machinery and equipment and during waste oil disposal.

In FY2022, oil spill prevention training was provided for five new employees on August 8, assuming that an oil drum had fallen over. Based on the Oil Leakage Incident Response Procedures, the training was provided so that employees can learn the procedures for the following two situations.

- ① Oil leaks on the floor should be prevented by using adsorption socks and mats to prevent damage from the source of the leak.
- ② Assuming the oil leaks into the drainage pit, procedures are initiated for dealing with the area around the water tank drain to prevent oil from leaking out of the plant.



Oil leak emergency response training



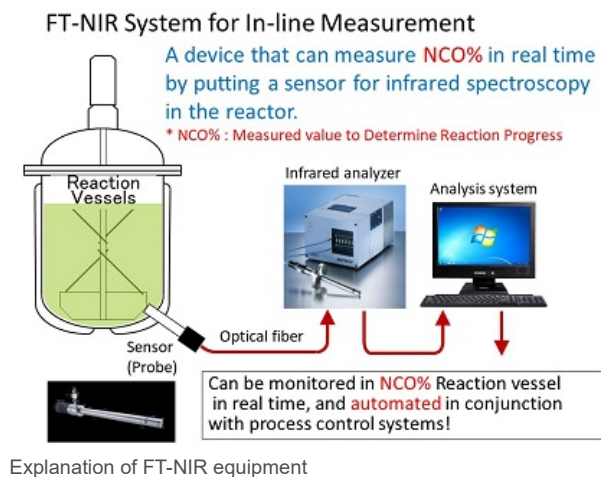
Reduction of PRTR Substance Consumption by Introduction of Equipment

Nisshinbo Chemical Inc., Tokushima Plant, manufactures carbodiimide. Carbodiimide is produced by polymerizing isocyanate to a polymer through a polymerization reaction, and the progress of this polymerization reaction is

monitored by monitoring the isocyanate concentration (NCO% value).

In June 2022, FT-NIR equipment (near-infrared spectrometer) was installed in three reaction vessels, and the method of calculating NCO percentage values using the reagents of toluene and xylene, which had been done manually by workers, was changed to a method where the reaction state can be monitored by NCO percentage values measured in real time by the FT-NIR equipment.

As a result, the work time was reduced by one to two hours, which then allowed the operator to proceed with the production process of other reaction vessels. Furthermore, the number of reagents used for analysis that fall under PRTR substances has been reduced by 24% compared to FY2021.



Strengthening Fire and Leakage Response Capabilities in the Event of an Earthquake

Nisshinbo Chemical Inc., Tokushima Plant, uses a variety of chemicals and conducts production activities around the clock. To ensure that each employee is able to respond appropriately to fires and chemical leak emergencies triggered by earthquakes, workplace trainings are conducted every year under a variety of different scenarios with day and shift workers taking the lead.

Each representative issues instructions to personnel, communicates with external parties like the fire department, and explains the situation. To ensure that information is provided without omission, a simplified safety data sheet (SDS) list of chemical substances used in production and a backpack containing a map of the business site are carried during the evacuation. In the FY2022 workplace drill, the company conducted a scenario of a chemical leakage and fire event caused by an earthquake, and company personnel were able to smoothly respond to everything from equipment shutdown operations after the earthquake to personnel roll calls, the sharing of damaged equipment, and instructions on appropriate measures based on the properties of the leaked chemicals.



Assumed fire training



Chemical leak training

PT. Nisshinbo Indonesia in Indonesia has acquired OEKO-TEX® STeP certification.

OEKO-TEX® is an international certification system for evaluating the quality and safety of textile products, and STeP is a certification that proves how sustainable the system is for factories and companies producing textile products. Specifically, the following criteria are established:

- ①Employee safety and health management
- ②Chemical substance management
- ③Quality control
- ④Social responsibility
- ⑤Impact on the global environment

The company believes that OEKO-TEX® STeP certification will provide higher quality and more sustainable products to customers and realize the environmental and social considerations.

Liquid Ammonia Processing Facility and Emergency Trainings

Nisshinbo Textile Inc., Yoshinogawa Plant, uses several chemicals in the processing of woven and knitted fabrics. Because some processes use liquid ammonia, the plant has equipment for collecting, storing, and reusing the ammonia gas generated during processing.

Since this equipment is subject to the High-Pressure Gas Safety Act, the plant is equipped with water sprinkler systems for emergencies, emergency generators, air respirators, and multiple gas detectors, and safety inspections are conducted annually by a designated agency.

In addition, emergency test trainings are conducted for workers to prepare them to respond to unforeseen situations, such as water sprinkler trainings for ammonia leakage and trainings for wearing air respirators. (Conducted in FY2022 with seven participants) The participants were trained in the ①inspection of equipment necessary for an emergency response, ②water sprinkling procedures in case of ammonia gas leakage, and ③the procedures in the case of abnormal PH values in the cooling water pit with explanations from security staff.



Liquid ammonia storage tank



Training on wearing air respirators

Reduction of Transport Volume



Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group promotes activities to reduce the transportation volume and faithfully realizes a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental targets regarding reductions of emissions of greenhouse gases*. The Group is striving to reduce greenhouse gas emissions by reducing transportation volume through improved loading efficiency and shorter delivery distances.

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

- ▶ Sustainability Promotion Plan and KPIs

Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

- ▶ Promotion System

Specific Initiatives of The Nisshinbo Group

Transport Volume

The Nisshinbo Group's freight transport volume totaled 157.68 million ton-kilometers (ton-km), up 6% year-on-year (YoY). Freight transport volume per unit of sales was 305.5 ton-km per million yen, up 5% YoY. The increase from last year was mainly due to the recovery in the transportation volume at the Chinese bases in the Automobile Brakes and Precision Instruments business.

Trends in Transport Volume and Transport Volume per Unit of Sales

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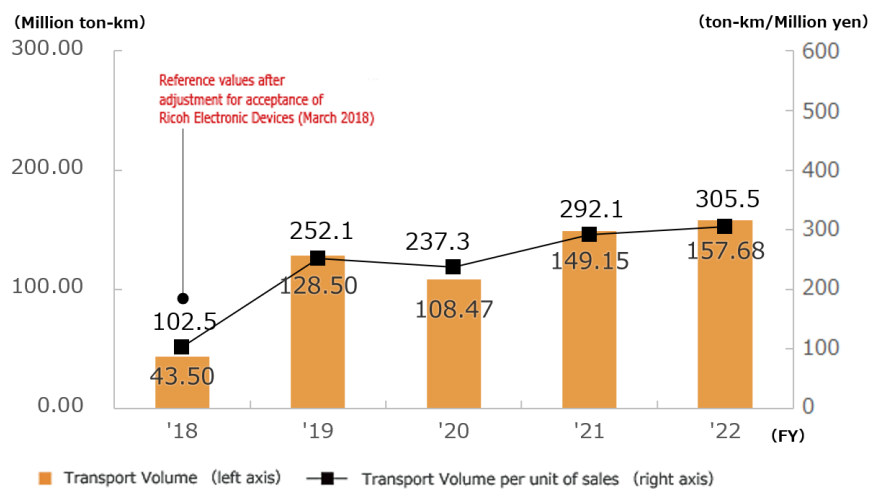
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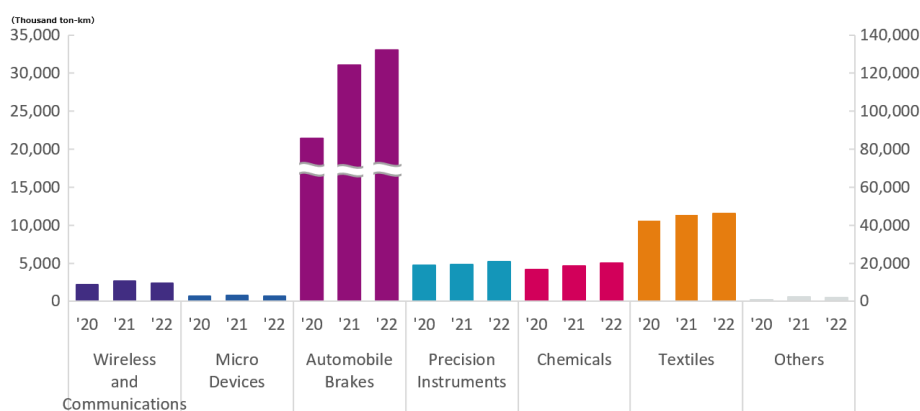
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The Automobile Brakes business accounted for 84% of overall transport volume.

Trends in Transport Volume by Business



► Environmental Data

Specific Activities of the Group Companies

Improving the Efficiency of Logistics Operations

JRC Logistics Service Co., Ltd., has been working to improve the efficiency of logistics operations at Japan Radio Co., Ltd., and affiliated companies, since its establishment in 2020.

The company is eliminating waste by visualizing delivery plans (effective use of charter services and return services), improving load rates by optimizing vehicle dispatch combinations, and shortening transportation distances by concentrating cargo at large bases and dispersing it from there to each base. By incorporating such initiatives into some of the transportation operations, the company is promoting more efficient logistics operations.

Compared to the conventional transportation of products, in which products were directly sent from each distribution base to each delivery destination by chartered delivery service, the introduction of efficient transportation methods in FY2022 enabled the company to reduce CO₂ emissions by 49 t-CO₂ compared to the value calculated using the conventional transportation method based on the CO₂ emissions calculation by All Japan Railway – Freight Forwarders Association.

Reduction of Transportation Costs Via Milk-run Logistics Operation

Saeron Automotive Corporation in the Republic of Korea introduced the milk-run method to increase the load rate of logistics vehicles as part of its cost reduction activities in FY2018.

The company reviewed the criteria for the guidelines for vehicle allocation by vehicle tonnage and by delivery pallet and was able to increase the load ratio to over 95%. In addition, the company established logistics using the milk-run method for each region by simulating and selecting transit points for the vehicle's goods flow lines.

In the past, there were delivery destinations that could not be boarded if another company's products were in the same vehicle, and since a vehicle was operated for each delivery destination, the load rate decreased and logistics costs increased, but the milk-run method reduced logistics costs by 69 million won year-on-year.



Same vehicle loading of products from different delivery destinations

Reducing Greenhouse Gas Emissions by Changing Import Routes for Chemicals

Nisshinbo Textile Changzhou Co., Ltd., in China imports the major chemicals used in processing from Japan, and when importing, the chemicals are cleared by land at Shanghai Port and transported by truck overland (approximately 200 km) to the company. The company has confirmed that there is a regular cargo ship (one service/week) from Japan to Changzhou Port, which is close to the company, and that customs clearance for all but hazardous chemicals is also possible at Changzhou Port, so the company changed the landing port.

From the second half of 2022, the route was changed to a truck route (approx. 5 km) overland with customs clearance at Changzhou Port. As a result, the distance of overland transportation per shipment was shortened by about 195 km, resulting in a 78% reduction in greenhouse gas emissions from transportation compared to the same period of the previous year.

Results for the second half of 2021 of Shanghai Port Route: 11,220 ton-km, 1.67 t-CO₂
Results for the second half of 2022 of Changzhou Port Route: 2,471 ton-km, 0.37 t-CO₂

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▶ Environmental and Biodiversity Conservation

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Basic Concept

The Nisshinbo Group's Business Conduct Guidelines include Awareness and Concern towards its environmental impact. The Group will deepen its awareness of biodiversity protection, promote biodiversity conservation activities, and faithfully realizes a safe and secure society for all people. The Group manages key performance indicators (KPIs) as part of systematic measures to achieve its environmental targets regarding strengthening of biodiversity conservation activities.

【Main measures】

- ① Preservation of natural habitats and important ecosystems, protection of threatened species, and environmental beautification activities
- ② Activities in collaboration with local communities, local governments, universities, local companies, supply chains, and other organizations
- ③ Environmental beautification activities around the business sites

▶ Sustainability Promotion Plan and KPIs

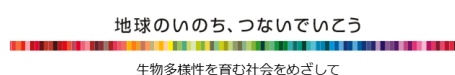
Please refer to "Promotion System" in "Environmental Activities" for the promotion system.

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

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 local governments.



The Company's activities to conserve biodiversity began in FY2015, and activities continue at 13 sites 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)"

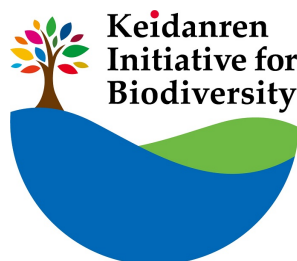
The Nisshinbo Group has endorsed the Declaration of Biodiversity by Keidanren (revised edition). Please refer to the URL below for details of the Keidanren Declaration of Biodiversity and Revised Action Guidelines.

<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 companies and organizations (logo marks) that expressed their endorsement with the revised declaration and action guidelines and also introduces its Group.



Keidanren Declaration on Biodiversity

Regarding the Keidanren Declaration of Biodiversity Initiative, please refer to the URL below.

<https://www.keidanren-biodiversity.jp/> 

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.

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

Activities to Conserve Biodiversity

Locations in Japan (13 sites)

| Company, Business Site | Related Aichi Targets Details of Preservation Wildlife Being Protected |
|------------------------|--|
|------------------------|--|

▶ Social



▶ Governance





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| | | |
|---|--|---|
| <p>Japan Radio Co., Ltd.</p> | <p>Target 11: Preservation of important ecosystems</p> <p>Activities: Feasibility study of marine plastic litter collection and monitoring function in collaboration with Tokyo University of Marine Science and Technology</p> <p>Wildlife being protected: Marine life in Tokyo Bay and the other waters around Japan</p> |  <p>Collection and monitoring of marine plastic litter</p> |
| <p>Nagano Japan Radio Co., Ltd. Head Office & Factory</p> | <p>Target 5: Preservation of natural habitats</p> <p>Activities: Afforestation and preservation of a forest near business sites, the "Forest of Nagano Japan Radio" (Matsushiro-cho, Nagano Prefecture, 0.4ha)</p> <p>Wildlife being protected: Ecosystems or endemic species cultivated in Japanese larch forests (species to be protected not specified)</p> |  <p>Afforestation and preservation activities</p> |
| <p>Nisshinbo Micro Device Inc. (株) Head Office and Kawagoe Works</p> <p>Japan Radio Glass Co., Ltd. Head Office Plant</p> | <p>Target 11: Preservation of important ecosystems</p> <p>Activities: Preservation of the Shingashigawa River waterfront environment near business sites (Fujimino, Saitama Prefecture)</p> <p>Wildlife being protected: Flora and fauna near the Shingashigawa River (species to be protected not specified)</p> |  <p>Waterside environmental conservation activities</p> |
| <p>Nisshinbo Micro Devices AT Co., Ltd.</p> | <p>Target 5: Preservation of natural habitats</p> <p>Activities: Efforts to restore Kashibaru Marsh vegetation around the middle of the Showa period</p> <p>Wildlife being protected: Flora and fauna inhabiting Kashibaru Marsh</p> |  <p>Environmental conservation activities in marshlands</p> |
| <p>Nisshinbo Brake Inc. Tatebayashi Plant</p> | <p>Target 12: Preservation of endangered species</p> <p>Activities: Preservation activities at the Nakanonuma Nishinuma swamp in Ora-machi, Ora-gun, Gunma Prefecture</p> |  <p>Extermination of alien species</p> |

| | | |
|---|--|---|
| | <p>Wildlife being protected: <i>Carassius auratus</i> subsp.2 (Ministry of the Environment: Threatened category II), etc.</p> | |
| <p>Nisshinbo Mechatronics Inc. Miai Machinery Plant</p> <p>NJ Components Co., Ltd. Okazaki Plant</p> | <p>Target 11: Preservation of important ecosystems</p> <p>Activities: Habitat creation for dragonfly varieties at the on-premises Masuda Park</p> <p>Wildlife being protected: Dragonflies (anticipated arrival and breeding of the Asian Bluetail, the lesser emperor and other dragonflies)</p> |  <p>Extermination of alien water lilies</p> |
| <p>Nisshinbo Holdings Inc. R&D Center</p> <p>Nisshinbo Chemical Inc. Toke Development Center</p> | <p>Target 12: Preservation of endangered species</p> <p>Activities: Surveys, protection and propagation of valuable species living in the surrounding forest (Onodai, Midori-ku, Chiba)</p> <p>Wildlife being protected: <i>Cephalanthera falcata</i> (Thunb.) Blume (Ministry of the Environment: Threatened category II)</p> |  <p>Protection of <i>Cephalanthera falcata</i> (Thunb.) Blume</p> |
| <p>Nisshinbo Textile Inc. Fujieda Plant</p> | <p>Target 12: Preservation of endangered specie</p> <p>Activities: Preservation of water quality at a pond on the plant site</p> <p>Wildlife being protected: Japanese rice fish (Ministry of the Environment: Threatened category II)</p> |  <p>Pond for preserving Japanese rice fish</p> |
| <p>Nisshinbo Textile Inc. and Nisshinbo Holdings Inc. and Nisshinbo Chemical Inc. Tokushima Plant</p> <p>Nisshinbo Textile Inc. Yoshinogawa Plant</p> | <p>Target 12: Preservation of endangered species</p> <p>Activities: Propagation of fish fry donated by Tokushima Prefecture in fire protection water tanks and release into the river several years later</p> <p>Wildlife being protected: The golden venus chub (Tokushima Prefecture: Threatened category IA; Ministry of the Environment: Threatened category IB)</p> |  <p>The golden venus chub</p> |

Overseas Locations (5 sites)

| Company, Business Site | Related Aichi Targets Details of Preservation Wildlife Being Protected | |
|--|--|---|
| Shenzhen NJRC Technology Co., Ltd. (China) | <p>Target 12: Preservation of endangered species</p> <p>Activities: Environmental conservation activities at business sites</p> <p>Wildlife being protected: <i>Cyathea spinulosa</i> (Japanese name: Hego) (China's secondary priority protection level)</p> |  <p>Tree planting and conservation activities</p> |
| Nisshinbo Micro Devices (Thailand) Co., Ltd. (Thailand) | <p>Target 11: Preservation of important ecosystems</p> <p>Activities: Tree planting and dam making in forest areas upstream of the Khun Nam River</p> <p>Wildlife being protected: Animals and plants around the Khun Nam River (Wildlife Being Protected not specified)</p> |  <p>Building a weir</p> |
| Nisshinbo Somboon Automotive Co., Ltd. (Thailand) | <p>Target 11: Preservation of important ecosystems</p> <p>Activities: Mangrove plantations in the Plase Basin, Rayong Prefecture, Activities</p> <p>Wildlife being protected: Conservation of the ecosystem of crabs, shrimps, shellfish, etc. that inhabit mangroves</p> |  <p>Mangrove reforestation activities</p> |
| Nanbu Philippines Incorporated (Philippines) | <p>Target 11: Preservation of important ecosystems</p> <p>Activities: Cleaning the Maalimango River Activities to Protect Lives' Habitats</p> <p>Wildlife being protected: Animals and plants around the Maalimango River (Wildlife Being Protected has not been identified)</p> |  <p>Cleanup activities</p> |
| PT. Nikawa Textile Industry (Indonesia) | <p>Target 12: Preservation of endangered species</p> <p>Activities: Environmental conservation activities at business sites</p> <p>Wildlife being protected: <i>Cycas Javana</i> (Indonesian endangered species EN)</p> |  <p>Tree planting and conservation activities</p> |

Specific Activities of the Group Companies

Collection and Monitoring of Drifting Marine Plastic Litter by Fixed Net Fishing

Since 2022, Japan Radio Co., Ltd., has been cooperating with Tokyo University of Marine Science and Technology in the "Collection and Monitoring of Drifting Marine Plastic Litter by Fixed Net Fishing" project as one of its research themes as its contribution to biodiversity conservation activities.

The amount of plastic litter in the ocean is expected to exceed the number of fish by 2050, and this has had a major impact on society. Plastic litter has been found in the stomach contents of many marine organisms, including sea turtles and seabirds, and there is concern about its effects.

In an effort by the Tokyo University of Marine Science and Technology, the company accompanied the fishermen on fixed net operations in Tateyama Bay, located at the mouth of Tokyo Bay, to gather the plastic litter collected with the catch, and by recording the type and number of pieces, the company analyzed the relationship between the number of pieces of litter collected and weather conditions. As a result, it was found that the amount of plastic litter collected was related to the amount of rainfall, wind direction, and other factors.

This project is planned to continue until 2024, and the company will attempt to estimate the source of marine plastic litter in the future.



Monitoring sites



Collected marine litters

Extermination Activities for Burcucumber, an Invasive Alien Species

Ueda Japan Radio Co., Ltd., has been conducting weeding activities for the purpose of exterminating the *Burcucumber* that inhabits the green areas under the cliffs at the head office plant. This year is the 10th year for this activity, which takes place in June and August before the breeding season, with about 10 to 15 participants and an area of about 1,800 m³.

The *Burcucumber* is designated as an Invasive Alien Species by the Ministry of the Environment under the Act on the Prevention of Adverse Ecological Impacts Caused by Designated Invasive Alien Species. It is also called harmful weed in its native region, where its vigorous reproductive capacity destroys the ecosystem and has a negative impact on native plants and animals.

In addition, since SDG Target 15; "Life on land" mentions the prevention of invasive alien species and the reduction of their impact on the ecosystem, the company will continue to carry out ongoing extermination activities to sustainably manage the green areas (forests) under the cliffs.



Green space after the extermination of the *Burcucumber*



Weeding activity participants

Cleanup Activities in the Neighborhood of the Business Site

Nisshinbo Micro Devices Inc., Kawagoe Plant, usually conducts a cleanup of the area around the plant twice a year, in spring and fall, jointly sponsored by labor and management.

Because of the spread of the COVID-19, the cleanup was not held in 2020 and 2021, but in 2022, it was held for the first time in two and a half years while implementing measures to prevent infection. 42 employees and their families participated in the spring (April) and 45 in the fall (October).

In the 2022 activity, the employees divided the surrounding area into three courses and picked up trash for about an hour, collecting a total of 13.1 kg of combustible and noncombustible trash, bottles, metals, and other items. The area had not been picked up for more than two years, and the flow of people had changed dramatically with the opening of commercial facilities and the construction of sidewalks, but the cherry blossoms in spring and the autumn leaves in fall were visible along the route. Employees and their families who participate in the cleanup activities receive prizes for their participation, and they enjoy the activity.



Picking up trash around the plant



Group photo of participants

Survey of Invasive Alien Plants at the Plant

Nisshinbo Micro Devices Inc., Yashiro Plant, conducts a survey of invasive alien plants at the Yashiro plant as an activity to contribute to the conservation of biodiversity. In accordance with the operational standards for biodiversity conservation at the plant, the company is surveying and confirming whether or not invasive alien plant species that fall under the Act on Specified Invasive Alien Species are present in the plant's green space area, which is approximately 76,000 m² in size.

For 2022, the department in charge of general affairs conducted the survey and confirmation on July 27. As a result of the survey, it was confirmed that no invasive alien plant species were present at the business sites.



Invasive alien plant survey area (part of the area)

Cleanup Activities around the Business Site

Nisshinbo Micro Devices AT Co., Ltd., conducts cleanup activities around the company in April every year. In 2022, however, the target area was expanded to 3.8 km one way to Yoshinogari Historical Park, and three separate routes were taken to reach the destination with the outward route for cleaning and the return route for walking to promote employee health.

After the cleanup, participants had lunch at Yoshinogari Historical Park and enjoyed recreational activities led by new employees. All participants enjoyed the spring time. The return trip was a walk for health. Unlike walking or strolling in daily life, the participants walked with the purpose of for health in mind.

A total of 67 participants, including new employees, veteran employees, and their families, worked up a refreshing sweat in the mild weather. The company will continue community cleanup activities and value our connection with the local community in the future.



Cleanup activities around the business site



Group photo of participants in the cleanup activities

Garbage Collection at the Kuang River during the Loy Krathong Festival

The Loy Krathong Festival is a festival held in different parts of Thailand on the full moon of the twelfth lunar month to give thanks for the agricultural harvest and to offer prayers to Khon Ka, the goddess of water. Many people float krathong (lanterns) down the river there. After the festival, a large amount of waste is generated. Plastic bags, paper, Styrofoam, steel wire, banana leaves, and other trash make the river unsightly and have a negative impact on the aquatic animals that live in the river.

Nisshinbo Micro Devices (Thailand) Co., Ltd., in Thailand has focused on this problem and has been conducting a trash cleanup along the Quang River with the participation of its employees since 2020 as an activity to keep the river environment clean and free from harm to aquatic animals. Under the circumstances of the spread of the COVID-19, in 2022, 21 of the company's employees joined the cleanup activity in cooperation with Lamphun City officials. Through this activity, the company was also able to deepen its understanding of Thai culture and its impact on the environment.

The company will continue to cooperate with Lamphun City in trash cleanup activities to contribute to the preservation of the river environment and aquatic animals.



Riverside cleanup activity



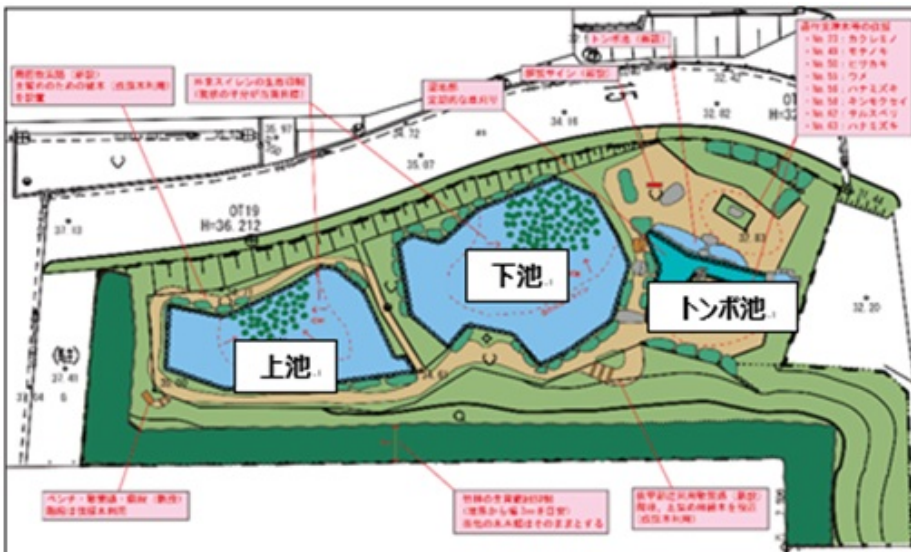
Group photo of participants in the riverside cleanup activity

Masuda Park Biotope Activity

In FY2022, Nisshinbo Mechatronics Inc., Miei Machinery Plant, sets the goal of "preserving and creating a habitat for dragonflies" in Masuda Park, located on the site, and has continued this activity since FY2017. In FY2022, in addition to employees and their families, the Okazaki Office of NJ Components Co., Ltd., participated in two biotope activities jointly with labor and management with 23 participants on June 11 and 20 participants on October 29.

The activities included extermination of *Procambarus clarkia*, an invasive alien species, living in the ponds of Masuda Park, mowing of alien water lilies growing densely in the upper and lower ponds, weeding in the park to protect the *Batrachospermum japonicum* Mori and the *Nepa hoffmanni*, rare plant and animal species living in the park, and maintenance of walking paths so that people can walk safely in the park.

In FY2023, the company will continue to expand the scope of its activities and promote biotope activities to protect rare plant and animal species and create a habitat for dragonflies.



Masuda Park Biotope



Harvesting non-native water lilies



Group photo of participants

Continuation of Activities to Preserve the *Pinus parviflora* Lineage

As part of its biodiversity preservation activities, Nisshinbo Chemical Inc., Toke Development Center, applied to become a supporter for the preservation of the *Pinus parviflora* lineage under the “Chiba Prefecture Restoration Plan for the *Pinus parviflora*” formulated by Chiba Prefecture.

The *Pinus parviflora* is an evergreen coniferous tree that grows in high elevation mountainous areas. The number of *Pinus parviflora* trees growing in the Boso Hills has been rapidly declining, and species preservation is an urgent priority due to the threat of extinction. One seedling of *Pinus parviflora* distributed in June 2016 was planted on the site to start conservation activities. Since the start of the activity, the tree has been pruned many times by craftsmen and has grown from 95 cm to 208 cm in height in about seven years, doubling its size. Although the trees have not yet borne fruit, everyone hopes that they will do so in the near future.

To expand this initiative, the Asahi plant in Asahi City, Chiba Prefecture, also became a supporter in March 2017 and is continuing its conservation activities.



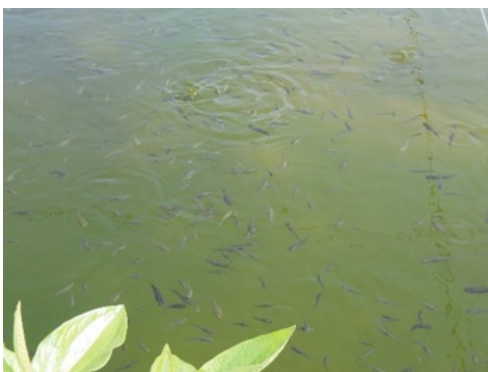
The *Pinus parviflora* planted on the premises

Conservation Activities for the Endangered Japanese rice fish (*Oryzias latipes*)

In May 2016, Nisshinbo Textile Inc., Fujieda Plant, began breeding *Oryzias latipes* in a small pond beside its former office.

Rice fish are genetically classified into two main types, the *Oryzias sakaizumii* and *Oryzias latipes*, and the *Oryzias latipes* is further divided into nine types depending on the region, each with its own genetic characteristics. *Oryzias latipes* is endemic to Japan, but in recent years, its survival as an endemic species has been threatened by environmental degradation, the introduction of exotic species, and the release of genetically engineered Japanese rice fish (Himedaka) into the wild due to the inability to keep the fish in captivity. The species is also listed as threatened category II (species at increasing risk of extinction) in the Red Book of the Ministry of the Environment.

The company started breeding 150 adult fish after receiving them from a company that owns a biotope in Fujieda City, and has been using well water to keep the water temperature at an appropriate level (breeding at 20°C or higher) while cleaning and replacing the water moderately. By 2022, the number of organisms will have increased to about 1,200, which is close to the limit of the current aquarium.



Oryzias latipes



Breeding of *Oryzias latipes*

Conservation Activities for the Endangered The golden venus chub

The *The golden venus chub* is a freshwater fish of Cyprinidae with a body length of about 5 cm and is endemic to Japan. However, because of habitat loss caused by the progression of residential land development, predation by alien species, and environmental degradation, it is listed as a Specified Class II Nationally Rare Species of Wild Fauna and Flora (endangered species) on the Red List 2020 of the Ministry of the Environment. In Tokushima Prefecture, the *The golden venus chub* was thought to be extinct, but in 2004, it was accidentally discovered in an agricultural canal in Otsu-cho, Naruto City, and efforts to protect and propagate the species began.

Nisshinbo Textile Inc., Tokushima Plant, together with Nisshinbo Holdings Inc., Nisshinbo Chemical Inc., and Daio Paper Products Inc. signed an agreement with Tokushima Prefecture to receive *The golden venus chub* and engage in propagation activities using fire prevention tanks. In the past six years, the number of fish has increased from 200 to 1,344, contributing to the conservation of endangered species.



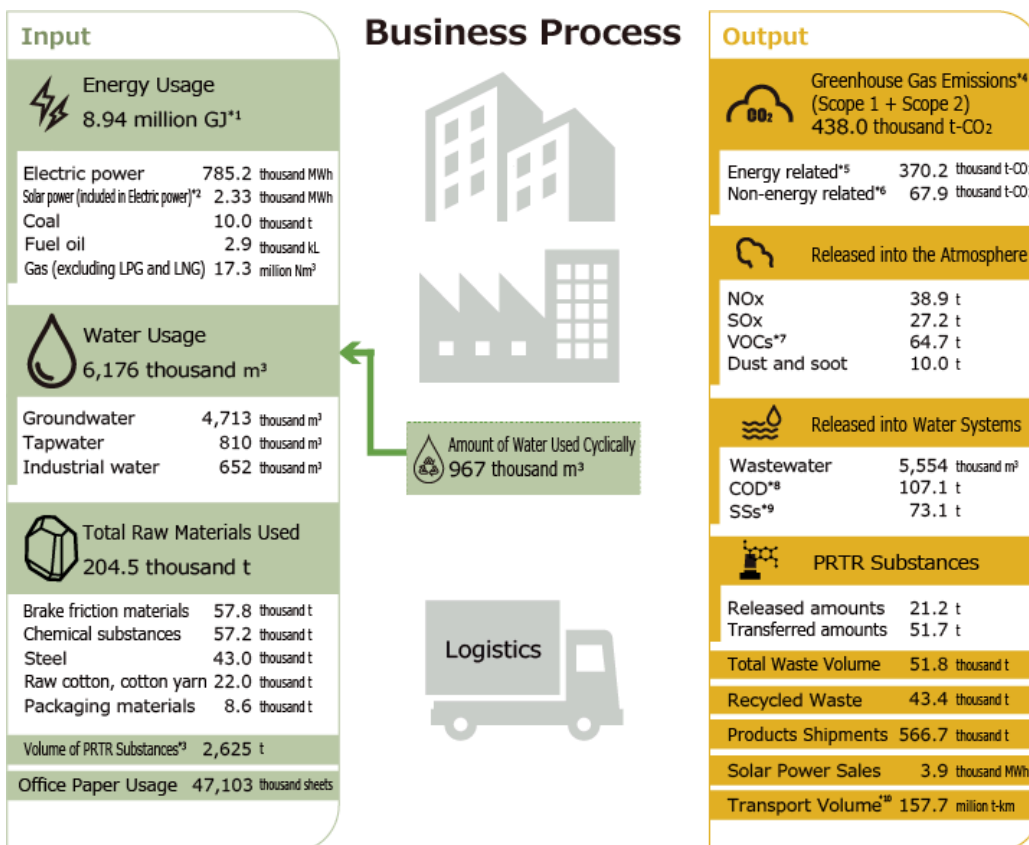
Breeding *The golden venus chub*

Material Balance

The table below shows the Nisshinbo Group's business activities and environmental impact.

[Environmental data sheets for principal subsidiaries](#) are also published.

▶ Environmental Data by Principal Nisshinbo Group Company



^{*1} Gigajoule (GJ): A unit of energy measurement. 1GJ=10⁹ J=about 240,000 kilocalories

^{*2} Not including electricity sold under the feed-in tariffs scheme for renewable energy

^{*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.

^{*4} Greenhouse gases

• Scope1:

Energy-related Greenhouse Gas Emissions = Σ [Fuel Consumption x CO₂ Emission Factor^{*4-1}]

Non-Energy-related Greenhouse Gas Emissions = Non-Energy-related CO₂ Emissions + Σ [Greenhouse Gas Emissions other than CO₂ × Global warming potential^{*4-2}]

^{*4-1} Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor calculated based on actual calorific values, which is 1.896 t-CO₂/t in FY2022.

^{*4-2} Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

• Scope2:

Energy-related GHG emissions = Σ [purchased electricity and purchased steam volume x CO₂ emission factor^{*4-3}]

^{*4-3} Purchased electricity uses, in Japan, adjusted emission factors for each electric company based on the Act on Promotion of Global Warming Countermeasures in Japan, and the in foreign countries, the emission factors for each electric company, and if unavailable, the latest country-specific emission factors of IEA Emissions Factors. Data for FY2021 and earlier use country-

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specific emission factors for each year from "IEA Emissions Factors 2021". Purchased steam uses emission factors based on the Act on Promotion of Global Warming Countermeasures.

*5 Energy-derived greenhouse gas emissions: Greenhouse gas emissions due to fuel consumption.

*6 Non-energy derived greenhouse gas emissions: Greenhouse gas emissions due to reasons other than fuel consumption, e.g. 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 contamination levels.

*9 Suspended Solids (SSs): The amount of foreign substances floating in water.

*10 Transport volumes in international waters are not included.

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Input/Output Details [PDF 128KB]

Table with 4 columns: Item, Unit, Value, and Remarks. The table contains detailed input and output data for various categories, including energy, water, and materials. The data is presented in a structured format with multiple rows and columns, providing a comprehensive overview of the company's input and output details.

Environmental Accounting

Environmental Accounting for FY2022

(1) Environmental Conservation Costs

The Nisshinbo Group's total investment amounted to 749 million yen, up 150% year on year. These are pollution prevention costs associated with the introduction of VOC processing equipment at Nisshinbo Saeron (Changshu) Automotive Co., Ltd. in the Automobile Brakes business, and research and development costs for new materials at Nisshinbo Brake Inc.

The Group's total spending for the year came to 3,147 million yen, down 4% year on year. This increase is mainly related to research and development of sustainable products at Japan Radio Co., Ltd. and Nisshinbo Brake Inc.

(2) Environmental Conservation Effects

The Group's greenhouse gas emission reductions totaled 62,280 t-CO₂, an increase of 220% over the previous year. Emissions were significantly reduced through the following measures: the Textiles business stopped using coal boilers for in-house power generation and switched to purchased power; the Automobile Brakes business switched to green power derived from solar, wind, and hydroelectric power generation for a portion of its electricity consumption; and the Textile business switched to green power derived from geothermal power generation for a portion of its electricity consumption.

(3) Economic effects of environmental protection measures

The Group's economic effects of environmental protection measures totaled 516 million yen, up 47% 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. in the Textiles business.

| Category | | (1) Environmental Conservation Costs | | | |
|---------------------------|----------------------------------|--------------------------------------|-------------------|---------------------------|-------------------|
| | | Investment (million yen) | YoY change (%) | Costs (million yen) | YoY change (%) |
| On-Site | Pollution prevention costs | 318 | 341% | 515 | 63% |
| | Environmental conservation costs | 253 | 112% | 245 | -16% |
| | Resource recycling costs | 17 | -63% | 678 | 50% |
| Upstream/downstream costs | | 0 | - | 41 | -91% |
| Management costs | | 3 | 907% | 276 | -31% |
| R&D costs | | 158 | 154% | 1,262 | -5% |

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| Category | (1) Environmental Conservation Costs | | | |
|---------------------------------|--------------------------------------|-------------------|------------------------|-------------------|
| | Investment (million yen) | YoY change (%) | Costs (million yen) | YoY change (%) |
| Social activity costs | 0 | - | 6 | 43% |
| Environmental remediation costs | 0 | - | 2 | -93% |
| Other costs | 0 | - | 123 | 8044% |
| Total | 749 | 150% | 3,147 | -4% |

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| Category | | (2) Environmental Conservation Effects | | (3)Economic Effects from Environmental Conservation Measures | |
|-----------------------------------|------------------------------------|--|-------------------|--|-------------------|
| | | Greenhouse gas reduction (t-CO ₂) | YoY change (%) | Income (million yen) | YoY change (%) |
| On-Site | Pollution prevention effects | 26 | -24% | 1 | -97% |
| | Environmental preservation effects | 61,827 | 243% | 179 | 233% |
| | Resource recycling effects | 251 | -36% | 330 | 20% |
| Upstream/downstream effects | | 177 | -83% | 7 | - |
| Management effects | | 0 | - | 0 | - |
| R&D effects | | 0 | - | 0 | - |
| Social activity effects | | 0 | - | 0 | - |
| Environmental remediation effects | | 0 | - | 0 | - |
| Other effects | | 0 | - | 0 | - |
| Total | | 62,280 | 220% | 516 | 47% |

Environmental Data

Climate Change Countermeasures

Greenhouse Gas Emissions

| Boundary | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment*) | FY2019 | FY2020 | FY2021 | FY2022 |
|---|-----------------|---|------------------------------|-----------------------|---|--------|--------|--------|--------|
| Greenhouse gas emissions (Scope1+Scope2) | Nisshinbo Group | Total | Thousand t-CO ₂ e | 679.4 | 636.3 | 592.4 | 564.1 | 567.4 | 438.0 |
| CO ₂ emissions | Nisshinbo Group | Subtotal | Thousand t-CO ₂ | 644.8 | 560.0 | 531.7 | 505.1 | 503.1 | 370.2 |
| | | Direct emissions | Thousand t-CO ₂ | 247.0 | 187.0 | 183.1 | 187.7 | 173.7 | 66.7 |
| | | Energy related indirect emissions | Thousand t-CO ₂ | 397.7 | 373.0 | 348.6 | 317.4 | 329.4 | 303.4 |
| Other greenhouse gas emissions | Nisshinbo Group | Subtotal | Thousand t-CO ₂ e | 34.6 | 76.3 | 60.7 | 59.0 | 64.2 | 67.9 |
| | | SF ₆ (sulfur hexafluoride) | Thousand t-CO ₂ e | 1.1 | 5.1 | 4.5 | 9.0 | 5.7 | 6.7 |
| | | PFCs (perfluorocarbons) | Thousand t-CO ₂ e | 25.9 | 56.9 | 48.0 | 46.8 | 55.9 | 56.8 |
| | | HFCs (hydrofluorocarbons) | Thousand t-CO ₂ e | 5.3 | 13.7 | 7.9 | 3.0 | 2.5 | 3.8 |
| | | N ₂ O (dinitrogen monoxide) | Thousand t-CO ₂ e | 1.9 | 0.4 | 0.1 | 0.0 | 0.0 | 0.1 |
| | | NF ₃ (nitrogen trifluoride) | Thousand t-CO ₂ e | – | 0.09 | 0.03 | 0.01 | 0.03 | 0.02 |
| | | CH ₄ (methane) | Thousand t-CO ₂ e | 0.34 | 0.01 | 0.01 | 0.00 | 0.00 | 0.41 |
| | | CO ₂ from non-energy related | Thousand t-CO ₂ e | 0.05 | 0.07 | 0.05 | 0.07 | 0.07 | 0.08 |

* 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.

Greenhouse Gas Emissions by Business Segment

| Boundary | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|---|------------------------------|----------|------------------------------|-----------------------|---|--------|--------|--------|--------|
| Greenhouse gas emissions (Scope1+Scope2) | Nisshinbo Group | Total | Thousand t-CO ₂ e | 679.4 | 636.3 | 592.4 | 564.1 | 567.4 | 438.0 |
| Scope1 by business segment | Nisshinbo Group | Subtotal | Thousand t-CO ₂ e | 281.7 | 263.4 | 243.8 | 246.7 | 237.9 | 134.6 |
| | (Electronics ^{*2}) | | Thousand t-CO ₂ e | (39.6) | (79.5) | – | – | – | – |
| | Wireless and Communications | | Thousand t-CO ₂ e | 5.2 | 5.2 | 5.3 | 5.1 | 5.4 | 5.9 |
| | Micro Devices | | Thousand t-CO ₂ e | 34.4 | 74.3 | 63.3 | 66.1 | 72.0 | 74.4 |
| | Automobile Brakes | | Thousand t-CO ₂ e | 26.7 | 25.9 | 25.8 | 23.8 | 27.1 | 25.9 |
| | Precision Instruments | | Thousand t-CO ₂ e | 0.6 | 1.8 | 1.5 | 1.2 | 1.1 | 1.2 |
| | Chemicals | | Thousand t-CO ₂ e | 4.8 | 12.1 | 6.1 | 1.6 | 0.8 | 1.7 |
| | Textiles | | Thousand t-CO ₂ e | 166.1 | 143.8 | 141.6 | 148.7 | 131.3 | 25.4 |
| | Paper Products ^{*3} | | Thousand t-CO ₂ e | 43.5 | – | – | – | – | – |
| | Others | | Thousand t-CO ₂ e | 0.4 | 0.2 | 0.2 | 0.1 | 0.2 | 0.2 |
| Scope2 by business segment | Nisshinbo Group | Subtotal | Thousand t-CO ₂ e | 397.7 | 373.0 | 348.6 | 317.4 | 329.4 | 303.4 |
| | (Electronics ^{*2}) | | Thousand t-CO ₂ e | (85.3) | (93.9) | – | – | – | – |
| | Wireless and Communications | | Thousand t-CO ₂ e | 19.2 | 16.3 | 16.2 | 17.9 | 19.2 | 19.3 |
| | Micro Devices | | Thousand t-CO ₂ e | 66.1 | 77.6 | 75.6 | 84.3 | 86.4 | 75.8 |
| | Automobile Brakes | | Thousand t-CO ₂ e | 146.9 | 124.9 | 112.4 | 97.5 | 102.5 | 87.0 |
| | Precision Instruments | | Thousand t-CO ₂ e | 32.4 | 75.1 | 68.9 | 60.0 | 63.3 | 62.8 |
| | Chemicals | | Thousand t-CO ₂ e | 5.0 | 5.0 | 4.3 | 4.7 | 5.9 | 5.7 |
| | Textiles | | Thousand t-CO ₂ e | 72.8 | 68.4 | 66.1 | 47.8 | 47.8 | 48.7 |
| | Paper Products ^{*3} | | Thousand t-CO ₂ e | 47.6 | – | – | – | – | – |
| | Others | | Thousand t-CO ₂ e | 7.9 | 5.6 | 5.1 | 5.2 | 4.4 | 4.1 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

*3 The Paper Products business was transferred in April 2017.

[Calculation method]

•Scope1 :

Energy related Greenhouse Gas Emissions = Σ [Fuel Consumption \times CO₂ Emission Factor^{*1}]

Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO₂ Emissions + Σ [Greenhouse Gas Emissions other than CO₂ \times Global Warming Potential^{*2}]

*1 Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor calculated based on actual calorific values is used, and 1.896 t-CO₂/t is used for FY2022.

*2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

•Scope2 :

Energy-related Greenhouse Gas Emissions = Σ [Purchased Electricity and Purchased Steam Volume \times CO₂ Emission Factor^{*3}]

*3 Purchased electricity uses, in Japan, adjusted emission factors for each electric company based on the Act on Promotion of Global Warming Countermeasures, and the in foreign countries, the emission factors for each electric company, and if unavailable, the latest country-specific emission factors of IEA Emissions Factors. Data for FY2021 and earlier use country-specific emission factors for each year from "IEA Emissions Factors 2021". Purchased steam uses emission factors based on the Act on Promotion of Global Warming Countermeasures.

[Subject Organizations]

In FY2022, a total of 100 companies, including Nisshinbo Holdings Inc. and 99 consolidated subsidiaries, were counted.

Greenhouse Gas Emissions in Japan and Overseas

| Boundary | | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment*) | FY2019 | FY2020 | FY2021 | FY2022 |
|--------------------------|----------------------------|-----------|--|------------------------------|-----------------------|---|--------|--------|--------|--------|
| Greenhouse gas emissions | Nisshinbo Group Total | | | Thousand t-CO ₂ e | 679.4 | 636.3 | 592.4 | 564.1 | 567.4 | 438.0 |
| | Nisshinbo Group (Japan) | Emissions | | Thousand t-CO ₂ e | 284.8 | 248.0 | 220.7 | 217.5 | 228.2 | 217.1 |
| | | Ratio | | % | 42% | 39% | 37% | 39% | 40% | 50% |
| | Nisshinbo Group (Overseas) | Emissions | | Thousand t-CO ₂ e | 394.6 | 388.3 | 371.7 | 346.5 | 339.2 | 221.0 |
| | | Ratio | | % | 58% | 61% | 63% | 61% | 60% | 50% |

* 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.

Greenhouse Gas Emissions (Scope3)

| Boundary | | | | Unit | FY2018 (Reference value after adjustment*1) | FY2019 | FY2020 | FY2021 | FY2022 |
|-----------------------------------|-----------------|---|--|------------------------------|--|---------|---------|---------|---------|
| Greenhouse gas emissions (Scope3) | Nisshinbo Group | Total | | Thousand t-CO ₂ e | 1,398.7 | 1,870.5 | 1,611.0 | 1,692.1 | 1,604.5 |
| | | 1. Purchased goods and services | | Thousand t-CO ₂ e | 903.0 | 930.9 | 975.0 | 1,110.6 | 1,031.3 |
| | | 2. Capital goods | | Thousand t-CO ₂ e | 88.1 | 102.8 | 84.3 | 86.3 | 91.6 |
| | | 3. Fuel- and energy-related activities not included in Scope1 or Scope2 | | Thousand t-CO ₂ e | 40.9 | 72.2 | 66.4 | 78.2 | 65.3 |
| | | 4. Upstream transport and delivery | | Thousand t-CO ₂ e | 32.8 | 65.7 | 73.7 | 37.6 | 41.4 |
| | | 5. Waste generated in operations | | Thousand t-CO ₂ e | 3.3 | 9.1 | 6.9 | 6.2 | 6.9 |
| | | 6. Business travel | | Thousand t-CO ₂ e | 3.6 | 3.6 | 3.6 | 3.3 | 3.4 |
| | | 7. Employee commuting | | Thousand t-CO ₂ e | 12.1 | 11.3 | 11.3 | 10.4 | 11.0 |
| | | 8. Leased assets (upstream) | | Thousand t-CO ₂ e | 0.2 | 0.1 | 2.4 | 4.8 | 2.9 |
| | | 9. Downstream transportation and delivery | | Thousand t-CO ₂ e | 5.9 | 85.3 | 45.3 | 41.8 | 44.5 |
| | | 10.Processing of sold products | | Thousand t-CO ₂ e | 30.9 | 92.3 | 31.0 | 27.1 | 25.0 |
| | | 11.Use of sold products | | Thousand t-CO ₂ e | 197.4 | 298.5 | 229.2 | 216.4 | 205.3 |
| | | 12.End-of-life treatment of sold products | | Thousand t-CO ₂ e | 23.8 | 16.6 | 32.6 | 34.7 | 36.7 |
| | | 13.Downstream leased assets | | Thousand t-CO ₂ e | 24.3 | 147.4 | 16.7 | 15.6 | 15.9 |
| | | 14.Franchises | | Thousand t-CO ₂ e | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | 15.Investments | | Thousand t-CO ₂ e | 32.3 | 34.6 | 32.4 | 19.0 | 23.4 |

*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 Scope 3 figures are from calculation of all of the categories summarized below. Calculations are based on the Basic Guidelines Related to Calculating Greenhouse Gas Emissions throughout the Supply Chain (ver. 3.2), Ministry of the Environment. Some information is taken from LCA results.

Energy Conservation

Energy Inputs

| Boundary | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment*) | FY2019 | FY2020 | FY2021 | FY2022 |
|--------------------------|-----------------|-------------|------------------------------|-----------------------|---|--------|--------|--------|--------|
| Total energy consumption | Nisshinbo Group | Total | Million GJ | 11.22 | 10.94 | 10.55 | 9.72 | 9.96 | 8.94 |
| Renewable energy | Nisshinbo Group | Subtotal | Million GJ | 0.01 | 0.16 | 0.18 | 0.01 | 0.07 | 0.74 |
| | | Electricity | Self-generated amount | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| | | | Purchased amount | - | - | - | - | - | 0.61 |
| | | Biofuel | Coconut shells, etc. | - | 0.15 | 0.17 | 0.00 | 0.06 | 0.10 |
| Non-renewable energy | Nisshinbo Group | Subtotal | Million GJ | 11.21 | 10.78 | 10.37 | 9.71 | 9.89 | 8.20 |
| | | Electricity | Purchased amount | 7.81 | 8.27 | 7.93 | 7.25 | 7.58 | 7.07 |
| | | Gas | Town gas | 1.03 | 0.72 | 0.73 | 0.67 | 0.73 | 0.74 |
| | | | LPG, LNG, etc. | 0.24 | 0.14 | 0.09 | 0.07 | 0.07 | 0.07 |
| | | Fuel oil | Heavy oil, Kerosene, etc. | 0.42 | 0.13 | 0.11 | 0.10 | 0.10 | 0.11 |
| | | Solid fuel | Coal | 1.71 | 1.51 | 1.50 | 1.60 | 1.41 | 0.21 |
| | | Others | Steam | 0.00 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |

* 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.

Energy Inputs by Business Segment

| Boundary | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment* ¹) | FY2019 | FY2020 | FY2021 | FY2022 |
|--------------------------|------------------------------|--|------------|-----------------------|---|--------|--------|--------|--------|
| Total energy consumption | Nisshinbo Group | | Million GJ | 11.22 | 10.94 | 10.55 | 9.72 | 9.96 | 8.94 |
| By business segment | (Electronics* ²) | | Million GJ | (1.79) | (2.64) | - | - | - | - |
| | Wireless and Communications | | Million GJ | 0.46 | 0.46 | 0.48 | 0.52 | 0.53 | 0.54 |
| | Micro Devices | | Million GJ | 1.33 | 2.18 | 2.09 | 2.07 | 2.13 | 2.13 |
| | Automobile Brakes | | Million GJ | 3.63 | 3.43 | 3.30 | 3.06 | 3.24 | 2.99 |
| | Precision Instruments | | Million GJ | 0.59 | 1.43 | 1.31 | 1.15 | 1.19 | 1.18 |
| | Chemicals | | Million GJ | 0.10 | 0.12 | 0.10 | 0.11 | 0.13 | 0.13 |
| | Textiles | | Million GJ | 3.29 | 3.20 | 3.16 | 2.70 | 2.64 | 1.87 |
| | Paper Products* ³ | | Million GJ | 1.67 | - | - | - | - | - |
| | Others | | Million GJ | 0.15 | 0.12 | 0.12 | 0.12 | 0.10 | 0.10 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

*³ The Paper Products business was transferred in April 2017.

Resource Conservation

Raw Material Inputs

| Boundary | | | Unit | FY2018 (Reference value after adjustment*) | FY2019 | FY2020 | FY2021 | FY2022 |
|---------------------|-----------------|--|------------|---|--------|--------|--------|--------|
| Raw material inputs | Nisshinbo Group | Total | Thousand t | 295.6 | 284.1 | 229.5 | 264.2 | 204.5 |
| Raw materials | Nisshinbo Group | Steel | Thousand t | 94.4 | 92.9 | 76.8 | 89.9 | 43.0 |
| | | Chemical substances | Thousand t | 63.4 | 54.0 | 43.6 | 45.7 | 57.2 |
| | | Brake friction materials | Thousand t | 79.5 | 77.0 | 62.2 | 75.9 | 57.8 |
| | | Raw cotton, cotton yarn | Thousand t | 32.1 | 34.0 | 23.2 | 25.4 | 22.0 |
| | | Other materials (packing materials, etc.) | Thousand t | 26.3 | 26.2 | 23.7 | 27.3 | 24.5 |

* 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.

Office Paper Purchased*1

| Boundary | | | Unit | FY2018 (Reference value after adjustment*2) | FY2019 | FY2020 | FY2021 | FY2022 |
|------------------------|-----------------|--|-----------------|--|--------|--------|--------|--------|
| Office paper purchased | Nisshinbo Group | | Thousand sheets | 53,531 | 65,737 | 57,100 | 46,648 | 47,103 |

*1 The amount of OA paper purchased is calculated by converting to A4 paper.
*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.

Volume of Waste Generated

| Boundary | | | Unit | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|------------------------------|------------------------------|----------|------------|---|--------|--------|--------|--------|
| Volume of waste generated | Nisshinbo Group | | Thousand t | 60.6 | 59.4 | 53.0 | 55.7 | 51.8 |
| By business segment | (Electronics ^{*2}) | | Thousand t | (5.0) | – | – | – | – |
| | Wireless and Communications | | Thousand t | 2.7 | 3.2 | 4.0 | 3.3 | 2.9 |
| | Micro Devices | | Thousand t | 2.2 | 1.6 | 1.4 | 1.6 | 1.5 |
| | Automobile Brakes | | Thousand t | 28.0 | 26.6 | 24.0 | 27.1 | 25.6 |
| | Precision Instruments | | Thousand t | 11.6 | 11.5 | 10.1 | 10.9 | 11.5 |
| | Chemicals | | Thousand t | 0.7 | 0.3 | 0.3 | 0.4 | 0.3 |
| | Textiles | | Thousand t | 15.2 | 16.0 | 13.0 | 12.3 | 9.7 |
| | Others | | Thousand t | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Breakdown of waste generated | Nisshinbo Group | Recycle | Thousand t | 47.8 | 48.6 | 44.9 | 48.9 | 43.4 |
| | | Landfill | Thousand t | 12.8 | 10.7 | 8.1 | 6.8 | 8.4 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

Recycling Rate

| Boundary | | | Unit | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|---------------------|------------------------------|--|------|---|--------|--------|--------|--------|
| Recycling rate | Nisshinbo Group | | % | 78.9 | 81.9 | 84.7 | 87.8 | 83.9 |
| By business segment | (Electronics ^{*2}) | | % | (96.8) | – | – | – | – |
| | Wireless and Communications | | % | 98.5 | 94.9 | 95.3 | 94.8 | 95.8 |
| | Micro Devices | | % | 94.4 | 93.1 | 93.5 | 93.3 | 94.4 |
| | Automobile Brakes | | % | 64.1 | 74.2 | 78.0 | 80.2 | 72.9 |
| | Precision Instruments | | % | 88.5 | 90.1 | 89.7 | 91.9 | 93.4 |
| | Chemicals | | % | 93.4 | 98.8 | 97.2 | 94.4 | 91.5 |
| | Textiles | | % | 92.3 | 84.7 | 88.7 | 98.1 | 96.3 |
| | Others | | % | 94.7 | 94.5 | 93.5 | 94.3 | 88.0 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

Water Resources

Water Input

| Boundary | | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|---------------------------------|------------------------------|---------------|-------------------------------|-----------------------------|-----------------------|---|--------|--------|--------|--------|
| Water usage | Nisshinbo Group | | | Thousand m ³ | 27,981 | 10,308 | 9,384 | 8,346 | 7,042 | 6,176 |
| Water usage by business segment | (Electronics ^{*2}) | | | Thousand m ³ | (1,978) | (1,628) | — | — | — | — |
| | Wireless and Communications | | | Thousand m ³ | 843 | 319 | 435 | 479 | 463 | 462 |
| | Micro Devices | | | Thousand m ³ | 1,136 | 1,309 | 1,289 | 1,265 | 1,252 | 1,253 |
| | Automobile Brakes | | | Thousand m ³ | 575 | 443 | 393 | 311 | 335 | 332 |
| | Precision Instruments | | | Thousand m ³ | 643 | 1,169 | 1,047 | 831 | 791 | 721 |
| | Chemicals | | | Thousand m ³ | 188 | 119 | 126 | 109 | 107 | 107 |
| | Textiles | | | Thousand m ³ | 11,215 | 6,926 | 6,068 | 5,327 | 4,079 | 3,284 |
| | Paper Products ^{*3} | | | Thousand m ³ | 13,366 | - | - | - | - | - |
| | Others | | | Thousand m ³ | 17 | 24 | 27 | 23 | 16 | 17 |
| Breakdown of water usage | Nisshinbo Group | Surface water | Tap water | Thousand m ³ | 665 | 902 | 811 | 800 | 829 | 810 |
| | | | Industrial water, river water | Thousand m ³ | 12,804 | 1,021 | 1,151 | 1,036 | 898 | 652 |
| | | Groundwater | | Thousand m ³ | 14,513 | 8,385 | 7,419 | 6,508 | 5,314 | 4,713 |
| | | Rain water | | Thousand m ³ | 0 | 0 | 4 | 2 | 1 | 1 |
| Water usage per unit of sales | Nisshinbo Group | | | m ³ /Million yen | 53 | 20 | 18 | 18 | 14 | 12 |
| Volume of water recycled | Nisshinbo Group | | | Thousand m ³ | 3,547 | 1,053 | 743 | 741 | 796 | 967 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

*3 The Paper Products business was transferred in April 2017.

Water Effluents Discharged

| Boundary | | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|---|------------------------------|--------------|-------------------------|-----------------------|---|--------|--------|--------|--------|
| Water effluents discharged | Nisshinbo Group | | Thousand m ³ | 27,166 | 9,691 | 8,893 | 7,942 | 6,707 | 5,554 |
| Water effluents discharged by business segment | (Electronics ^{*2}) | | Thousand m ³ | (1,607) | (1,337) | – | – | – | – |
| | Wireless and Communications | | Thousand m ³ | 714 | 306 | 422 | 453 | 453 | 462 |
| | Micro Devices | | Thousand m ³ | 893 | 1,031 | 1,041 | 997 | 990 | 903 |
| | Automobile Brakes | | Thousand m ³ | 460 | 344 | 375 | 310 | 357 | 259 |
| | Precision Instruments | | Thousand m ³ | 587 | 1,073 | 946 | 794 | 763 | 692 |
| | Chemicals | | Thousand m ³ | 169 | 103 | 113 | 105 | 104 | 105 |
| | Textiles | | Thousand m ³ | 10,931 | 6,810 | 5,971 | 5,262 | 4,023 | 3,117 |
| | Paper Products ^{*3} | | Thousand m ³ | 12,890 | – | – | – | – | – |
| | Others | | Thousand m ³ | 523 | 24 | 25 | 22 | 15 | 16 |
| Breakdown of water effluents discharged | Nisshinbo Group | Public water | Thousand m ³ | 19,956 | 7,750 | 6,893 | 6,018 | 4,804 | 4,064 |
| | | Sewerage | Thousand m ³ | 7,210 | 1,941 | 2,000 | 1,924 | 1,903 | 1,489 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

*3 The Paper Products business was transferred in April 2017.

Chemical Substance Management

Volume of PRTR Substances Handled

| Boundary | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|-----------------------------------|------------------------------|------|-----------------------|---|---------|---------|---------|---------|
| Volume of PRTR substances handled | Nisshinbo Group | t | 3,228 | 3,048 | 2,817 | 2,555 | 2,799 | 2,625 |
| By business segment | (Electronics ^{*2}) | t | (83.2) | (84.9) | – | – | – | – |
| | Wireless and Communications | t | 35.0 | 37.6 | 41.0 | 122.2 | 138.4 | 164.1 |
| | Micro Devices | t | 48.2 | 47.3 | 46.0 | 48.4 | 54.6 | 51.6 |
| | Automobile Brakes | t | 1,874.4 | 1,599.0 | 1,529.0 | 1,267.3 | 1,446.7 | 1,232.2 |
| | Precision Instruments | t | 18.7 | 24.2 | 21.0 | 11.9 | 7.5 | 11.1 |
| | Chemicals | t | 641.7 | 990.0 | 770.0 | 722.3 | 756.3 | 726.5 |
| | Textiles | t | 539.4 | 348.1 | 407.0 | 382.8 | 395.5 | 439.4 |
| | Paper Products ^{*3} | t | 69.5 | – | – | – | – | – |
| | Others | t | 1.1 | 2.0 | 3.0 | 0.0 | 0.0 | 0.0 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

*3 The Paper Products business was transferred in April 2017.

Volume of PRTR Substance Emissions^{*1}

| Boundary | | Unit | FY2014 (Base year) | FY2018 (Reference value after adjustment ^{*2}) | FY2019 | FY2020 | FY2021 | FY2022 |
|--|------------------------------|----------------|-----------------------|---|--------|--------|--------|--------|
| Volume of PRTR substance emissions | Nisshinbo Group | t | 37.5 | 33.4 | 32.7 | 23.9 | 17.5 | 21.2 |
| By business segment | (Electronics ^{*3}) | t | (10.6) | (8.9) | – | – | – | – |
| | Wireless and Communications | t | 10.5 | 8.8 | 10.3 | 10.7 | 6.3 | 5.8 |
| | Micro Devices | t | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| | Automobile Brakes | t | 5.7 | 5.6 | 5.7 | 4.7 | 4.4 | 4.4 |
| | Precision Instruments | t | 18.7 | 18.0 | 15.5 | 7.9 | 6.1 | 10.1 |
| | Chemicals | t | 0.8 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 |
| | Textiles | t | 1.2 | 0.7 | 0.9 | 0.5 | 0.5 | 0.7 |
| | Paper Products ^{*4} | t | 0.6 | – | – | – | – | – |
| | Others | t | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Volume of PRTR substance emissions per unit of sales | Nisshinbo Group | kg/Million yen | 0.072 | 0.065 | 0.064 | 0.052 | 0.034 | 0.041 |

*1 PRTR Substance Emissions are the total amount of PRTR substances released into the environment (air, public waters, and soil).

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

*4 The Paper Products business was transferred in April 2017.

Breakdown of PRTR Substances Emissions^{*1}

| Boundary | | | Unit | FY2018 (Reference value after adjustment ^{*2}) | FY2019 | FY2020 | FY2021 | FY2022 |
|-----------------------|-----------------|------------------------|------|---|--------|--------|--------|--------|
| By chemical substance | Nisshinbo Group | Toluene | t | 15.3 | 10.4 | 7.5 | 6.3 | 7.9 |
| | | Xylene | t | 8.1 | 7.7 | 6.0 | 4.9 | 3.9 |
| | | Antimony | t | 0.3 | 1.4 | 1.2 | 1.3 | 1.2 |
| | | Hexamethylenetetramine | t | 1.8 | 1.8 | 1.4 | 1.3 | 1.3 |
| | | Ethylbenzene | t | 3.5 | 7.8 | 5.0 | 1.2 | 2.3 |
| | | Phenol | t | 1.6 | 1.8 | 1.5 | 1.2 | 1.3 |
| | | 1-bromopropane | t | 0.0 | 0.0 | 0.0 | 0.0 | 1.7 |
| | | Others | t | 2.8 | 1.8 | 1.3 | 1.3 | 1.7 |

^{*1} PRTR Substance Emissions are the total amount of PRTR substances released into the environment (air, public waters, and soil).

^{*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.

Purification of Wastewater

| Boundary | | | Unit | FY2018 (Reference value after adjustment [*]) | FY2019 | FY2020 | FY2021 | FY2022 |
|---------------|-----------------|--|----------------|--|--------|--------|--------|--------|
| Water quality | Nisshinbo Group | Amount of CODs emissions | t | 125.9 | 127.7 | 104.0 | 94.7 | 107.1 |
| | | Amount of CODs emissions per unit of sales | kg/Million yen | 0.30 | 0.30 | 0.27 | 0.23 | 0.26 |
| | Nisshinbo Group | Amount of SSs emissions | t | 63.5 | 58.5 | 68.1 | 73.3 | 73.1 |
| | | Amount of SSs emissions per unit of sales | kg/Million yen | 0.15 | 0.14 | 0.18 | 0.18 | 0.18 |

^{*} 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

| Boundary | | | Unit | FY2018 (Reference value after adjustment*) | FY2019 | FY2020 | FY2021 | FY2022 |
|----------------------|-----------------|---|----------------|---|--------|--------|--------|--------|
| Atmospheric releases | Nisshinbo Group | SOx (sulfur oxides) | t | 217.8 | 217.1 | 222.8 | 199.6 | 27.2 |
| | | Amount of SOx emitted per unit of sales | kg/Million yen | 0.51 | 0.51 | 0.58 | 0.48 | 0.07 |
| | Nisshinbo Group | NOx (nitrogen oxides) | t | 255.7 | 244.7 | 258.2 | 235.0 | 38.9 |
| | | Amount of NOx emitted per unit of sales | kg/Million yen | 0.60 | 0.58 | 0.68 | 0.56 | 0.09 |
| | Nisshinbo Group | Soot and dust | t | 54.1 | 55.0 | 53.2 | 46.5 | 10.0 |
| | | Amount of soot and dust emitted per unit of sales | kg/Million yen | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| | Nisshinbo Group | VOCs | t | 49.6 | 49.6 | 113.0 | 132.4 | 64.7 |
| | | Amount of VOCs emitted per unit of sales | kg/Million yen | 0.1 | 0.1 | 0.3 | 0.3 | 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.

Transport Volume

Transport Volume

| Boundary | | Unit | FY2018 (Reference value after adjustment ^{*1}) | FY2019 | FY2020 | FY2021 | FY2022 |
|------------------------------------|------------------------------|--------------------|---|--------|--------|---------|---------|
| Transport volume | Nisshinbo Group | Million ton-km | 43.50 | 128.50 | 108.47 | 149.15 | 157.68 |
| By business segment | (Electronics ^{*2}) | Thousand ton-km | (2,454) | – | – | – | – |
| | Wireless and Communications | Thousand ton-km | 1,040 | 1,984 | 2,234 | 2,639 | 2,396 |
| | Micro Devices | Thousand ton-km | 1,413 | 686 | 665 | 754 | 688 |
| | Automobile Brakes | Thousand ton-km | 12,523 | 95,515 | 85,842 | 124,325 | 132,299 |
| | Precision Instruments | Thousand ton-km | 10,909 | 10,331 | 4,773 | 4,853 | 5,195 |
| | Chemicals | Thousand ton-km | 5,692 | 4,904 | 4,197 | 4,648 | 5,077 |
| | Textiles | Thousand ton-km | 11,204 | 14,868 | 10,566 | 11,382 | 11,522 |
| | Others | Thousand ton-km | 717 | 209 | 190 | 545 | 503 |
| Transport volume per unit of sales | Nisshinbo Group | ton-km/Million yen | 102.5 | 252.1 | 237.3 | 292.1 | 305.5 |

*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 FY2019, the Electronics business was separated into the Wireless and Communications business and the Micro Devices business.

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Basic Concept

The Nisshinbo Group's Business Conduct Guidelines are a set of specific guidelines for behavior that all employees must observe. The first item in the Business Conduct Guidelines is "Respect for Human Rights." In order to respect the character and individuality of each and every person and prevent discrimination and violation of human rights, the Group provides training and other educational activities to promote a deeper understanding of diversity and the various human rights issues.

Promotion System

The Nisshinbo Group is engaged in activities aimed at realizing a society in which human rights are respected under the leadership of the Human Rights Group of the Sustainability Development Department of the Corporate Strategy Center, under a promotion structure in which the director and the chief of the Corporate Strategy Center of Nisshinbo Holdings Inc. serves as chairman of the promotion committee and a senior manager of the Sustainability Development Department serves as vice chairman.

To achieve the "Promoting human rights awareness-raising activities" and "Promoting business and human rights activities" in the Sustainability Promotion Plan, the Group manages targets and Key performance indicators (KPIs) and implements measures to achieve them.

▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of the Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," respect human rights is a key action items, and the following two items were set as targets.

- ①(In Japan) Rate of implementation of Group Human Rights Training, 100% (In overseas) Implementation of human rights awareness-raising activities
- ②Develop human rights policy, introduce and promote Human Rights Due Diligence in fields with high human rights risks

In FY2023, in addition to proactively implementing human rights enlightenment activities at group companies in Japan and overseas, the Nisshinbo Group has formulated a human rights policy and is actively engaged in the PDCA cycle of human rights due diligence activities to promote initiatives related to business and human rights.

In FY2022, in accordance with the "Fifth Sustainability Promotion Plan" before its revision, the Group set a KPIs of Rate of companies that conducted overall training (theme by fiscal year), 100% and promoted activities to achieve the target while implementing the PDCA cycle.

Conduct Human Rights Due Diligence

In order to fulfill the "corporate responsibility to respect human rights" required by the "Guiding Principles on Business and Human Rights" adopted by the United Nations, the Nisshinbo Group is working to develop a human rights policy and conduct human rights due diligence in 2023. The Group will work to identify and correct human rights risks, including those in the supply chain, after research of the systems, activities, workplace environments, and various systems related to human rights awareness at group companies in Japan and overseas, as well as procurement codes to prevent the use of conflict minerals, child labor and forced labor, etc.

The Group has already established the "Nisshinbo Group Sustainable Procurement Basic Policy" with regard to procurement and informed all suppliers of the Group's policy to respect human rights. Currently, the Group is continuously conducting questionnaires and feedback on the sustainable procurement policy to all suppliers in Japan to ensure that they understand the Group's policy. In the future, the Group will also promote human rights-conscious procurement from the perspective of human rights due diligence.

Compliance with Human Rights Laws and Regulations

The Nisshinbo Group will appropriately comply with human rights-related laws and regulations, including the UK Slavery Act, in the countries and regions where the Group companies in Japan and overseas and suppliers conduct business. Specifically, the Group will promote internal awareness and understanding of laws and regulations in the countries and regions where the Group companies in Japan and overseas and suppliers do business and will promote appropriate human rights due diligence initiatives.

Human Rights Awareness Initiatives

In FY2023, The Nisshinbo Group consolidated the "Group Human Rights Training," which had been conducted separately at all Nisshinbo Group companies in Japan, to create a training system in which all employees work together to realize a society that respects human rights. In addition, to promote initiatives related to business and human rights, the Nisshinbo Group will formulate a human rights policy and conduct human rights due diligence. By focusing on efforts to identify and correct human rights risks based on the human rights policy, each and every employee will contribute to the realization of a society that respects human rights with the will (Will) to "fulfill the corporate responsibility to realize a society where human rights" are respected.

In FY2022, based on the results of an employee survey, the Nisshinbo Group provided training for all employees in Japan to prevent power harassment and improve communication as part of the overall training. The Nisshinbo Group also provided human rights training not only for new employees but also for career employees throughout the year to enhance their understanding of respect for human rights as the common will of the Group.

Slogan for Human Rights Awareness

The Nisshinbo Group invites employees of all group companies in Japan and overseas and their families to submit human rights awareness slogans in honor of Human Rights Week in December of each year, and the Group awards prizes for the best works. The Nisshinbo Group also receives human rights messages spelled out in various languages from overseas group companies.

In FY2022, a total of 3,989 entries were received for the human rights awareness slogan contest, including 3,881 from group employees in Japan and overseas and 108 from their families. Of those, approximately 600 were submitted by overseas group companies. After that, rigorous screening was conducted by the Sustainability Development Department of Nisshinbo Holdings Inc. As a result, there were 14 awards, including the Global Special Award.

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Prevention of Harassment

To prevent harassment, the Nisshinbo Group sets up "Harassment Consultation Counters" at the group companies in Japan and established a system in which multiple contact persons are assigned to provide consultations to employees. The contact person will be appointed by a human resource with the appropriate conditions to handle the consultation at each office. When a new contact person is appointed, the person undergoes the "Training for New Contact Persons for the Harassment Consultation Desk" to acquire the skills to handle consultations. By having all staff in charge take this course across the entire Nisshinbo Group, the Group is working to standardize the consultation skills of all staff in charge.

Since 2017, the Nisshinbo Group has provided anger management training for employees of all Group companies in Japan with the aim of preventing power harassment through appropriate emotional control and the promotion of good communication within the workplace. The training consists of two stages: basic training to learn the basics of anger management to better control one's anger, and scolding training for managers to learn how to scold effectively to promote the growth of subordinates. The Group aims to expand the scope of the course to all employees each year.

Participants commented, "I learned that I can control my anger, which I thought I had no control over," and "I gained hints on how to lead my subordinates."

Specific Activities of the Group Companies

Operation of Antibullying Systems in the Workplace

In order to prevent bullying between supervisors, subordinates, or coworkers in the workplace, Saeron Automotive Corporation in the Republic of Korea established new rules in its internal work rules regarding the prevention of workplace bullying and the handling of bullying when it occurs, thereby protecting employees' human and labor rights.

The Korean Labor Standards Act defines the concept and prohibitions of workplace bullying, and the company will check for violations in accordance with the Labor Standards Act.

Anyone at the company may report to the company's general affairs department if they become aware of the occurrence of workplace bullying or if they have been bullied. The company's collective bargaining agreement and work rules clearly state the prohibition and handling of workplace bullying, and the company's intranet site contains the "Manual for Determining, Preventing, and Responding to Workplace Bullying" where employees can access the educational content.

In addition, the company conducts annual training for all employees on sexual harassment in the workplace, awareness of people with disabilities in the workplace, and the prohibition, prevention, and handling of bullying in the workplace manual. Through the operation of this system, the company is working to ensure that employees respect each other and guarantee human rights.



In-company Training

Power Harassment Prevention Education

With the support of the Human Rights Enlightenment Group of Nisshinbo Holdings Inc., Nisshinbo Mechatronics Inc., Miai Machinery Plant, provides power harassment prevention training with the aim of enhancing psychological safety in the workplace and creating an open and comfortable work environment.

At monthly meetings for managers and supervisors attended by section managers and above in all departments, short training sessions of about 15 minutes each were held four times, covering such topics as the process of power harassment, examples of power harassment, and efforts to prevent power harassment. The training is conducted repeatedly in a short period of time to enhance the effectiveness of the training. In addition, materials used in the training sessions are circulated and posted in each department to disseminate information to as many employees as possible, and the Learning Management System is also being used to further promote understanding by having employees take courses concurrently.

Acquired International Standard SA 8000

PT. Naigai Shirts Indonesia in Indonesia received the SA 8000 certificate on January 20, 2023.

SA 8000 (Social Accountability 8000) is based on the International Declaration of Human Rights, ILO Conventions, and other international national laws and regulations on human rights and labor as published by SAI (Social Accountability International), a US NGO. It is an international standard for execution of all employee rights and the protection of employees.

SA 8000 establishes the following nine social responsibility accountability requirements

- ①Prohibition of engaging in or supporting child labor
- ②Prohibition of engaging in or supporting forced labor
- ③Ensuring work-related health and safety
- ④Freedom of association and the right to collective bargaining
- ⑤Prohibition of discrimination
- ⑥Prohibition of inhumane punishment
- ⑦Observance of appropriate working hours
- ⑧Fair compensation
- ⑨Management system

This standard was developed in the 1990s after problems with child labor, forced labor, and low wages in which were executed by U.S. companies, came out to the public. Acquisition of the SA 8000 requires an audit by a qualified third-party verification, which need be screened every six months after acquisition.

With the acquisition of this standard, the company will strive to become a company that further respects the human rights of its employees.



SA 8000 Certificate of Authenticity

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Innovation Management

In the nearly 120 years since its foundation, the Nisshinbo Group has always been committed to contributing to human society through its business activities. Under the Group's corporate philosophy, "Change and Challenge! For the creation of the future of Earth and People," the Group set to create new value to inspire and satisfy its customers as one of its VALUE. The Nisshinbo Group has continue to challenge change by positioning "Boldly Striving Forward" and "Innovation" as its Business Conduct Guidelines.

Currently, the Group is committed to the development of high-performance, high-quality, and competitive products and technologies in the three strategic business domains of "Mobility," "Infrastructure & Safety," and "Life & Healthcare," as well as to the protection and utilization of intellectual property. In addition, the Group strives to deliver products and services with the required functionality and quality to promote customer-driven value creation and to earn the satisfaction and trust of its customers through superior quality.

Research and Development

The Nisshinbo Group will continue to take on the challenge of creating valuable products and technologies to realize a sustainable economy and society.

▶ Research and Development

Intellectual Properties

The Nisshinbo Group acquires, protects, and utilizes intellectual property to create products and services that meet the needs of society.

▶ Intellectual Property

Initiatives to Improve Quality and Customer Satisfaction

The Nisshinbo Group will continue to provide excitement and satisfaction to its customers by creating value from the customer's perspective.

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Promoting Responsible Supply Chains

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SDGs



Basic Concept

The Nisshinbo Group's Business Conduct Guidelines, which includes "Thorough-Going Compliance" and "Fair and Transparent Business Practices," stipulates that the Group will always act fairly and with integrity in a wide range of social rules and corporate ethics, and that the Group will respect business partners as equal partners through sound business relationships, aiming for sustainable transactions throughout the supply chain. The Nisshinbo Group aims to achieve sustainable transactions throughout the entire supply chain.

In 2015, the seven key principles listed below were formulated to further clarify the "Nisshinbo Group Sustainable Procurement Basic Policy" under aspects such as legal compliance, fair trade, information security, environment protection, human rights, safety & health, and quality & safety.

■ Nisshinbo Group Sustainable Procurement Basic Policy

- ① To strictly observe all legal obligations and social norms
- ② To always pursue business in a sound and fair manner
- ③ To properly manage all information
- ④ To give due consideration to protection of the environment
- ⑤ To respect all basic human rights
- ⑥ To strive for a secure and healthy living and working environment
- ⑦ To aim to ensure the quality and safety of all products and service

The Nisshinbo Group promote sustainable procurement initiatives while ensuring that all suppliers understand these basic policies.

Promotion System

The Nisshinbo Group established a meeting of purchasing operations personnel under the supervision of the Purchase Group of the Human Resources & Administration Service Department of the Corporate Strategy Center under a system in which the director and the chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge to promote sustainable procurement.

To achieve the goals of the Sustainability Promotion Plan, which include "Improving sustainable procurement in collaboration with suppliers," "Implementation of global initiatives," and "Expanding internal awareness-raising activities," the Group is managing targets and Key performance indicators (KPIs) and implementing measures to achieve them.

Sustainability Promotion Plan and KPIs

Specific Initiatives of the Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," the Group has designated promotion of sustainable procurement as a key action items and is working to promote a responsible supply chain. The Group has set KPIs for ①Evaluation of improvement efforts based on the results of the sustainable survey to major suppliers (more than 80% of transaction amount), 100% and ②Consideration and implementation of deployment methods to the supply chain at overseas business connection and critical overseas locations, ③Implementation rate of training for purchasing staff (annual theme), 100%, and is promoting activities while implementing the PDCA cycle.

In FY2022, in accordance with the "Fifth Sustainability Promotion Plan" before its revision, the Group sets a KPI of *evaluation of improvements based on the results of sustainability survey of major suppliers (covering 70% of transaction value)*, 100% and proceeded with activities to achieve the target while implementing the PDCA cycle. To achieve this goal, the Group held meetings of purchasing managers in July and December of FY2022. In addition to reports from each core company on the status of implementation of questionnaires to suppliers, Nisshinbo Chemical Inc. presented an example of a response to a procurement problem caused by a natural disaster or accident, and Nisshinbo Textile Inc. presented an example of activities to acquire international certification for the safety and production system of its textile products. The information was shared among purchasing managers.

Development of Sustainable Procurement Policy

The Nisshinbo Group established the "Nisshinbo Group Sustainable Procurement Basic Policy" as the basis of its efforts to promote sustainability throughout the Group's supply chain.

Based on this Basic Policy for Sustainable Procurement, each group company in Japan formulates its own "Sustainable Procurement Guidelines," which are more specifically tailored to its business activities, and conducts a questionnaire survey of its suppliers after informing them of the guidelines.

Implementation of Sustainable Procurement Survey and Improvement Activities

In order to confirm the status of our sustainable procurement initiatives, Nisshinbo Group companies in Japan conducted a survey of major suppliers in Japan and provided feedback on the results every two years from 2017 with FY2022 marking the fourth cycle. The results of the survey are feedback to suppliers for use in improvement activities toward sustainable procurement. Through these activities, the "Nisshinbo Group Sustainable Procurement Basic Policy" has become more widespread among suppliers, and the points received in the evaluation results of the survey, which indicate the progress of the initiatives, are improving each year.

In FY2022, the survey covered more than 70% of suppliers in each core company based on transaction value, and the response rate was almost 100%. FY2023, the target scope was set at 80% or more of suppliers on a value basis, and the KPI for survey and feedback implementation was set at 100%. The Group aims to achieve this target by confirming progress at biannual meetings of purchasing managers.

Of the survey items conducted in FY2022, fair trade and health and safety were the items for which progress was confirmed. On the other hand, many suppliers were found to have insufficient initiatives for supply chain management and business continuity planning (BCP).

Since continuous implementation of the survey will lead to sustainability activities not only by the Nisshinbo Group but also by all suppliers, the Group will consider the content of the next survey based on the results of this survey and continue to implement the survey. In addition, in order to further promote sustainable procurement initiatives together with all suppliers, the Group plans to expand the survey to overseas suppliers and other important locations in the future.

Implementation of Training for Purchasing Managers

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The requirements for purchasing-related operations are expanding year by year, and the Nisshinbo Group believes it is important to educate those in charge. In FY2022, the Nisshinbo Group invited outside lecturers to conduct in-house training on the theme of "Business and Human Rights" for purchasing staff of the Group companies in Japan, covering issues such as child labor overseas. The training was provided in a Web-based meeting format with 106 participants.

The Group will continue to select important themes each time in conjunction with the biannual purchasing managers' meeting and plans to conduct educational activities for employees engaged in purchasing operations in the future.

Declaration to Build Partnerships and Compliance with the Subcontract Act

The Declaration to Build Partnerships mechanism was established in May 2020 at the Council for Promoting Partnership Building for the Future, whose members include relevant cabinet ministers (Cabinet Office, METI, MHLW, MAFF, MLIT, and the Deputy Chief Cabinet Secretary), Keidanren chairman, JCCI president, and the RENGO chairman. This "Declaration to Build Partnerships" is a declaration of efforts for cooperation, coexistence and co-prosperity with business partners in the supply chain and compliance with desirable business practices between parent companies and subcontractors (the Promotion Standards based on the Law for the Promotion of Small and Medium-sized Subcontractors): the prevention of unfair assignment on trade terms and conditions to subcontractors. The Group made the declaration in 2020 and is promoting cooperation with suppliers.

In 2022, the Group submitted the results of a survey on transactions with logistics companies to the Japan Fair Trade Commission in October. This investigation confirmed that the Head Office Works (Nisshinbo Holdings), Central Research Laboratories and Toke Works (Nisshinbo Holdings and Nisshinbo Chemical), Asahi Works (Nisshinbo Holdings, Nisshinbo Brake, and Nisshinbo Chemical), and Tokushima Works (Nisshinbo Holdings, Nisshinbo Chemical, and Nisshinbo Textile), and Fujieda Plant (Nisshinbo Holdings and Nisshinbo Textile) all had appropriate trading conditions.

In addition, on November 25, 2022, the Group participated in a symposium on partnership building organized by the Ministry of Economy, Trade and Industry. The Nisshinbo Group plans to continue its efforts by referring to examples of other companies' initiatives.

Partnership Building Symposium

<https://www.meti.go.jp/press/2022/10/20221027003/20221027003.html> 



"Declaration to Build Partnerships" portal site

<https://www.biz-partnership.jp/index.html> 

Declaration to Build Partnerships

Specific Activities of the Group Companies

Promoting Green Procurement

The Wireless and Communications Business Group established the Green Procurement Guidelines, which describe the latest environmentally hazardous substances, and has made it available on the Web for the purpose of procuring environmentally friendly materials and parts used in products and production to ensure that the products of the Group companies give full consideration to global environmental conservation.

In addition, the Group has been informing suppliers of the "Japan Radio Group Basic Policy for Sustainable Procurement," and in FY2022, the Group conducted a questionnaire on sustainable procurement for the top 70% suppliers (208 suppliers) in terms of order value from the four companies in the Wireless and Communications business group (Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd.) and confirmed the status of their environmental conservation efforts. The questionnaire consisted of the following six items.

① Establishment of an environmental management system

- ②Greenhouse gas emissions
- ③Reduction of waste
- ④Purchase of products with low environmental impact
- ⑤Use of resource and energy conservation
- ⑥Compliance with waste laws and regulations

The survey responses were scored, and the results were ranked and evaluated on four levels: A, B, C, and D. The Group is working to promote green procurement and sustainable procurement in its supply chain by continuously requesting suppliers that have not made much progress, especially those that received a C or D rating, to take action.

Implementation of Regular Supplier Quality Meetings

Nanbu Plastics Co., Ltd. conducts transactions with customers in accordance with the "Sustainable Procurement Guidelines."

The company's Fujieda Plant holds supplier regular quality meeting on the third Thursday of each month for suppliers who place orders for the external production of molded products. The main purpose of the meeting is to improve quality by sharing quality-related information, but in addition to quality, the meeting also discusses delivery styles that help reduce environmental impacts. For example, packaging film and plastic bags discarded during the delivery of finished products, as well as metal parts attached to defective products, are not disposed of by individual suppliers, but are collected in batches by the company's plant, converted from industrial waste into valuable resources, and transferred to waste management companies as raw materials for use as materials.

In July of each year, the company presents an award for quality excellence to suppliers that have achieved zero complaints for one year.



Regular quality meeting



Quality Excellence Award

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Basic Concept

The entire group must work together to implement personnel policies, systematic human resource development for successors to senior management and all levels, and D&I activities to realize its slogan; "we hold dear a corporate culture in which our employees can proudly work with vigor and boldly engage in new endeavors," as stated in the Group VALUE. To this end, the Nisshinbo Group adopted the Group human resources policy of "Business is people: Business success or failure depends on human intelligence and virtue," and is pursuing the human resources strategy in accordance with the following eight basic policies.

■ Nisshinbo Group Human Resources Policy

Business is people —Business success or failure depends on human intelligence and virtue* —

- ①With regard to human resources able to contribute to the development of business now and in the future, Nisshinbo will
- ②Recruit, train and place people in the right job,
- ③Encourage enthusiasm and creativity,
- ④Maintain physical and mental health,
- ⑤Evaluate employees fairly and treat them appropriately, and

Provide ongoing training and allocate people generating appropriate earnings at each level and function.

* Intelligence and virtue: A compound of "talent and wisdom" and "moral conduct."

■ Nisshinbo Group Human Resources Strategy

- ①Formulate and promote personnel policies with a sense of unity and uniformity across the entire group.
- ②Create a workplace culture in which diverse human resources are motivated to work and take on challenges to improve business performance.
- ③Management executives and successors
 - Systematically develop leaders who can take on challenges and make changes in an era of uncertainty and a lack of right answers.
 - Create leaders who can compete globally.
- ④Managers and management candidates
 - Create managers who can drive the enhancement of commercialization and profitability through creation and innovation, and earn money correctly.
- ⑤General employees
 - Develop human resources who can respond to major trends in technological innovation and realize improvements in business efficiency and productivity.
 - Cultivate human resources who will be candidates for future reform leaders.
- ⑥Create a work environment where all employees can work in good mental and physical health and contribute to business performance

- ⑦ Create a system that leads to the recruitment and promotion of excellent human resources through the integration of diverse human resources.
- ⑧ Create a simpler and more balanced compensation system that reflects the activities and performance of diverse human resources.

Promotion System

Based on the human resources policy: "Business is people," under a system in which the director and the chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Nisshinbo Group is committed to acquiring and developing human resources with a view to future business development. In addition, the Human Resources Group of the Human Resources & Administration Service Department of the Corporate Strategy Center holds a "Group Human Resources Division Meeting" twice a year to discuss human resources-related policies and issues across the Group.

The Group has set Key performance indicators (KPIs) and taken measures to achieve the goals in the Fifth Sustainability Promotion Plan, which are "Training of management candidates necessary for business promotion" and "Strengthen mid-career recruitment to improve the age structure of human resources."

- ▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of the Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," the Group has designated human resource acquisition and training as a key action items and is working on human resource management and development. The Group has set KPIs for ① Increase the rate of participants in the Successor Program in senior management posts (executive officers and above) and ② Strengthen mid-career recruitment to improve the age structure of human resources, and is promoting activities while implementing the PDCA cycle.

Recruitment and Retention of Human Resources

In order to create a group of human resources with more diverse backgrounds and to correct the age structure of the workforce, the Group is expanding the number of career hires in addition to new graduates (approximately the same number of new graduates and career hires). In order to ensure diversity, the Group is actively recruiting women and non-Japanese employees in particular. In addition, the following measures are being implemented to attract and promote excellent career hires.

- ① Maintain competitive salary levels
- ② Role grading system to clarify job descriptions
- ③ Personnel system that enables early promotion regardless of length of service
- ④ A multitrack personnel system that accommodates different work styles and occupational perspectives
- ⑤ Improvement of working environment, such as teleworking system and satellite offices
- ⑥ Enhancement of training and follow-up for career hires
- ⑦ Employee referral system (referral system) to introduce employees' acquaintances
- ⑧ Re-entry system for employees who retired for personal reasons (Re-join System)
- ⑨ A system to provide leave and allowances for every five years of service (Discovery Leave System)

In the future, the Group will consider treatment for highly specialized and job-specific positions (job-based recruitment) and plan measures to increase flexibility in terms of work location and hours.

The Nisshinbo Group is implementing the following measures to prevent employee turnover.

-
- ▶ Relationship with Employees
-

- ▶ Social Involvement
-

- ▶ Social Data
-

- ▶ Governance
-

- ▶ GRI Content Index
-

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-

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-

- ① In addition to personnel evaluation interviews by supervisors, regular interviews using career sheets are conducted to support career development.
- ② The Nisshinbo Group operates the New Challenge System across the Group to increase opportunities for more employees with diverse values and occupational perspectives to develop skills and take on new business challenges on their own and to eliminate mismatches after joining the company or being assigned to a new position.
- ③ Career training is provided as an opportunity to learn about the impact of environmental changes on careers and to consider new ways of working and learning in the future.

In addition, as a measure to prevent young employees from leaving the company, the Nisshinbo Group opens the Learning Management System to them from the initial job offer stage and holds round-table discussions with senior employees. In addition, the Group established a mentor system for employees in their first to third years with the company, and HR personnel conduct follow-up interviews and questionnaires to detect changes at an early stage and implement appropriate measures to help them adjust smoothly to life at the company.

Follow-up group training is held in the second, third, and fifth years of employment, and follow-up new employee training and career training are provided to ensure that employees remain with the company. In addition to evaluation interviews, regular supervisor interviews using career sheets are conducted to support career development.

Human Resource Training

■ Training System Chart



■ Digital Human Resource Development

From 2020, the Nisshinbo Group introduced Basic Digital Training as part of the training for new employees to establish basic digital-related knowledge to understand the latest trends. In addition, the Learning Management System introduced in 2021 includes digital-related courses as standard content, allowing employees to learn at their leisure.

In 2022, the Nisshinbo Group held an "Opinion Exchange Meeting on the Use of Digital Technology" for employees in their second to fourth years of employment by providing a forum for the discussion of ideas for improving operations and new digital businesses using digital technology beyond the workplace.

In 2023, with the aim of developing human resources who can utilize digital technology to solve problems in their respective workplaces, the Nisshinbo Group will expand education by focusing first on younger employees who are digital natives.

■ Career Autonomy Support

To encourage the challenge and growth of each employee, the Nisshinbo Group is implementing measures focusing on each individual.

The Group provides career training for each generation as an opportunity for each employee to regularly reflect on the individual career and to reconsider career aspirations.

As opportunities to take on new career challenges, the Nisshinbo Group has the New Challenge System, which allows all Nisshinbo Group employees to take on the challenge of transferring to a position they are aiming for and a self-assessment system. In addition, the Group has a mentoring system and career interviews as a mechanism to support employee growth.

The Group is also expanding the Learning Management System menu, which allows employees to take courses anytime, anywhere, on a wide variety of learning subjects.

■ Management Succession Planning

To develop successors to senior management, a list of potential successors for key positions at each company is prepared annually based on job grades common to the Group, and training is provided for potential successors. Specifically, for general managers and above, the Nisshinbo Group provides management mindset training to acquire a mindset appropriate for management positions; selective external training to acquire management knowledge, mindset, and role behavior; and practical workshops to acquire the ability to create and breakthrough in business.

Furthermore, since FY2020, Nisshinbo dispatched several participants to the Tokyo University of Science's Graduate School of Management of Technology (MOT) in order to develop managerial human resources that combine technical knowledge and management skills. At present, more than 50% of the participants in this program have been appointed to managing officer or higher positions at major companies.

Total Number of Participants in the Senior Management Succession Planning Program (2015-2022)

| Program | Course Title | Number of Participants |
|---|--|------------------------|
| Selective External Training | ① Executive Management Program (GLOBIS) ② Advanced Management Seminar (Keio Business School) ③ Executive Business Leader Course (Japan Management Association) | 17 |
| Practical Workshops | SANNO University | 55 |
| Financial Leadership Programs | Hitotsubashi University | 8 |
| Tokyo University of Science Graduate School MOT Program | Graduate School of Management, Tokyo University of Science | 7 |
| | Total | 87 |

Globalization of Human Resources

In the "Sustainability Promotion Plan" before its revision, the Nisshinbo Group set the goal of "promoting the globalization of human resources" and has provided cross-cultural understanding training for new employees, roundtable discussions with people with overseas experience, cross-cultural understanding training for those posted overseas, training at language schools for those sent overseas, and English and business Japanese language training jointly sponsored by group companies. In addition, the Group is promoting the development of globally competent human resources through measures to promote overseas experience for employees under the age of 35, subsidies for TOEIC and CASEC exam fees and transportation expenses, half-price subsidies for online English conversation courses, and subsidies for language correspondence courses and e-learning courses.

Specific Activities of the Group Companies

Group Training for Nisshinbo Group Employees in China

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

In FY2022, only three group training sessions were held due to the lockdown of Shanghai caused by the COVID-19. Because of the travel restrictions, the training was basically held via the Web and was split into two days to maintain focus instead of one day as originally planned. For managers and employees below manager level, training in the areas of logic thinking and negotiation skills was provided with an emphasis on improving logical skills. In addition, to foster a sense of group unity, the corporate philosophy was explained, and the Group's history and products were introduced in the group training. E-learning, on the other hand, covered a variety of areas, such as rudimentary Excel and Word courses, manufacturing site management, EHS*.

In FY2023 and beyond, the company will continue to publicize information not only on the training result but also the issues and directions that the Group should address.

* EHS : Environment, Health, Safety



Group training

Group Training

Nisshinbo Automotive Manufacturing Inc. in the U.S. plans and provides monthly group training and e-learning programs to develop human resources and to ensure safety.

The theme for the training for managers in FY2022 was set as "Employment and Labor: Best Practices You Need to Know." In the Human Resources Department, simulation training for department heads was provided, as well as Labor Management Training and Skills Needed to Lead a Team Training for all department heads. As an area of focus, training was also provided to improve logic and competence in the areas of documentation, communication skills, and logical thinking.

In 2023, leadership training will be divided into three sessions and cover such topics as leadership behavior, engagement with subordinates, and how to evaluate subordinates. Through these training sessions, the company aims to build a better education system by sharing information on issues and directions that the group should tackle.

Enhancing Organizational Capability through Knowledge and Experience Sharing

Nisshinbo Saeron Automotive (Changshu) Co., Ltd. in China holds a study session once every two months in which managers in the manufacturing department take turns serving as lecturers by summarizing the books they have read, management methods they have studied, and work-related experiences they have had and presenting them to managers in their sections. Through this initiative, the employees who serve as lecturers not only improve their ability to prepare materials, public speaking skills, and business knowledge but also share their knowledge and experience to improve the organization's capabilities.

In 2022, six study sessions were held on such themes as "Safety Management at Production Sites," "the Analects of Confucius: Learn from Time to Time," and "Cask Effect (Bucket Theory)" with a total of 210 employees participating. This initiative has been ongoing for seven years, and the company believes it has made a significant contribution to human resource development and improvement of organizational capabilities, and the plan is to continue it in the future.



Scene of a study session

Chemical × Challenge × Career (“C-Training”)

Nisshinbo Chemical Inc. has been promoting organizational culture reforms, and as one of these reforms, the company started the Chemical x Challenge x Career (“C-Training”) program in FY2022.

In FY2022, eight employees requested to participate in the C-Training program for two to three weeks at the department of their choice.

The C-Training program has brought new insights to the departments that hosted the participants. In addition, the participants' own departments were also able to clarify their work and to think about operational efficiency. This led to a change in awareness and has also resulted in the formation of human networks through exchanges with employees in other departments.

After the C-Training, a debriefing session and completion ceremony are held, where participants present what they noticed in other departments during the C-Training and what they would like to incorporate in their own departments, providing an opportunity to raise the level of on-site capabilities. The C-Training program has been evaluated as a meaningful training program by both participants and host departments, and the company will continue to implement the program in the future.



C-Training



C-Training participants

Career Interview for Young Employees

Nisshinbo Textile Inc. conducts individual career interviews with external career consultants for employees in their first to fifth years with the company in order to support individual career development and revitalize the organization, as well as to develop human resources who can think and act autonomously in a changing environment.

In FY2022, the third round of career interviews was held since 2019, and 13 employees took part. For those who participated in the program for the second or more times, changes in the individual's environment and mental growth, as well as their proactive attitude toward fostering junior staff and promoting communication, can be seen, which indicates that the ongoing career interviewing has been successful.

Many participants expressed satisfaction with the interviews by commenting that "the specific advice they received was good" and that "they were able to look back and organize themselves." The company will continue the career interview program, including follow-up to retain young employees.

Promoting Diversity and Inclusion

SDGs



Basic Concept

The Nisshinbo Group's action guideline states "Respect for Diversity" and clearly states that the Group respects diversity and strives to lead to results by making the most of each person's individuality and abilities.

The goal of the Nisshinbo Group's diversity and inclusion activities is to foster an organizational culture in which employees can speak and act freely without excessive reserve. A vibrant and supportive workplace requires that people recognize and respect the differences among them and make use of each other's strengths. Starting from a sense of the "uniqueness of each individual," and the Group is continuing its promotion activities.

Promotion System

The Nisshinbo Group established the Diversity Development Department in July 2015 to enable diverse human resources to play an active role and to ensure the Group's sustainable growth. Under a system in which the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Group is engaged in activities to promote diversity and inclusion.

The Diversity Development Department hosts the diversity promotion managers' meeting, where the entire Group works together to create an organizational culture in which diverse human resources can play an active role. To promote diversity in accordance with the Sustainability Promotion Plan, the Group has set targets and Key performance indicators (KPIs) for "Group-wide D&I penetration initiatives," "Securing diverse human resources," and "Promoting diverse human resources," and is taking measures.

- ▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of The Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," the Nisshinbo Group has made the promotion of diversity and inclusion key action items. The Group is promoting activities while implementing the PDCA cycle with the following targets and KPIs: ①Communicating the top management message and implementing measures that contribute to the success of diverse human resources, ②Ratio of female recruitment to total recruits, ③Rate of managers hired as mid-career employees to total managers, 11%, ④Rate of female managers to total managers, 6%, and ⑤Rate of training on psychological safety, 100%.

In FY2023, as measures to increase the ratio of female managers, the group will focus on introducing a female leadership development program, establishing a career consultation service, and presenting role models, while

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gathering the real voices of female employees and their supervisors.

In FY2022, in accordance with the “Sustainability Promotion Plan” before its revision, the Group will set targets for each company as KPIs, such as ①Employment rate of persons with disabilities (Ratio of achieving companies), 100%, ②Efforts to increase the ratio of women in management candidate positions and to increase the ratio of women hired for such positions in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace – General Business Operator Action Plans, and proceeded with initiatives by annually checking and verifying progress and implementing the PDCA cycle.

Promotion of Women's Activities

In accordance with the Act on the Promotion of Women's Participation and Advancement in the Workplace, Nisshinbo Holdings Inc. has formulated the General Business Operator Action Plans. The KPIs were revised and activities started on April 1, 2022, and all were achieved by the end of FY2022. Similar initiatives are being implemented at 18 Group companies* in Japan other than the Company.

* Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd., JRC Engineering Co., Ltd., JRC System Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., NJ Components 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.

In the Fifth Sustainability Promotion Plan, the Group has set KPIs aiming for rate of female managers to total managers, 6% (KPIs of Nisshinbo Holdings Inc.). To achieve this goal, the Group is implementing a variety of initiatives. Details of the measures are described in “Training that contributes to women's success” in “Diversity and Inclusion Training ~From Top Management to General Employees~” below.

Diversity and Inclusion Training ~From Top Management to General Employees~

Since FY2021, the Nisshinbo Group has sponsored training sessions of “psychological safety” linking Diversity and Inclusion for group companies in Japan, targeting executives, managers, and general employees, with “the aim of understanding the concept and importance of psychological safety, which is the cornerstone of Diversity and Inclusion.” As of the end of June 2022, 100% of employees of targeted group companies had completed the course.

Starting in FY2023, the Group plans to conduct diversity and inclusion training using case studies. In addition to conducting video training on psychological safety for leaders and members, the Group plans to hold workshops to deepen each individual's thinking on psychological safety. TheGroup will also send messages to Japan and overseas group companies to convey the top management's policy and ideas on diversity and inclusion.

■ Training that contributes to women's success

The Group has conducted the following training programs that contribute to women's success. Since FY2022, the Group has conducted interviews with female employees and their supervisors to identify issues. Based on the results of the hearings, the Group will introduce a new female leader development program in FY2023.

| | |
|---------------|--|
| 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 create medium-to long-term career plans. |

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Joint Training for Managers and Female Employees

Support for the Success of People with Disabilities

The Nisshinbo Group is working to create a workplace environment in which everyone, regardless of disability, can work with vitality and respect for diversity.

In the revised Fifth Sustainability Promotion Plan, as before the revision, the Group has set a target of employment rate of persons with disabilities (Ratio of achieving companies), 100% in Japan companies with 43.5 or more employees.

In FY2022, all Japan group companies will have achieved the employment rate of persons with disabilities.

Support for the Success of Senior Employees

Nisshinbo Holdings Inc. has established a reemployment system for employees who have reached the mandatory retirement age of 60, which is called the Senior Employee System.

As a measure to support the success of senior employees, the Nisshinbo Group has been conducting training for management-level employees with the aim of enabling them to think about and prepare for post-retirement working styles, and from FY2021, the training will be extended to general employees. In the training, participants learn about money planning, health, and careers in order to look at their careers and live energetically and actively even after retirement. Career training is conducted by instructors trained within the Group, and many people have participated in the training.

Specific Activities of the Group Companies

Promoting Employment of People with Disabilities

The Nisshinbo Group has been using the "Telework Office Fujieda Ekimae" (operated by the Shizuoka Association of Companies for Employment of Persons with Disabilities) since 2019 to promote employment of persons with disabilities.

The office is a facility for people with mental and developmental disabilities who are experiencing various problems in the workplace, and resident "guardian (counselors)" manage their attendance and provide daily health counseling. In this age of diversification, the "guardian" supports both the disabled and the company staff to reduce anxiety and create a safe and secure work environment, creating a D&I model that improves both the company's operations and employment of people with disabilities. Currently, six members of its group are working in this office, using the Web to power inventory control, accounting, general affairs, system development, and environmental survey report preparation work.



Telework Office Fujieda Ekimae

Recruitment of New Graduates for Global Human Resources

Japan Radio Co., Ltd. has conducted recruitment activities for students of the Vietnam National University Ho Chi Minh City University of Technology in order to strengthen the recruitment of global human resources for new graduates for the FY2022.

In cooperation with a recruiting agency affiliated with the university, seven students participated in a seven-day internship program. The internship was very well received and provided reassurance to students who had never been to Japan before who wished to work in Japan.

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 Fujieda Ekimae" (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.

Support for Recruitment and Retention through Workplace Tours and Practical Training

Nisshinbo Chemical Inc., Asahi Plant, provides support for recruitment and retention of people with disabilities so that they can work with fulfillment and lead independent social lives.

In the company's recruitment activities, the company always provides workplace tours and practical work experience to those who wish to work, in order to dispel their concerns about employment and to enable them to work in accordance with their wishes. In the area of retention support, the company strives to check on the physical condition of workers on a daily basis outside of work hours and to create communication that facilitates consultation,

communication, and reporting. The company is also in close contact with an employment support organization for people with disabilities, and participates in seminars sponsored by this support organization and visits to other companies where people with disabilities are working to broaden its knowledge.

In 2022, two new employees joined its company. The company will continue its recruitment and retention activities.

Hiring of Woman Regular Employees

Over the five-year period from 2018 to 2022, Nisshinbo Urban Development Co., Ltd. hired seven women as regular employees through new graduates, mid-career hires, and conversion from part-timers.

The benefits of this effort have included the following: ①new ideas are generated by incorporating women's perspectives and ways of thinking, thereby encouraging diversification of products and services and improving customer satisfaction. ②By creating a workplace environment where women can advance their careers, it will be possible to secure and develop excellent human resources. ③The active participation of women will enhance teamwork and communication.

In the future, by improving the workplace environment and reviewing regulations, the Group will promote the career advancement of women and aim to promote women to senior management positions.

Promoting Work Style Reform



Basic Concept

The Nisshinbo Group views diversity as a source of innovation and strives to enhance corporate value by leveraging its strengths in diversity of business, diversity of people, and diversity of values. Therefore, the Group promotes reforms in the way everyone works so that the Nisshinbo Group can respect diversity and utilize the individuality and abilities of each employee to improve productivity, make work rewarding, and enable employees to continue to play an active role, which will in turn lead to a strong competitive edge.

Promotion System

Under a system in which the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Nisshinbo Group promotes work style reforms to create a workplace where diverse human resources can work comfortably together in a way that suits each individual at the Human Resources Group of the Human Resources & Administration Service Department of the Corporate Strategy Center and the Diversity Development Department. In order to achieve the goal of creating a comfortable working environment for employees in the Sustainability Promotion Plan, the Group set targets and Key performance indicators (KPIs) and are implementing measures to achieve them.

- ▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of the Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," the Nisshinbo Group has set the KPIs as follows: ①Rate of taking annual paid leave, 70% or more, and ②Rate of male employees taking childcare leave, 30% or more of eligible male employees, and is working to achieve these targets through PDCA cycle.

In FY2023, the Group plans to publicize information on male employees taking childcare leave on the company portal site and introduce interviews with male employees who have taken childcare leave.

In FY2022, in accordance with the "Sustainability Promotion Plan" before its revision, the Group set a KPI of 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%, and proceeded with activities to achieve the target while implementing PDCA cycle.

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Promoting Diverse Work Styles

The Nisshinbo Group established a variety of different systems to enable employees with diverse backgrounds to work productively and energetically while balancing work with childcare, nursing care, and other responsibilities.

For the purpose of making workplaces more flexible, the Group implemented teleworking and established satellite offices in 2021. The Group also established staggered working hours, flextime, hourly paid leave, and shorter working hours to make working hours more flexible.

In addition, the following systems are in place to support work styles suited to different life stages.

| | Childcare | Nursing care | Injury and Illness | Others |
|------------------------------|---|----------------------|--------------------------------|-------------------|
| Leave | Annual paid holidays in half-day and hourly units | | | |
| | Accumulated annual paid holidays | | | |
| | Childcare leave | Nursing care leave | | Discovery leave |
| | Partner leave | | | |
| (Long-term) Leave of Absence | Medical leave (expectant, nursing) | | | |
| | Maternity leave | | | |
| | Parental LOA | LOA for nursing care | Sick LOA | LOA for volunteer |
| Working | Telework system | | | |
| | Flextime system | | | |
| | Staggered working hours program | | | |
| | Short-time work | | Trial working in mental health | |
| Others | Retiree Reinstatement System (Childcare・Nursing care・Spouse's transfer) | | | |
| | Job transfer system | | | |

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Support System for Balancing Childcare and Nursing Care

In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, Nisshinbo Holdings Inc. formulated the General Business Owner Action Plan to create an environment in which employees can exercise their abilities and continue working while maintaining a good balance between work and private life and thus created an environment that facilitates male employees taking childcare leave. Similar efforts are being made at 22 Group companies in Japan.*

* Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., JRC Tokki Co., Ltd., JRC Engineering Co., Ltd., JRC System Service Co., Ltd., JRC Logistics Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nagano Communications Sales Co., Ltd., NJ Components Co., Ltd., Asashina Nichimu 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 Precision Instrument & Machinery Hiroshima, Nisshinbo Chemical Inc., Nisshinbo Textile Inc., Tokyo Shirts Co., Ltd.



Kurumin mark

Prevention of Long Working Hours and Overwork

To prevent long working hours, the Nisshinbo Group manages the status of overtime work through the department in charge of personnel affairs and the Health Committee. In order to improve operational efficiency, the Group is reviewing operations to eliminate unnecessary work and leveling operations to avoid concentration of work on specific persons.

In addition, in accordance with the Ministry of Health, Labor and Welfare's Guidelines on Measures Employers Should Take to Ensure Proper Understanding of Working Hours, Nisshinbo strives to manage working hours properly by checking objective records, such as time cards, IC cards, and PC log data, to determine employee working hours.

Nisshinbo Holdings Inc. conducts periodic reviews of the labor management status at all group companies to support their efforts to comply with labor laws and to manage working hours appropriately.

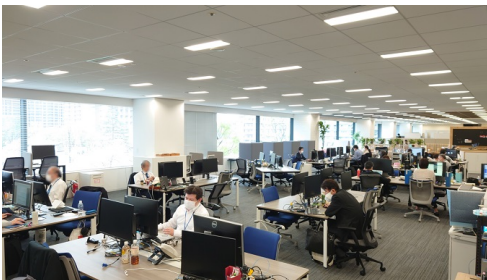
Specific Activities of the Group Companies

Conversion to Free-Address System on Office Floor

In December 2022, Japan Radio Co., Ltd. consolidated its Nakano head office from two floors to one floor and introduced free-address seating by department/division.

Free-address seating facilitates seating management through the introduction of a hotel system that allows employees to reserve seats before arriving at work. The lounge in the central part of the floor is equipped with coffee machines and water servers, and shared equipment, stationery, and dustbins are centralized to create natural opportunities for employees to interact with each other, which is expected to stimulate communication. In addition, the conference room is used for meetings with outside parties, and open family-style seating and communication spots in the office are used for internal meetings, which enable discussions and meetings that transcend departmental boundaries.

The free-address system is expected to promote interaction among employees and increase engagement by exposing them to diverse values.



Office after renovation



Addressing Telecommuting Issues and Promoting Diverse Work Styles

Nagano Japan Radio Co., Ltd. introduced virtual offices at its sales offices in December 2022 to address telecommuting issues and promote diverse work styles.

In sales offices, the telecommuting rate was high due to the COVID-19, and there were cases where employees felt lonely and anxious. Issues such as mental care, work efficiency, and labor management were identified, including the inability to communicate easily, difficulty in asking questions and getting work done due to the inability to see what the other party is doing, and difficulty in managing work hours. The importance of vertical and horizontal communication in the workplace was reaffirmed.

Taking advantage of the functions of the virtual office, it has become easier to communicate informally, leading to a flexible work style that takes into account day-to-day business operations. It has also been useful for diverse

interactions, such as increased communication with members of other departments and offices, and a sense of familiarity with comments from people one does not normally talk to.

Kaizen Activities at the Head Office (Free-Address System)

In the spring of 2022, the Nisshinbo Brake Inc. head office started office kaizen activities, mainly by young employees, to examine the optimal office space in the midst of diverse work styles, such as telecommuting and free-address systems that have emerged in the wake of the Corona disaster.

Through employee questionnaires and fieldwork, the company identified the problems of the lack of communication, inability to work in a space appropriate to the nature of the work, and excess equipment and space and then considered introducing a free address system through layout changes as a solution to these problems.

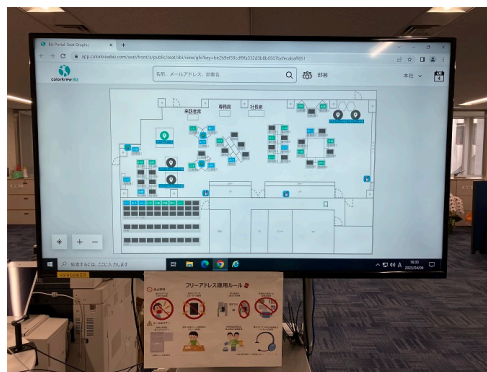
First, the company defined four new office concepts: "Everyday Fun *Ufufu* Free," "Stress Free Address," "Sustainable Bright Office," and "With Your Office." Next, in order to realize the concepts, the company introduced a free address system that included a thorough implementation of 2S by reducing unnecessary fixtures, effective use of existing fixtures, and a layout based on the ABW philosophy.*

Since the introduction of the free-address system, employees have expressed positive comments such as, "Conversation has increased," and "It has become easier to work." The company will continue its *kaizen* activities in pursuit of an optimal office environment in response to changes in the external environment.

*ABW philosophy: Abbreviation for Activity Based Working. It refers to a way of working that allows people to freely choose the time and place.



Free-address office



Information management monitor

Childcare Leave Support

Nisshinbo Chemical Inc. provided in-house training for those who have subordinates as part of its activities to promote male employees to take childcare leave.

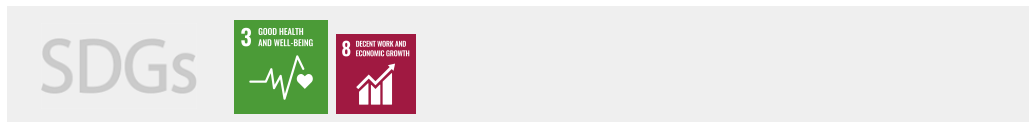
To ensure that supervisors have the correct knowledge to follow up with their subordinates, the training covered the main points of the legal revision and case studies from other companies to deepen understanding. In addition, since men's participation in housework and childcare is essential for women to continue to be active in society after childbirth, supervisors were encouraged to take the initiative in encouraging subordinates to take childcare leave.

The revision of the law created an environment in which it is easier to take childcare leave, and the number of male employees taking childcare leave has been increasing. On the other hand, some employees have voiced concerns, saying that it is difficult for them to ask for leave, or that they do not know where to go for advice. Therefore, the company utilizes an internal website for employees to inform them of the details of the legal revisions and internal systems and improve understanding throughout the workplace. In addition, the company set up a consultation desk and established a system where employees can feel free to ask for a consultation at any time. The company will continue to create an atmosphere in which it is easy to take childcare leave.

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Promoting Health Management



Basic Concept

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

Promotion System

Under a system in which the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Nisshinbo Group launched the "Group Health Management Department Meeting" in FY2018, which is attended by the persons in charge of the health care divisions of each group company, to promote health management throughout the Group. The meeting is held every September to promote unified activities.

In FY2022, the following items were designated as action points for activities at each group company in Japan.

- ①Reduction of smoking rate. Increase in the percentage of people with exercise habits. Increase in the percentage of people who get enough rest through sleep.
- ②Reduction of overall health risk values in stress checks.
- ③Creation of health management reports from FY2022 based on guidelines on employment and health checkup items under the Health and Safety Law to ensure the fulfillment of the obligation to give due consideration to safety.

To promote health management based on the Sustainability Promotion Plan, the Group is managing targets and Key performance indicators (KPIs) and implementing measures.

- ▶ Sustainability Promotion Plan and KPIs

Health Management

Specifically, the following three health management measures are being promoted as the three pillars of the Nisshinbo Group's activities:

- ①From the perspective of individual health, lifestyle improvement based on health checkup data
- ②From the perspective of organizational health, the following two points are implemented to support the creation of an organization in which employees can work with vitality.
 - Operation of indicators for comprehensive management of physical and mental health
 - Creation of health management reports

Sustainability

- ▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

- ▶ Nisshinbo Group Human Rights Statement

- ▶ Sustainability Management

- ▶ Environment

- ▼ Social

- ▶ Respect for Human Rights

- ▶ Innovation Management

- ▶ Research and Development

- ▶ Intellectual Properties

- Initiatives to Improve
▶ Quality and Customer Satisfaction

- ▶ Promoting Responsible SupplyChains

- Human Resource
▶ Managementand Development

- ▶ Promoting Diversity and Inclusion

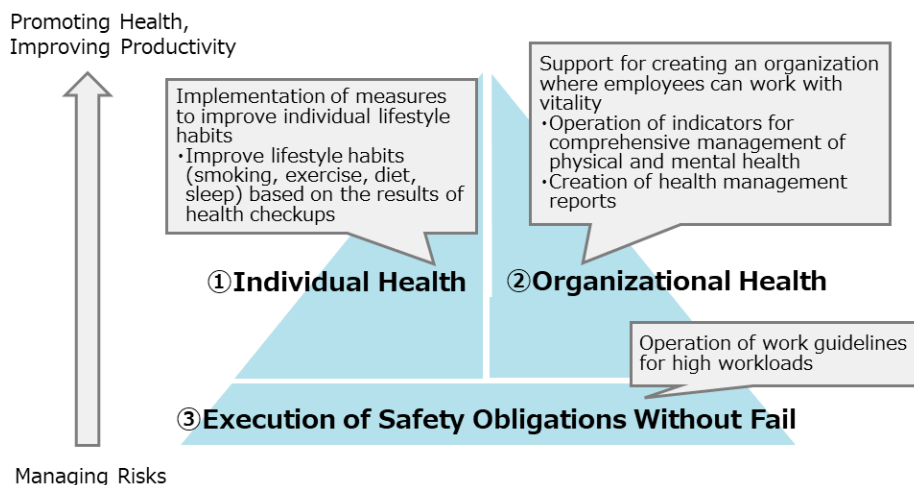
- ▶ Promoting Work Style Reform

- ▶ Promoting Health Management

- ▶ Promoting Occupational AccidentPrevention

③From the perspective of execution of safety obligations without fail, operation of work guidelines for high workloads

Framework for Health Management Measures



▶ Relationship with Employees

▶ Social Involvement

▶ Social Data

▶ Governance

▶ GRI Content Index

▶ Editing Policy

Back Issues (CSR

▶ Report/CSR & Sustainability Website) Report

Corporation for Excellent Health Management

The Certification System for Excellent Corporations for Health Management is a system where the Japan Health Council awards corporations, including large corporations and small- and medium-sized corporations that practice particularly excellent health management based on their efforts to address local health issues and the health promotion initiatives promoted by the Japan Health Council.



The 2023 Certified Health & Productivity Management Outstanding: Large Corporate Sector

The Nisshinbo Group's efforts to promote health management have resulted in nine companies in the large corporate sector and four companies in the small and medium-sized corporate sector receiving the Excellent Health Management Corporation 2023 certification.



The 2023 Certified Health & Productivity Management Outstanding: Small and Medium-Sized Corporations

*1 Large Corporation Sector: Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., Nisshinbo Micro Devices Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., Nisshinbo Textile Inc.

*2 Small and Medium-Sized Corporations: JRC Logistics Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd.

Specific Initiatives of The Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," the Nisshinbo Group has designated cultivation of employee health as a key action items and are working to promote health management. The Group is working to achieve the following KPI targets: ①Rate of patients receiving detailed examinations after regular health checkups, 85% or more, and ②Implementation rate of health guidance for high-risk workers, 100%. In addition, in FY2023, as in FY2022, The Nisshinbo Group promotes 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.

In FY2022, in accordance with the “Fifth Sustainability Promotion Plan” before its revision, the Group sets the KPIs of ①Participation rate of regular health examination, 100% and ②Implementation rate of stress check, 95%, and proceeded with activities to achieve the targets while implementing the PDCA cycle

Countermeasures for the COVID-19

Following the vaccination of 3,694 employees in FY2021, Nisshinbo Holdings Inc. vaccinated an additional 1,048 employees against the Omicron strain of the COVID-19 vaccine for the third time from October to December in FY2022. The vaccinations were given to Nisshinbo Group employees working in the Tokyo area at the head office building with the cooperation of contracted health checkup organizations led by its industrial physicians and staffed by employees from the general affairs and human resources departments of the Company and Japan Radio Co. Meetings were held before and after each vaccination to make improvements, and the vaccinations were completed without major problems.



Workplace vaccination site

Improvement of Lifestyle Habits

Based on the results of regular health checkups, the Nisshinbo Group is working to improve the lifestyle of employees at each company to “reduce the smoking rate,” “promote exercise habits,” and “increase the percentage of employees who get enough rest through sleep.”

■ Activities to reduce smoking rate

- ①Reviewing the operation of smoking areas, such as removing indoor smoking rooms and shortening the hours of use of smoking areas
- ②Providing subsidies for outpatient smoking cessation and incentives to quit smoking
- ③Displaying posters on World No Tobacco Day and smoking cessation
- ④Seminars on smoking cessation by industrial and other physicians

■ Promotional activities for exercise habits

- ①Holding events to encourage walking (exercise)
- ②Holding sporting events (bowling tournaments etc.)
- ③Promoting the use of stairs
- ④Implementation of workplace exercises
- ⑤Participation in exercise experience of private business
- ⑥Providing information on exercise, such as introducing walking courses
- ⑦Holding seminars on exercise habits by industrial and other physicians

■ Activities to increase the percentage of people who get enough rest through sleep

- ① Providing information on shift work, mental and physical health management, and sleep
- ② Seminars on sleep by industrial and other physicians

Mental Health Care

The Nisshinbo Group implements the following initiatives at each group company.

- ① Interviews with industrial physicians for high-stress employees
- ② Stress interviews by supervisors
- ③ Mental health counseling
- ④ Workload equalization
- ⑤ Stress check improvement plans
- ⑥ Providing information on stress measures and mental health
- ⑦ Providing information on harassment
- ⑧ Providing information on promotion of communication in the workplace
- ⑨ Seminars on mental health by industrial and other physicians

Seminars and lectures

The Nisshinbo Group holds the following seminars and lectures for employees at each group company.

The seminars and lectures are designed to help employees improve their lifestyles based on the results of regular health checkups, and the topics selected are smoking cessation, exercise, sleep, and mental health care, such as stress checks.

■ Smoking cessation

- ① Smoking cessation seminars
- ② Industrial physician lectures

■ Exercise

- ① Online seminars by private businesses
- ② Lecture on exercise by industrial physicians at health and safety committee meetings
- ③ Walking workshop

■ Sleep

- ① Information on sleep from industrial physicians at health and safety committee meetings
- ② Relaxation lectures

■ Mental health care including stress checks

- ① Mental health counseling
- ② Lectures by industrial physicians
- ③ Mental health training
- ④ Relaxation courses

Nisshinbo Health Insurance Association Website Launched

On February 15, 2023, Nisshinbo Health Insurance Association opened its website. The following five advantages of this new website are below.

- ① You can seek information on legal revisions, its health insurance program, budget and settlement of accounts, public notices, and other information can be viewed in a timely manner.
- ② You can check Q&A before making inquiries to the health insurance association.

- ③ You can search by scene, benefit, and procedure when unsure of the procedure.
- ④ You can download additional application forms you need.
- ⑤ You can easily access the site not only from your PC but also from your smartphone or tablet.

The Group will continue to review its website and enhance its contents to better serve its subscribers.

Specific Activities of the Group Companies

Acquiring Knowledge of Women's Health-Related Issues

Women's health-related issues are said to have an impact on job performance. The Health and Global Policy Institute of Japan (HGPI), a nonprofit organization, published a study showing that women with higher health literacy have better job performance, suggesting the importance of women's health literacy in corporate productivity. In FY2018, women's health has become a priority in the selection of health management descriptions, and specific questions about women's specific health issues have been included in the "health management surveys" conducted for companies.

As part of its health management measures, Japan Radio Co., Ltd., implemented education through the Learning Management System to provide managers and women with correct knowledge about the specific health issues faced by women, such as menstrual disorders, so that they can take appropriate action, including taking care of their work and visiting a gynecologist.

The training was provided to all female employees and managers of the company working in Japan from October 7 to November 30, 2022, and 590 out of the 597 eligible employees (99% participation rate) completed the course.

Participation in the Rotterdam Marathon

Alphatron Marine Beheer B.V., based in the Netherlands, supports its employees in maintaining and improving health and striving to achieve their goals. One such activity is the annual Rotterdam Marathon, which the company supports by paying for the participation of its employees.

There are three courses: the full marathon, the duo (half marathon for two runners), and the relay (four runners: 9 km, 12 km, 8.5 km, and 12.5 km), and participants can choose the distance to run according to their ability. All participants receive a running shirt with the company logo "Alpha Runners" on it.

Participants train together for the event, and there are training sessions for beginning runners. All participants are encouraged to have fun while working toward finishing the race.

The Rotterdam Marathon 2022 had 11,716 participants and is expected to increase further in 2023 with three teams of 12 participants.



Rotterdam Marathon

Health Education According to Risk Factors Based on the Results of Health Checkups

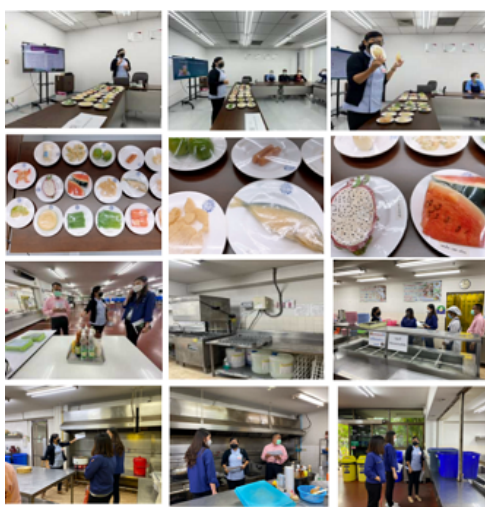
Nisshinbo Micro Devices (Thailand) Co., Ltd., based in Thailand, provides health education according to the risk factors identified from the results of health checkups in FY2021 with the aim of promoting and improving the health of employees.

The results of the health checkup in 2021 showed that some employees had abnormal results of high fat and high cholesterol. In March 2022, the company invited a doctor from Hariphunchai Memorial Hospital in Lamphun Province to provide in-house health maintenance education. Eighty-six employees participated in the training and were provided with knowledge and advice on practical health maintenance guidelines. Employees were encouraged to ask questions about any health problems, thereby increasing their awareness and concern about their health.

For the same purpose, on August 16, 2022, the company invited a nutritionist from the Nutrition Lampoon Hospital to provide basic knowledge on quality food to the company's cafeteria vendors. The content of the course was based on the basics of nutrition, principles of food hygiene, and proper nutritional management during the workday. In particular, eating food that tastes sweet, greasy, or salty is one of the main causes of noncommunicable diseases (NCDs), such as diabetes, stroke, heart disease, cancer, and emphysema, and these diseases are the leading cause of death in Thailand. Nine cooks were given the opportunity to learn how to prepare high quality food in a hygienic manner and how to properly select the appropriate ingredients to raise awareness of food and nutrition.



In-house health maintenance education



Lectures on food and nutrition

Setting up a Nonsmoking Day

As part of its anti-smoking educational activities, Nisshinbo Brake Inc., Tatebayashi Plant, observes four nonsmoking days a year throughout the entire premises to raise awareness of the importance of not smoking. The smoking rate at the plant has decreased by approximately 10% over the past 10 years, but the rate remains above the national average.

With the partial revision of the Health Promotion Law and other changes, the smoking environment has been shifting from separate indoor smoking areas to outdoor smoking areas. To encourage each and every employee, the company has been displaying awareness information and educational posters related to the SDGs, such as moderate smoking, smoking cessation, quitting smoking, in conjunction with World No Tobacco Day and No Smoking Week.

At the beginning of its activities, the company had set one smoke-free day per year to coincide with the World No Tobacco Day. However, after a change to two days per year when the company received sufficient understanding and cooperation for the prevention of smoking in the smoking area at the corona disaster, the company now has set four days per year. The company will continue to make effective use of these four nonsmoking days throughout the premises to gather information on nonsmoking awareness activities throughout the Nisshinbo Group, as well as activities in the community, and disseminate this information within its business sites.



Antismoking awareness bulletin board

Health Consultation by a Health Care Physician

Nisshinbo Textile Inc., Osaka Office, uses the opportunity of a monthly visit by a health doctor to offer health consultations (interviews) to those who wish to receive them.

Each consultation lasts for 30 minutes and is open to employees on loan from nearby subsidiaries and other companies. Applications should be addressed to the manager of the Human Resources and General Affairs Section, who accepts a variety of consultations from individuals regarding both mental and physical health issues with full consideration to privacy. In some cases, with the consent of the individual, necessary measures may be implemented for employment.

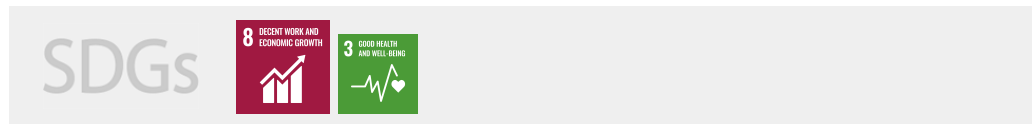
In FY2022 (April to December), six individuals were consulted and interviewed. There is a certain need among employees for health consultation services provided by a physician who understands the company's business operations and working environment. The company will continue to offer this health consultation service as an opportunity to maintain and improve the mental and physical health of its employees.

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Promoting Occupational Accident Prevention



Basic Concept

The Nisshinbo Group's Business Conduct Guidelines states that "Safety is the Basis for Everything" and clearly states that the Group holds safety as the top priority for all of its activities to bring high-quality products to customers.

Promotion System

The Nisshinbo Group has established a Group Health and Safety Liaison Conference to promote the prevention of occupational accidents throughout the Group. Under a system in which the director and the chief of the Corporate Strategy Center of Nisshinbo Holdings Inc. serves as group supervisor, The Health & Safety Group of the Sustainability Development Department of the Corporate Strategy Center serves as the secretariat and is working on the activities. To promote activities for occupational safety and health based on the Sustainability Promotion Plan, targets and Key performance indicators (KPIs) are managed, and measures are implemented.

In addition, a management review is conducted at Board of Management of Nisshinbo Holdings Inc. on the Group's progress in achieving targets, the status of occupational accidents, and the results of health and safety audits, and the president and the director, who is the chief executive officer, provides instructions on targets and priority policies for the following year. Management reviews are also reported to the Board of Directors.

- ▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of the Nisshinbo Group

In the revised "Fifth Sustainability Promotion Plan," the Group designated the promotion activities for occupational safety and health as a key action items and is working to prevent occupational accidents. The Nisshinbo Group is working to achieve the goal by implementing the PDCA cycle and the number of serious accidents "0" as a KPI.

In FY2023, the Nisshinbo Group will continue its efforts to strengthen preventive safety activities and improve each employee's sensitivity to danger under the priority policy of strengthening safety and health activities as was done in FY2022.

The main specific activities in FY2022 were as follows;

① Prevention of serious accidents

Continue risk assessment (of operations, equipment, and chemical substances) and prioritize measures to address major risks.

Sustainability

- ▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

- ▶ Nisshinbo Group Human Rights Statement

- ▶ Sustainability Management

- ▶ Environment

- ▼ Social

- ▶ Respect for Human Rights

- ▶ Innovation Management

- ▶ Research and Development

- ▶ Intellectual Properties

- Initiatives to Improve
▶ Quality and Customer Satisfaction

- ▶ Promoting Responsible SupplyChains

- Human Resource
▶ Managementand Development

- ▶ Promoting Diversity and Inclusion

- ▶ Promoting Work Style Reform

- ▶ Promoting Health Management

- ▶ Promoting Occupational AccidentPrevention

②Strengthen preventive safety activities

Regularly educate employees on the hazards and toxicity of chemical substances and ensure that they use appropriate personal protective equipment in order to prevent accidents resulting from contact with hazardous substances.

③Improvement of hazard sensitivity

Continue workplace safety activities of hazard prediction training (KYT: Kiken Yochi Training in Japanese) to improve the hazard sensitivity of inexperienced workers.

Occurrence of Occupational Injuries

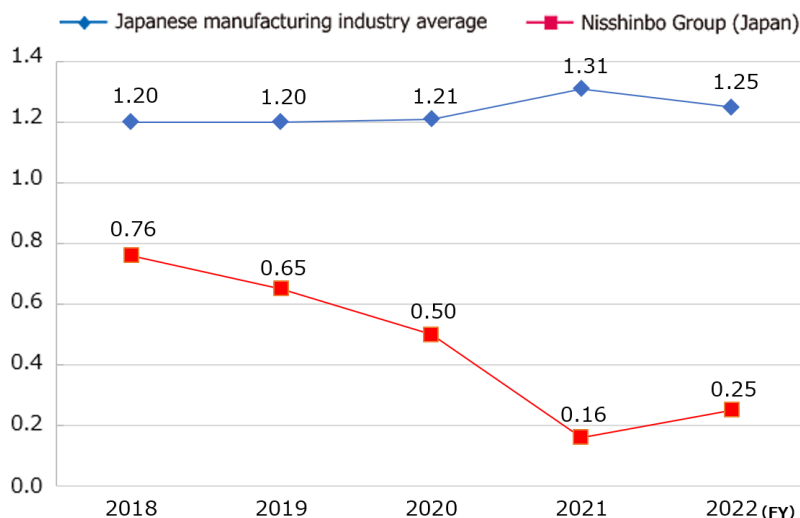
In FY2022, the Nisshinbo Group had no serious occupational accidents (classified as grade 7 disabilities or higher).

The frequency rate of lost time injuries, * which represents the frequency of occupational accidents, worsened compared to FY2021 for the Japan group as a whole, but remained at a favorable level compared to the Japanese manufacturing industry.

When an occupational accident occurs, the person in charge of health and safety and the manager or supervisor of the department where the accident occurred conduct interviews the workers involved, including those affected, to determine the true cause and to implement measures to prevent a recurrence. In addition, the details of the occupational accident and countermeasures are compiled into a report and disseminated to all Nisshinbo Group companies to help prevent similar accidents.

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

Frequency of Injuries with Lost Work Days



Safety and Health Activities and 5S Activities

In addition to education at the time of hiring and at the time of changes in work content, each business site of the Nisshinbo Group strives to raise the safety awareness of each and every employee through small group activities and training to improve the abilities of employees engaged in safety and health work, hazard prediction training, 5S (Sorting, Setting-in-Order, Shining, Standardizing, Sustaining the Discipline) activities, and risk simulation education. Nisshinbo also formulates annual plans and systematically conducts risk assessments of equipment, operations, and chemical substances to determine priorities and implement preventive safety measures.

▶ Relationship with Employees

▶ Social Involvement

▶ Social Data

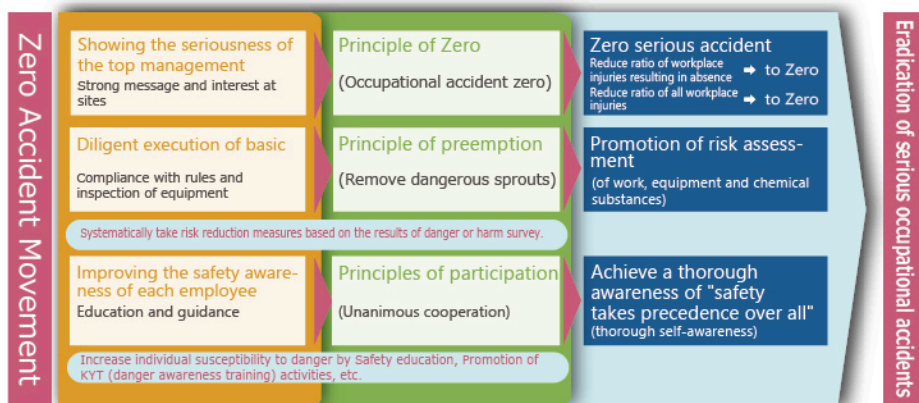
▶ Governance

▶ GRI Content Index

▶ Editing Policy

Back Issues (CSR

▶ Report/CSR & Sustainability Website) Report



Health and Safety Education and Training

One of the Nisshinbo Group's key policies for FY2022 is to "regularly educate employees on the hazards and harmfulness of chemical substances to prevent accidents resulting from contact with hazardous substances, and to ensure that they comply with the use of appropriate personal protective equipment." "In accordance with this policy, the Group held a "Study Session on Chemical Substance Management" with 65 participants via a Web-based system, gathering health and safety personnel from business establishments that use chemical substances.

At this study session, participants were briefed on chemical substance management and risk assessment of chemical substances by Nisshinbo Holdings Inc. R&D Center, which specializes in handling chemical substances, and deepened their understanding toward the realization of "autonomous management of chemical substances" as required in the future.



Health and safety education and training

Safety and Health Audits

The Nisshinbo Group periodically audits the status of health and safety management at each business site by organizing an audit team consisting of the Health & Safety Group of Nisshinbo Holdings Inc., the labor union, health and safety managers representing operating companies, and health and safety managers from other business sites. In FY2022, Nisshinbo conducted health and safety audits at 46 business sites in Japan, mainly manufacturing sites, and 2 overseas business sites. In response to the spread of the COVID-19, the Group conducted on-site audits in Japan after implementing infection control measures, and online document audits were conducted for overseas sites.

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.

Activities at Business Sites in Overseas

The Nisshinbo Group employs almost the same number of employees at group companies in Japan 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 cooperation with the core companies under its jurisdiction in accordance with the Guidelines for Behavior with the "Safety is the Basis for Everything." 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.

Specific Activities of the Group Companies

Strengthening Fall Prevention Measures

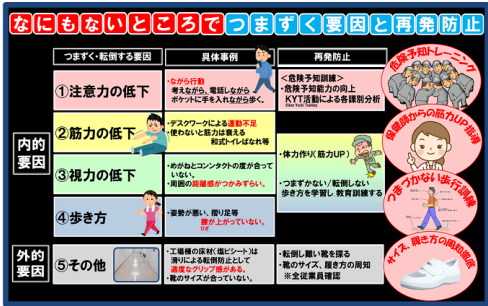
Nisshinbo Micro Devices AT Co., Ltd., has installed rhythm buzzers* in corridors frequented by employees as a measure to prevent falls, which have accounted for a large proportion of occupational accidents in recent years. As an additional initiative, a fall prevention exercise has been initiated beginning in 2022.

The falls prevention campaign is conducted at the beginning of each workday so that all employees can participate in the campaign. The exercise takes about one minute to complete, and involves bending over, lifting the legs, and checking ankle movements to make employees aware of how to walk in a way that prevents falls (i.e., lifting the legs up). The effect may be small per time, but by continuing to do so on a daily basis, the company can raise the safety awareness of each employee and reduce the risk of falls.

* Rhythm buzzer: A buzzer that sounds at a comfortable pace as people pass by to remind them to walk at a brisk pace.



In-house notice



Bulletin board

Received the National Award for Excellence in Safety and Health

Nisshinbo Micro Devices (Thailand) Co., Ltd., based in Thailand participated in the 2022 Safety and Health Excellent Workplace Contest organized by the Department of Labor Protection and Welfare, Ministry of Labor, Thailand. The company, which continuously promotes safety, health, and welfare, received the Platinum Level of the National Safety and Health Excellent Workplace Award for the 19th consecutive year in June 2022 because of its various safety and health activities in FY2021.

There were 609 award-winning establishments nationwide, 10 of which received the award for the 19th consecutive year, as did the company, and the director of the Occupational Health and Work Environment Division received the award on behalf of the company from the director of the Lampoon Provincial Labor Protection and Welfare Department at an awards ceremony held on December 16, 2022.



National Safety and Health Excellent Workplace Award Platinum Level

Safety Dojo Education in the Learning Management System

Nisshinbo Brake Inc., Tatebayashi Plant, has traditionally conducted Safety Yatai* education at the Safety Dojo to raise safety awareness. The purpose of this program is to increase sensitivity to danger by experiencing specific hazards at each safety stall, so that employees can take action to reduce the risk of danger.

To sustain the effectiveness of this experiential education, each safety stall course has been registered in the Learning Management System (common name within the Nisshinbo Group: L-Click) as a reminder material. Each course includes "Injuries Caused by Entanglement," "Back Injuries Caused by Heavy Muscle Work," "Electric Shock," "Pinch Hazards," and "Forklifts and Surrounding Hazards." By reminding each person who has experienced the simulated hazards in the safety stalls training periodically by using L-Click, they can reconfirm hazard prediction and hazard avoidance and take the appropriate action.

By including each safety stall lecture using L-Click in each department's safety and health activity plan, the company aims to foster a safety culture within the workplace and throughout the entire business site through the practice of individual safety behavior.

* Safety Yatai education: Simulated safety training materials produced by the company



Safety Dojo

Publication of Health and Safety Newsletters

Once a quarter, Nisshinbo Mechatronics Inc. publishes a health and safety newsletter for all of its bases in Japan and overseas. The contents of the newsletter include a "Message on Safety and Health from Management," "Introduction of Safety and Health Activities at Each Site," "Group Safety and Health Policies, Targets, and Priority Implementation Items," and "Brief knowledge on Safety and Health." "The report demonstrates the strong commitment of top management to safety and health and raises the safety awareness of all employees by informing them of the company-wide safety and health policy and activities.

In the first and second issues published in 2022, the company provided easy-to-understand explanations of safety and health activities unique to Japan, such as "5S" and "Hiyari-Hatto" as brief knowledge, with overseas sites in

[illegible]

Safety and Health News "Extra" (in English)

表彰状

株式会社エフセブチ東海殿
貴社東海は、必後協力して、職場の
安全衛生に、断然努力と、工夫を
され、その成績、顕著いものと、
あります。よって、令和 四 年度
静岡県産業安全衛生会に、選じ
表彰いたします。

令和四年十月五日
静岡県産業安全衛生会 会長
浅井 伸 印

No accident record certificate

Promotion of Safety Activities

Nisshinbo Do Brasil Industria Textil LTDA. in Brazil holds a monthly safety committee meeting (CIPA) consisting of safety promoters and executives from each workplace.

CIPA designated a period of January 30 to February 5, 2022 as , as Safety Week and conducted safety training, invited employees to submit safety posters, KYT illustrations, and free artwork related to safety, and presented awards at the end of the Safety Week period. In FY2022, ①67 posters were submitted: 5 received awards, ②90 KYT illustrations were submitted: 6 received awards, and ③34 free artwork submissions were submitted: 2 received awards. Each awardee was presented with cooking utensils and tools.

In addition, CIPA holds KYT and other safety workshops for managers and supervisors four times a year with plant safety engineers as instructors.

In addition, as a safety awareness campaign, the plant cafeteria offered one free meal of special dishes to employees who achieved 90 consecutive days without an accident (including unplanned accidents and accidents during commuting) (three times in FY2022).

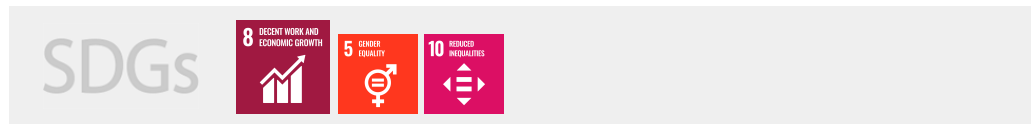


Safety Poster



Free production on safety

Relationship with Employees



Basic Concept

The Nisshinbo Group's Human Resource Policy is "Business is People," and the Group values relationships with its employees and respects the individuality and strengths of each person in the management of its organization.

Promotion System

The Nisshinbo Group values relationships with its employees, and in order to build good relationships, under a system in which the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Human Resources Group of the Human Resources & Administration Service Department and the Diversity Development Department of the Corporate Strategy Center have set targets and Key performance indicators (KPIs) and are engaged in activities.

- ▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of The Nisshinbo Group

Under the revised "Fifth Sustainability Promotion Plan," the Nisshinbo Group is focusing on "Engagement" and "Practice the Group's Corporate Philosophy" as key action items. The Group is promoting activities while implementing the PDCA cycle with the goals of ①Continue to conduct global survey and ②Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in global survey, 80% or more).

In FY2022, in accordance with the "Fifth Sustainability Promotion Plan" before its revision, the Group sets KPIs of "Rate of companies that have released management messages based on the Group's corporate philosophy, 100%," and the Group is working toward achieving this goal.

Practice the Group's Corporate Philosophy

In the "Fifth Sustainability Promotion Plan" before its revision, the Nisshinbo Group sets the "Instill the Corporate Philosophy" as a key action items and sets KPIs of "Rate of companies that have released management messages based on the Group's corporate philosophy, 100%."

To instill the corporate philosophy, in addition to efforts such as messages from the presidents of group companies through various opportunities, the Group enhanced the multilingualization of the corporate philosophy handbook and distributed educational videos using the Learning Management System.

Sustainability

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Message from the
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- ▶ Nisshinbo Group Human Rights Statement

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- ▶ Promoting Responsible SupplyChains

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- ▶ Promoting Work Style Reform

- ▶ Promoting Health Management

- ▶ Promoting Occupational AccidentPrevention

In the revised "Fifth Sustainability Promotion Plan," "Practice the Group's Corporate Philosophy" is set as key action items, and "Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in global survey, 80% or more)" is set as KPIs target, with communicating management's messages based on the Group's Corporate Philosophy as an initiative item.

In order to encourage changes in behavior and to support Challenge and Change as stated in the Group Corporate Philosophy, the Group will create an environment that facilitates spontaneous challenges by providing information necessary for each step of Raise interest, Prepare, Implement, and Continue implementation and by introducing specific examples of implementation within the Group.

Global Survey Engagement Survey

The Nisshinbo Group has conducted an annual survey of its employees since 2018. In FY2022, the Group conducted for the first time a global survey including overseas. There were 15,680 participants and the response rate was 96%, a very high response rate for a global survey. The Group is in a cycle of analyzing the resulting data, identifying and implementing priority measures, and obtaining further feedback.

The results were generally healthy, with 7 out of 15 categories reaching the level of no major problems, 5 categories requiring further monitoring, and 3 categories requiring attention. To cultivate an organizational culture in which each individual is a diverse human resource and pursues innovation while respecting each other's different ways of thinking and ideas, the Group holds group-wide "Survey Managers' Meetings" to share the status of initiatives at each company and implements other ongoing activities to improve the organizational culture.

The survey will continue to be conducted in the future by expanding the number of companies covered by the survey.

Labor Union Status (Japan and Overseas)

In accordance with the laws and regulations of each country and region, Nisshinbo Group companies in Japan and overseas maintain mutually trusting labor-management relations through regular dialogues with labor unions and employee representatives of each company regarding working conditions for employees and the management situation of each company. Nisshinbo Holdings Inc. keeps abreast of the status of labor-management relations at Japan and overseas group companies and provides support to group companies as needed.

Labor unions at Japan group companies are members of the UA ZENSEN Union and Japanese Electrical Electronic & Information Union. All of them have established good labor-management relations, which are in a healthy state, with annual labor-management council meetings as well as other opportunities for labor-management discussions. The collective labor agreement concluded with the labor union stipulates that when transferring or reassigning employees for work-related reasons, the wishes of the employees themselves will be taken into consideration, and the labor union will be notified promptly after the decision is made. In the event of reassignment or other changes in assignment due to business restructuring, they consult with the labor union on the basis of securing employment.

With regard to employee health and safety, in order to ensure safety, promote the maintenance and improvement of health, and promote the creation of a comfortable work environment, labor and management are working together to improve the level of health and safety at group companies in Japan and overseas by holding group health and safety liaison meetings and conducting safety audits.

Dialogue between Employees and Top Management

To deepen understanding of the Nisshinbo Group, the president of Nisshinbo Holdings Inc. has been visiting group companies and holding meetings for direct dialogue with employees since 2021.

Meetings have been held at 40 locations, including overseas offices, and approximately 1,800 employees have participated so far, with the number of participants at each meeting limited to about 15 so that more time can be spent on questions and exchanges of opinions so that each employee can have more in-depth communication with

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► Report/CSR & Sustainability Website) Report

the president. At the meeting, the president informs the participants of the current status of its group as a whole and what is expected of each department. Employees working on the front lines ask a wide range of questions about their own divisions and the future of the Group, including sustainability, D&I, and DX initiatives, and through dialogue a lively exchange of opinions takes place.



Dialogue between employees and top management

Specific Activities of the Group Companies

Dialogue between Employees and the President

The president of Japan Radio Co., Ltd. has held 242 dialogues with 1,974 employees (about 88%) in the 11 months since the program started in May 2022 for all employees, and it is still ongoing. The president goes to the head office and Nagano Plant, as well as to branch offices and destination offices, to speak directly with them. The purpose of the dialogue is to create an opportunity to reform the corporate culture. The president himself started the dialogue by talking with employees in order to create a cheerful and rewarding organizational culture in which employees can say anything to each other.

During the dialogue, the company took into consideration psychological safety and created a place where it was easy to talk. The theme of the dialogue was the goals and action plans of the employees in the company's ongoing transformation, and through the dialogue, the employees were encouraged to think about the connection between the transformation and their daily work and the nature of the problems they face in their daily work.

The company believes that dialogue between employees and the president is very important as an opportunity to hear directly from employees and to convey their thoughts directly to them, and will continue to do so in the future.



Dialogue between Employees and the President

Direct Dialogue between Employees and the President "OPEN TALK"

Nisshinbo Chemical Inc. is promoting organizational culture reform, and as part of this effort, the company publishes a monthly in-house newsletter for its employees. In addition to information from the company and management to

employees, the in-house newsletter delivers a wide range of content, including coverage of each business unit and organizational culture reform activities.

The in-house magazine, which began publication in 2018, was a one-way transmission from the company side, but in 2022, the company has created opportunities for direct dialogue between employees and the president. The company calls it "OPEN TALK" in the hope that employees will be able to speak up about anything, including work-related and non-work-related matters.

For employees who rarely have an opportunity to talk with the president, the dialogue with the president can be tense, but it is a meaningful time for them to hear the president's thoughts and feelings on their questions.



“OPEN TALK”

Social Involvement



Basic Concept

Since the early days of its foundation, the Nisshinbo Group has made it its mission to contribute broadly to society based on the basic spirit of corporate public institutions of “contributing to society through business activities.” The Group actively participates in communities to contribute to the regions where it operates, and contributes to the sustainable development of society through its business and social contribution activities.

Promotion System

Under the supervision of the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc., the Nisshinbo Group has established the Group Sustainability Promotion Council, with the Sustainability Development Department of the Company as its secretariat. At the council, group companies share their initiatives for social contribution activities and promote activities that contribute to the sustainable development of society throughout the Group. In the Sustainability Promotion Plan, the Group has set “Expand participation in local contribution activities” as a goal and is promoting it.

Specific Initiatives of The Nisshinbo Group

The Nisshinbo Group has made the development of social contribution activities a key action items in the “Fifth Sustainability Promotion Plan,” and in FY2023, the Group will continue its participation in community contribution activities as the Group did in FY2022.

Specific Activities of the Group Companies

Supporting the Foundation for International Developmental/Relief (FIDR)

NISSHINTOA IWAO INC. supports the activities of the Foundation for International Development/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.

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▶ Promoting Work Style
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▶ Promoting Health
Management

▶ Promoting Occupational
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Since its establishment in 1990, NISSHINTOA IWAO INC. 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 FY2022, as part of the company's internal awareness-raising activities, a debriefing session on FIDR activities was held in May. Mr. Okada, the executive director of FIDR, and the heads of local offices in Cambodia, Nepal, and Vietnam reported on their activities, which were viewed live or recorded by 116 of the company's employees. Monthly activity reports are also posted on the company bulletin board.

In FY2023, NISSHINTOA IWAO INC. will continue its activities that will include support to improve the nutrition and health of children in Cambodia.



Activity Report Meeting on FIDR (online)

Donation to the United Nations World Food Programme (UN WFP)

NISSHINTOA IWAO INC., has been continuously donating to the United Nations World Food Programme (WFP), a humanitarian support agency that received the Nobel Peace Prize in 2020, since 2007.

In agreement with the WFP 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. In addition to donations from the company and employees, the company participates in the WFP Walk the World (a charity walk aimed at eliminating hunger among children in developing countries) organized by the association and continues to support the Donations Collected at Home activity in which donations are made with unwanted postcards and other items.

In FY2022, Mr. Suzuki, director and secretary general of WFP, gave a lecture on the activities of the WFP in November, which was attended by 116 employees, including the company president. The lecture was very interesting and provided an opportunity to deepen the understanding of the status of world hunger, efforts to achieve the SDGs of zero hunger, and emergency relief activities in Ukraine.

In FY2023, the company will continue its activities of donations and participation in charity events.



Lecture



Activities of the United Nations World Food Programme (Ukraine Emergency Relief Activities)

Supporting the “Declaration for the Promotion of Children's Hands-on Activities”

Japan Radio Co., Ltd. endorses the “Declaration for the Promotion of Children's Hands-on Activities” promoted by the Ministry of Education, Culture, Sports, Science and Technology through its Radio Craft Workshop.

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Hands-on activities are expected to play a role in the development of children as the foundation for a rich humanity, the ability to learn and think independently, and other life skills. As an endorser of the Declaration, the company receives information from the Ministry of Education, Culture, Sports, Science and Technology (MEXT) on the promotion of hands-on activities, including points to keep in mind when promoting activities by other organizations and the roles required of instructors.

The purpose of the radio craft workshop is to have participants experience the fun of making things. Before the crafts, the company talks about radio waves. The workshop is conducted in a quiz format with experiments and demonstrations so that children can enjoy participating, and the company hopes that it will spark their interest in science. In addition, young employees lead the workshop from introduction to explanation of assembly, and through trial and error, they are able to provide easy-to-understand explanations.

Website of Ministry of Education, Culture, Sports, Science and Technology

[Special page for promoting hands-on activities \(plenty of hands-on experience\)](#)

Website of Japan Radio Co., Ltd.

[Radio Craft Workshop](#)

Disaster Prevention Initiatives through Industry-Academia-Government Collaboration

Japan Radio Co., Ltd. as a comprehensive disaster prevention supplier rooted in Nagano, exchanged opinions with the governor of Nagano Prefecture and related parties, and in response to expectations for disaster prevention plan proposals, established a cooperative scheme of industry-academia-government collaboration to provide disaster prevention and disaster mitigation infrastructure solutions on the hardware side and "disaster prevention and radio craft workshops" on the software side.

As part of its community and social contribution activities, this workshop supports "learning, exchange, and practice" of the SDGs through local disaster prevention to create a Nagano model of "zero delay in fleeing in the event of flooding" and aims to expand this model to the rest of Japan.

In the face of the recent spate of major disasters, the company has developed disaster awareness programs to provide the general public with the knowledge they need to protect their own and their loved ones' lives, and the company holds visiting classes at elementary schools to spread knowledge and raise awareness of disaster prevention from children to families and communities through "community disaster prevention education."

The company will continue to provide disaster prevention plans through industry-academia-government collaboration to contribute to society and enhance its corporate brand and value.



Visiting classes (elementary school)



Disaster prevention/radio craft workshop (radio craft)



Disaster prevention and radio workshop (radar observation)

Road Beautification Activities around Business Sites

In March 2022, Japan Radio Co., Ltd., Nagano Plant, registered with Nagano Prefecture as an Adopt-System supporter of MHOK, a non-profit organization that conducts road beautification activities around the plant. In addition to providing necessary items for beautification activities and other support, the company cooperates with the beautification of roads around the Nagano Plant by participating in cleanup activities held early in the morning on weekends from spring to fall.

The Adopt-System is a system under which local governments and residents sign an agreement on the division of roles between them to promote continuous beautification activities. Adopt means “to adopt a child,” and the name comes from the fact that residents lovingly care for (clean and beautify) public spaces such as roads as if they were adopted children. The role of the supporter is to assist foster parents who are engaged in road protection activities by providing necessary supplies. In 2022, the company donated brush cutters and trimmers (hedge clippers).



Subject road for beautification activities

Participated in a Job Introduction Event for Local Junior High and High School Students

NJ Components Co., Ltd. participated in “Yamaguchi Future Work Festa” hosted by Yamaguchi City, Yamaguchi Prefecture, in October 2022. This was a work experience event for junior high and high school students in Yamaguchi Prefecture to encounter local Yamaguchi companies and jobs, with the aim of making them aware of attractive local companies. Through work experience and online learning, the event is designed for students to think about their future.

The company selected employees in their second year of employment to participate in the online learning project, and created a video introducing the company profile, the process of planning, designing, developing, and transitioning to mass production of electronic components and applied products for which they are responsible, the importance of activities with Netsui: N (enthusiasm), Jonetsu: J (passion), and Chosen: C (challenge), and the company vision.

The created video introduces the engineer’s own daily work flow and thoughts about his/her work, and is published on the website to provide learning experiences of various occupations, an activity that promotes contributions to the local community to help students in their future career development.



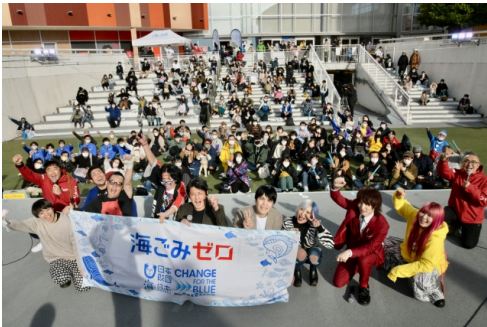
Molding work

Participation in a Trash Pickup Event Sponsored by a Non-profit Organization

Five employees of JRC Tokki Co., Ltd. participated in the "Urban Dog Lalaport Toyosu 4th Seaside Garbage Zero Project Comedy Town Cleanup" organized by the NPO's UMISAKURA (since December 2005, the corporation has been working to make the sea of Enoshima, Kanagawa Prefecture, clean enough for seahorses that once lived there to return! The most fun trash pickup in Japan! The corporation is active under the slogan of enjoyable experience and feeling as its keywords.) on December 3.

The company participated in the "Dosukoi Beach Clean" (Katase Higashihama Beach, Enoshima) in 2018 and 2019, but not yet in 2020, 2021, and 2022 at the COVID-19 disaster.

Since the company is headquartered in Yokohama, Kanagawa Prefecture, the company plans to continue to participate in the Enoshima beach cleanups organized by UMISAKURA, especially the Dosukoi Beach Cleanup held in the summer. The company will keep checking UMISAKURA's website and plan to sign up for the event when it is scheduled to be held, inviting participants.



Event participants



Group photo of event participants

Participation in Fukuoka City Love Earth Cleanup 2022

Every year, Fukuoka City conducts cleanup activities at several locations around the city's beaches by volunteers from citizens and companies. This event was postponed in 2020 and 2021 due to the spread of the COVID-19, but was resumed on June 12, 2022, with 31 participants from Nisshinbo Micro Devices Fukuoka Co., Ltd.

The area cleaned up for this event was Nagatare Seaside Park, located in the neighborhood of the company in Imajuku, Nishi-ku, Fukuoka City. Many people from nearby schools, businesses, and citizens participated in the event, united by their desire to preserve the clean sea and sandy beaches of this famous and scenic seashore forever. The number of participants from the company was the highest ever. New employees participated in the event and experienced environmental conservation and community contribution activities. Including other regularly scheduled cleanup activities near the company, the company will continue to provide opportunities for many

employees to understand the significance of these activities and raises their awareness of the importance of the environment and other issues through these activities.



Coastal cleanup activity



Participants in the cleanup activity

Blood Donation Activities at Asahi Plant

Nisshinbo Chemical Inc., Asahi Plant, cooperates with the Japanese Red Cross Society's blood donation program twice a year to help alleviate blood shortages. In FY2022, the program was implemented in March and September. Although the reception time was only one hour in both months, the company was able to obtain the cooperation of many employees.

For more than 15 years of cooperation in group blood donation by the company's business plant, the company received a Silver Order of Merit Medal from the Japanese Red Cross Society on October 27, 2022. The company will continue blood donation activities as part of its social contribution activities.



Silver Order of Merit Meda

Contribution to Local Communities

PT. Naigai Shirts Indonesia in Indonesia participates in the annual CSR Activity at an industrial park in Indonesia. Activities in FY2022 included construction of a health center in Cikamuning village, provision of two 5,000 m³ water tanks in Cibenda and Cikamuning villages, and construction of a new toilet in Parungmulya Elementary School.

In addition to the above activities, the company also participates in BAAS (Foster Care Program during stunting). Stunting is a disorder of growth and development of children due to chronic malnutrition and repeated infections, and is characterized by height and weight below standards. The stunting of children in Karawang Province, where the company is located, is poor and requires immediate attention. Promoting the treatment and prevention of stunting disorders will build a brighter future for children, and BAAS was convened in July 2022 in an effort to save that child's future. Prevention of developmental disabilities requires cooperation not only from the government, but also from the local community. The company will continue its activities to contribute to the community.



Installation of toilets in elementary schools



Provision of water tanks

Work-study Program for Local Junior High Schools

Nisshinbo Urban Development Co., Ltd. operates a tennis school and accepts interns from local junior high schools every year for a two-day work-study program. In 2022, the company accepted two interns.

The practical training included guiding school students at the front desk, answering phones, interviewing members of the workplace, and cleaning the changing rooms and parking lot. The participating trainees commented that they had a very meaningful time: ①they understood the importance of communicating with a cheerful smile, ②they learned basic manners and rules in the workplace, and ③they learned the difficulties and joys of practical work, which they could not learn at school.

The company will continue this work-study program in cooperation with the schools.

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Social Data

Number of Employees

| | Subject | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|-----------------------------|--------------------|---|----------|-------------------------|----------------|----------------|
| Number of regular employees | Nisshinbo Group | Total number of regular employees | People | 19,550 | 20,917 | 20,384 |
| | | By region | | | | |
| | | Number and ratio of regular employees in Japan | Subtotal | People/% 10,297 / 52.7% | 10,361 / 49.5% | 10,032 / 49.2% |
| | | | Male | People 8,440 | 8,511 | 8,171 |
| | | | Female | People 1,857 | 1,850 | 1,861 |
| | | Number and ratio of regular employees in overseas | Subtotal | People/% 9,253 / 47.3% | 10,556 / 50.5% | 10,352 / 50.8% |
| | | | Male | People 5,678 | 6,826 | 6,387 |
| | | | Female | People 3,575 | 3,730 | 3,965 |
| | | By gender | | | | |
| | | Number and ratio of regular employees by gender | Male | People/% 14,118 / 72.2% | 15,337 / 73.3% | 14,558 / 71.4% |
| | | | Female | People/% 5,432 / 27.8% | 5,580 / 26.7% | 5,826 / 28.6% |
| | | Number and ratio of regular employees by age | | | | |
| | | 15-19 years old | Subtotal | People/% 167 / 0.9% | 143 / 0.7% | 275 / 1.3% |
| | | | Japan | People 114 | 107 | 112 |
| | | | Overseas | People 53 | 36 | 163 |
| | | 20-29 years old | Subtotal | People/% 3,836 / 19.6% | 3,894 / 18.6% | 3,822 / 18.8% |
| | | | Japan | People 1,482 | 1,517 | 1,504 |
| | | | Overseas | People 2,354 | 2,377 | 2,318 |
| | | 30-39 years old | Subtotal | People/% 4,929 / 25.2% | 5,073 / 24.3% | 4,909 / 24.1% |
| | | | Japan | People 1,618 | 1,579 | 1,578 |
| | | | Overseas | People 3,311 | 3,494 | 3,331 |
| | | 40-49 years old | Subtotal | People/% 5,412 / 27.7% | 5,581 / 26.7% | 5,253 / 25.8% |
| | | | Japan | People 3,060 | 2,858 | 2,536 |
| | | | Overseas | People 2,352 | 2,723 | 2,717 |
| | | 50-59 years old | Subtotal | People/% 4,785 / 24.5% | 5,459 / 26.1% | 5,413 / 26.6% |
| | | | Japan | People 3,850 | 3,970 | 3,989 |
| | | | Overseas | People 935 | 1,489 | 1,424 |
| | | 60-69 years old | Subtotal | People/% 404 / 2.1% | 749 / 3.6% | 703 / 3.4% |
| | | | Japan | People 172 | 328 | 310 |
| | | | Overseas | People 232 | 421 | 393 |
| | | Over 70 years old | Subtotal | People/% 17 / 0.1% | 18 / 0.1% | 9 / 0.0% |
| | | | Japan | People 1 | 2 | 3 |
| | | | Overseas | People 16 | 16 | 6 |
| | Nisshinbo Holdings | Total number of regular employees | People | 277 | 241 | 248 |
| | | By gender | | | | |
| | | Number and ratio of regular employees by gender | Male | People/% 222 / 80.1% | 186 / 77.2% | 183 / 73.8% |
| | | | Female | People/% 55 / 19.9% | 55 / 22.8% | 65 / 26.2% |

| | | | | | | | | | | | |
|-------------------------------|--------------------|-------------------------------------|---|--------|----------|---------------|---------------|---------------|---------------|-------|--|
| Number of temporary employees | Nisshinbo Group | Total number of temporary employees | | | People | 2,903 | | 2,885 | | 3,021 | |
| | | By gender | Number and ratio of temporary employees by gender | Male | People/% | 1,547 / 53.3% | 1,601 / 55.5% | 1,634 / 54.1% | | | |
| | | | | Female | People/% | 1,356 / 46.7% | 1,284 / 44.5% | 1,387 / 45.9% | | | |
| | | By region | Number and ratio of temporary employees in Japan | | | People/% | 1,852 / 63.8% | 1,606 / 55.7% | 1,595 / 52.8% | | |
| | | | Number of temporary employees by gender in Japan | Male | People | 905 | 789 | 835 | | | |
| | | | | Female | People | 947 | 817 | 760 | | | |
| | | | Number and ratio of temporary employees in overseas | | | People/% | 1,051 / 36.2% | 1,279 / 44.3% | 1,426 / 47.2% | | |
| | | | Number of temporary employees by gender in overseas | Male | People | 642 | 812 | 799 | | | |
| | | | | Female | People | 409 | 467 | 627 | | | |
| | Nisshinbo Holdings | Total number of temporary employees | | | People | 73 | | 67 | | 63 | |
| | | By gender | Number and ratio of temporary employees by gender | Male | People/% | 32 / 43.8% | 32 / 47.8% | 29 / 46.0% | | | |
| | | | | Female | People/% | 41 / 56.2% | 35 / 52.2% | 34 / 54.0% | | | |

Number of Hires and Leavers

| Subject | | Boundary | | Unit | FY2020 | FY2021 | FY2022 | |
|--|----------------------------|--|--|-------------------------------------|--------------|---------------|---------------|---------------|
| Number of hires (regular employee) | Nisshinbo Group | Total number of hires | | People | 2,954 | 3,055 | 3,363 | |
| | | By region | Number and ratio of hires in Japan | | People/% | 356 / 12.1% | 375 / 12.3% | 450 / 13.4% |
| | | | Number of hires by gender | Male | People | 277 | 278 | 334 |
| | | | | Female | People | 79 | 97 | 116 |
| | | | Of these, the number and ratio of new graduates hired | | People/% | 217 / 61.0% | 208 / 55.5% | 260 / 57.8% |
| | | | Number of new graduates hired by gender | Male | People | 175 | 167 | 202 |
| | | | | Female | People | 42 | 41 | 58 |
| | | | Number and ratio of hires in overseas | | People/% | 2,598 / 87.9% | 2,680 / 87.7% | 2,913 / 86.6% |
| | | | Number of overseas hires by gender | Male | People | 1,357 | 1,426 | 1,496 |
| | | | | Female | People | 1,241 | 1,254 | 1,417 |
| | | | By gender | Number and ratio of hires by gender | Male | People/% | 1,634 / 55.3% | 1,704 / 55.8% |
| | | Female | | | People/% | 1,320 / 44.7% | 1,351 / 44.2% | 1,533 / 45.6% |
| Number of elderly employees (over 60 years old) | Nisshinbo Group (in Japan) | Total number of elderly employees | | People | 760 | 864 | 993 | |
| Number of employees with disabilities | Nisshinbo Group (in Japan) | Number and ratio of employees with disabilities | | People/% | 303.0 / 2.5% | 313.0 / 2.6% | 332.5 / 2.8% | |
| Number of voluntary resignations (regular employee) | Nisshinbo Group | Total number of voluntary resignations and leaving ratio | | People/% | 1,176 / 6.0% | 1,357 / 6.5% | 1,634 / 8.0% | |
| | | By region | Japan | People/% | 230 / 2.2% | 246 / 2.4% | 330 / 3.3% | |
| | | | Overseas | People/% | 946 / 10.2% | 1,111 / 10.5% | 1,304 / 12.6% | |
| | | By gender | Male | People/% | 711 / 3.6% | 865 / 4.1% | 999 / 4.9% | |
| | | | Female | People/% | 465 / 2.4% | 492 / 2.4% | 635 / 3.1% | |
| | | Nisshinbo Holdings | Total number of voluntary resignations and leaving ratio | | People/% | 4 / 1.4% | 9 / 3.7% | 13 / 5.2% |
| | By gender | | Male | People/% | 3 / 1.4% | 5 / 2.7% | 9 / 4.9% | |
| | | Female | People/% | 1 / 1.8% | 4 / 7.3% | 4 / 6.2% | | |

Number of Employees on Leave of Absence

| Subject | | Boundary | | Unit | FY2020 | FY2021 | FY2022 |
|--|--------------------|--|--------|------|--------|--------|--------|
| Number of employees on childcare leave | Nisshinbo Holdings | Acquisition rate of childcare leave | Male | % | 0.0% | 40.0% | 30.0% |
| | | | Female | % | 100.0% | 100.0% | 100.0% |
| | | Return-to-work ratio after childcare leave | Male | % | 0.0% | 100.0% | 100.0% |
| | | | Female | % | 100.0% | 100.0% | 66.7% |

Average Data

| Average age | | | Unit | FY2020 | FY2021 | FY2022 | |
|---------------------------|--------------------|--------------------------------|----------|--------|--------|--------|------|
| Subject | Boundary | | | | | | |
| Average age | Nisshinbo Group | Average | Age | 40.3 | 40.6 | 40.8 | |
| | | By gender | Male | Age | 41.2 | 41.7 | 42.0 |
| | | | Female | Age | 39.5 | 39.4 | 39.5 |
| | Nisshinbo Holdings | Average | Age | 44.3 | 44.7 | 44.2 | |
| | | By gender | Male | Age | 46.0 | 46.6 | 46.5 |
| | | | Female | Age | 37.2 | 38.1 | 37.8 |
| Average service (years) | Nisshinbo Group | Average | Years | 10.1 | 10.3 | 10.9 | |
| | | By region | Japan | Years | 14.8 | 14.8 | 15.9 |
| | | | Overseas | Years | 7.3 | 7.8 | 8.0 |
| | | By gender | Male | Years | 10.4 | 10.7 | 11.6 |
| | | | Female | Years | 9.7 | 9.9 | 10.2 |
| | | Nisshinbo Holdings | Average | Years | 20.8 | 20.7 | 20.4 |
| | By gender | | Male | Years | 22.7 | 22.6 | 22.8 |
| | | | Female | Years | 14.7 | 14.2 | 13.8 |
| Gender wage differentials | Nisshinbo Holdings | All workers | % | — | — | 57.5 | |
| | | Of these, regular workers | % | — | — | 65.1 | |
| | | Of these, non-regular workers* | % | — | — | 32.8 | |

* Ratio of women's wages to men's wages based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

* Since non-regular workers include contract workers, there is a large difference in wages between male and female workers.

Training

| Subject | | Boundary | | Unit | FY2020 | FY2021 | FY2022 |
|---|-----------------|-----------------------------|----------|--------------|--------|--------|--------|
| Number of participants in training for Nisshinbo Group management leaders | | Total training participants | | People | 166 | 208 | 313 |
| | | By region | Japan | People | 64 | 75 | 93 |
| | | | Overseas | People | 102 | 133 | 220 |
| Number of participants in compliance training (managers) | Nisshinbo Group | Total training participants | | People | 2,728 | 3,701 | 3,469 |
| | | By region | Japan | People | 2,059 | 2,708 | 2,806 |
| | | | Overseas | People | 669 | 993 | 663 |
| Annual investment in education per employee | Nisshinbo Group | By region | Japan | Thousand yen | 30.5 | 17.2 | 26.8 |
| | | | Overseas | Thousand yen | - | 9.4 | 17.3 |
| | | | | | | | |

Diversity & Inclusion

| Subject | | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|----------------------------|--|---|----------|-------------|-------------|
| Director (include outside director) | Nisshinbo Group | Total directors | People | 322 | 319 | 306 |
| | | By region | Number and ratio of directors in Japan | People/% | 160 / 49.7% | 154 / 48.3% |
| | | | Male | People/% | 159 / 99.4% | 146 / 98.6% |
| | | | Female | People/% | 1 / 0.6% | 2 / 1.3% |
| | | Of these, number and ratio foreign directors | Male | People/% | 0 / 0.0% | 0 / 0.0% |
| | | | Female | People/% | 0 / 0.0% | 0 / 0.0% |
| | | Number and ratio of directors in overseas | Male | People/% | 162 / 50.3% | 165 / 51.7% |
| | | | Female | People/% | 0 / 0.0% | 0 / 0.0% |
| | | By gender | Number and ratio of directors by gendrer | Male | 321 / 99.7% | 317 / 99.4% |
| | | | Female | People/% | 1 / 0.3% | 2 / 0.6% |
| Ratio of female and foreign to total directors (include outside director) | Nisshinbo Holdings | Number and ratio of female directors | People/% | 1 / 9.1% | 2 / 16.7% | 2 / 16.7% |
| | | Number and ratio of foreign directors (*2022) | People/% | 0 / 0.0% | 0 / 0.0% | 1 / 8.3% |
| Managing officer | Nisshinbo Group (in Japan) | Total managing officers | People | 57 | 63 | 68 |
| | | By gender | Number and ratio of managing officers | Male | 57 / 100.0% | 63 / 100.0% |
| | | | by gendrer | Female | 0 / 0.0% | 0 / 0.0% |
| | | Of these, number and ratio foreign managing officers | Male | 0 / 0.0% | 0 / 0.0% | 0 / 0.0% |
| | | | Number and ratio of foreign managing officers | Male | 0 / 0.0% | 0 / 0.0% |
| | | | Female | People/% | 0 / 0.0% | 0 / 0.0% |

* Includes one director appointed in March 2023.

| Subject | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|-------------------------------|--|-----------------------------------|---------------|---------------|
| Number of employees and ratio of female employees | Nisshinbo Group | Total number of enrolled employees | People | 19,550 | 20,917 |
| | | Ratio of female to enrolled employees | % | 27.8% | 26.7% |
| | By region | Japan | % | 18.0% | 17.9% |
| | | Overseas | % | 38.6% | 35.3% |
| | Nisshinbo Group (in overseas) | | | | |
| | | | | | |
| | Nisshinbo Holdings | Total number of enrolled employees | People | 277 | 241 |
| | | Ratio of female to enrolled employees | % | 19.9% | 22.8% |
| Number of managers and ratio of female managers | Nisshinbo Group | Total management employees | People | 2,646 | 2,789 |
| | | Ratio of female to management employees | % | 6.1% | 6.6% |
| | | By gender | Male | 2,484 | 2,605 |
| | | | Female | 162 | 184 |
| | Nisshinbo Holdings | Total management employees | People | 75 | 71 |
| | | Ratio of female to management employees | % | 5.3% | 5.6% |
| | | By gender | Male | 71 | 67 |
| | | | Female | 4 | 4 |
| | Nisshinbo Group (in Japan) | Total management employees | People | 2,058 | 2,090 |
| | | Ratio of female to management employees | % | 2.7% | 2.9% |
| | | By gender | Male | 2,002 | 2,030 |
| | | | Female | 56 | 60 |
| | | Ratio of mid-carrier recruitment to management employees | % | 8.4% | 8.3% |
| | | By gender | Male | 165 | 167 |
| | | | Female | 7 | 7 |
| | | Ratio of foreigner to management employees | % | 0.0% | 0.0% |
| | | By gender | Male | 1 | 1 |
| | | | Female | 0 | 0 |
| Number of new hires and ratio of female hired | Nisshinbo Group | Total number and ratio of new hires | People/% | 2,954 / 44.7% | 3,187 / 43.0% |
| | | Of these, ratio of new female hires | % | 44.7% | 43.0% |
| | | By region | Japan (ratio of new female hires) | % | 22.2% |
| | | | | | 23.3% |
| | | By gender | Male | 277 | 389 |
| | | | Female | 79 | 118 |
| | | Overseas (ratio of new female hires) | % | 47.8% | 46.8% |
| | | By gender | Male | 1,357 | 1,426 |
| | | | Female | 1,241 | 1,254 |
| | | | | | 1,417 |

Others

| Subject | | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|----------------------------|-------------------------------------|--------|--------|--------|--------|
| Ratio of employees taking paid leave | Nisshinbo Group (in Japan) | Acquisition rate | % | 56.7% | 57.2% | 64.1% |
| Participation in volunteer activities | Nisshinbo Group | Total number of participants | People | 1,207 | 947 | 1,308 |
| | | By region | | | | |
| | | Japan | People | 442 | 183 | 627 |
| | | Overseas | People | 765 | 764 | 681 |
| Serious accident | Nisshinbo Group | Number of incidents | Cases | 0 | 0 | 0 |
| Regular health examination | Nisshinbo Group (in Japan) | Number of subjects | People | 11,905 | 11,917 | 11,635 |
| | | Number of undiagnosed | People | 137 | 103 | 174 |
| | | Ratio of regular health examination | % | 98.8% | 99.1% | 98.5% |
| Stress check | Nisshinbo Group (in Japan) | Number of subjects | People | 11,504 | 11,819 | 11,762 |
| | | Number of not implemented | People | 434 | 441 | 492 |
| | | Ratio of implementation | % | 96.2% | 96.3% | 95.8% |
| The number of violations of the Product Liability Act | Nisshinbo Group | Total number of violations | Cases | 0 | 0 | 0 |
| | | By region | | | | |
| | | Japan | Cases | 0 | 0 | 0 |
| | | Overseas | Cases | 0 | 0 | 0 |
| Response to corporate ethics reporting system | Nisshinbo Group | Total number of calls | Cases | 29 | 38 | 38 |
| | | By region | | | | |
| | | Japan | Cases | 27 | 31 | 36 |
| | | Overseas | Cases | 2 | 7 | 2 |
| | | Total number of responses | Cases | 29 | 38 | 41 |
| | | By region | | | | |
| | | Japan | Cases | 27 | 31 | 39 |
| | | Overseas | Cases | 2 | 7 | 2 |

Corporate Governance

Nisshinbo Group is working to establish corporate governance based on our corporate philosophy in order to achieve sustainable growth and enhance corporate value.

- ▶ [Basic Stance Regarding Corporate Governance](#)
- ▶ [Nisshinbo Corporate Governance Policy](#)
- ▶ [Nisshinbo Group Tax Policy](#)

Investor Relations

▶ [Management Information](#)

▼ [Corporate Governance](#)

▶ [Basic Stance Regarding Corporate Governance](#)

▶ [Nisshinbo Corporate Governance Policy](#)

▶ [Nisshinbo Group Tax Policy](#)

▶ [Highlight from Integrated Report](#)

▶ [IR Library](#)

▶ [Stock-Related Information](#)

▶ [Investor Relations News](#)

▶ [Other IR Information](#)

▶ [IR Sitemap](#)

Internal Controls

Basic Concept

Nisshinbo Holdings Inc. has established the “Basic Policy on the Establishment and Operation of Internal Control Systems” based on the Companies Act. The policy sets basic matters concerning the establishment and operation of an internal control system to ensure the soundness and appropriateness of operations and to enhance corporate value in accordance with the Group’s corporate philosophy.

Promotion System

Under a system in which the director and the chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Corporate Governance Department of the Corporate Strategy Center is in charge of internal control, and reports to the Board of Directors in January of each year on the internal control initiatives of the entire group. In addition, as a detailed review of activities in the execution of individual operations, the Internal Control Management Review Report is regularly reported to the Board of Directors based on the results of internal audits, etc., to confirm the soundness and appropriateness of operations in the following areas.

- January:** Occupational Safety and Health
- March:** Public Relations/Advertising
- April:** Personal Information Protection and Trade Secret Management
- May:** Human Rights Awareness
- June:** Promotion of Environmental Management
- August:** Export Control
- September:** Quality Assurance
- October:** Investor Relations, Corporate Legal Affairs
- November:** Information Security, Corporate Ethics
- December:** Internal Audit and Assessment of Internal Control over Financial Reporting

In the “Internal Control Management Review Report,” the group reports on the purpose of its activities, information on the external environment including information on revisions to laws and regulations and the environment surrounding the company, the status of Key performance indicators (KPIs) and other management indicators, a review of the year’s activities (including progress on countermeasures and other measures to address issues from the previous year), and new issues and measures to address them, thereby implementing the PDCA cycle. The revised “Fifth Sustainability Promotion Plan” also focuses on strengthen internal controls as key action items, with the goal of “Continuously developing and operating internal control systems” as a monitoring target.

- ▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of the Nisshinbo Group

Sustainability

- ▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

- ▶ Nisshinbo Group Human Rights Statement

- ▶ Sustainability Management

- ▶ Environment

- ▶ Social

- ▼ Governance

- ▶ Corporate Governance

- ▶ Internal Control

- ▶ Risk Management

- ▶ Thorough Information Security

- ▶ Responding to Disaster Risk

- ▶ Thorough Compliance and Corporate Ethics

- ▶ Tax Policy

- ▶ GRI Content Index

- ▶ Editing Policy

Back Issues (CSR
▶ Report/CSR & Sustainability Website) Report

Internal Audits

Among the items to be reported in the Internal Control Management Review Report listed in the promotion system, there are items for which internal rules stipulate the implementation of periodic internal audits.

Items for which internal audit implementation is regulated by rules

| Item | Frequency of Implementation, etc. |
|---|---|
| Occupational Health and Safety | In the event of a death or serious accident (in Japan, expected the grade of disability 7 or higher, specified by the Ordinance for Enforcement of Industrial Accident Compensation Insurance Act), or when instructed by the general manager |
| Personal Information Protection and Trade Secret Management | At least once a year |
| Promotion of Environmental Management | At least once a year |
| Export Control | At least once a year |
| Information Security | At least once a year |
| Assessment of internal control over financial reporting | At least once a year |
| Other Business Audits | Implemented as needed |

In internal audits, the group audits the confirmation of the management system, status of education and awareness of relevant laws and regulations, internal rules, etc., the maintenance and operation of management documents, etc., the confirmation of the existence or non-existence of cases of violation, and the progress of measures to address issues from the previous year, and confirms whether any items requiring improvement or non-conformity exist. The results of the audit are reported to the president of Nisshinbo Holdings Inc. and the Board of Directors through the “Internal Control Management Review Report” and elsewhere. Items pointed out by the Board of Directors, etc., are fed back to the department in charge, and if necessary, are taken up as issues as well as items requiring improvement, and countermeasures are examined and deployed to each group company for improvement.

Risk Management

Basic Concept

The Nisshinbo Group's basic concept to risk management is clearly stated as action guidelines in the "Risk Management Regulations."

■ Action Guidelines for Risk Management

The Nisshinbo Group aims to fulfill its social responsibility, secure trust, and achieve lasting development by accurately addressing management risks that may have a significant impact on the smooth operation of its business. All officers and employees shall recognize the importance of risk management, set risk management targets, and strive to implement and improve them, while complying with the following items.

- ① Comply with laws, regulations, and rules, and conduct business activities in accordance with socially accepted norms.
- ② Protect the health, lives, and safety of its Group's officers, employees, and related parties.
- ③ Protect the activities and assets of its Group's stakeholders, shareholders, and customers.
- ④ Enhance the reputation of the Group in society by accurately responding to fair and reasonable social demands.

While the main objective of its risk management regulations is to minimize losses in the event of management risk, the Group will also consider it important to view management risk as an opportunity for sustainable growth. To this end, the Nisshinbo Group will create new growth opportunities by understanding and analyzing various changes in the business environment and contributing to society as an *Environment and Energy Company* group based on business policies derived from the Group's corporate philosophy.

Promotion System

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.

The President and the Director of Nisshinbo Holdings Inc. is the chief risk management officer, and the Chief Executive officer appoints a general manager from among the Managing officer of the Company. The general manager is usually the Director and the Chief of the Corporate Strategy Center of the Company. The Risk Management Secretariat is located in the Corporate Governance Department of Corporate Strategy Center.

The Risk Management Committee, consisting of the chief executive officer, the general manager, and members that include the presidents of each core company, meets annually in January. The committee reports on the previous year's review and deliberates on the formulation of plans for the new fiscal year (priority management risks for each business, etc.). Risk management activities are also defined as a key action items in the 5th Sustainability Promotion Plan, with the qualitative target of "operating a risk management system that responds to the external environment."

Sustainability

▶ Message from the President

Message from the
 ▶ Managing Officer for Sustainability

Nisshinbo Group Human
 ▶ Rights Statement

▶ Sustainability Management

▶ Environment

▶ Social

▼ Governance

▶ Corporate Governance

▶ Internal Control

▶ Risk Management

▶ Thorough Information
 Security

▶ Responding to Disaster
 Risk

▶ Thorough Compliance
 and Corporate Ethics

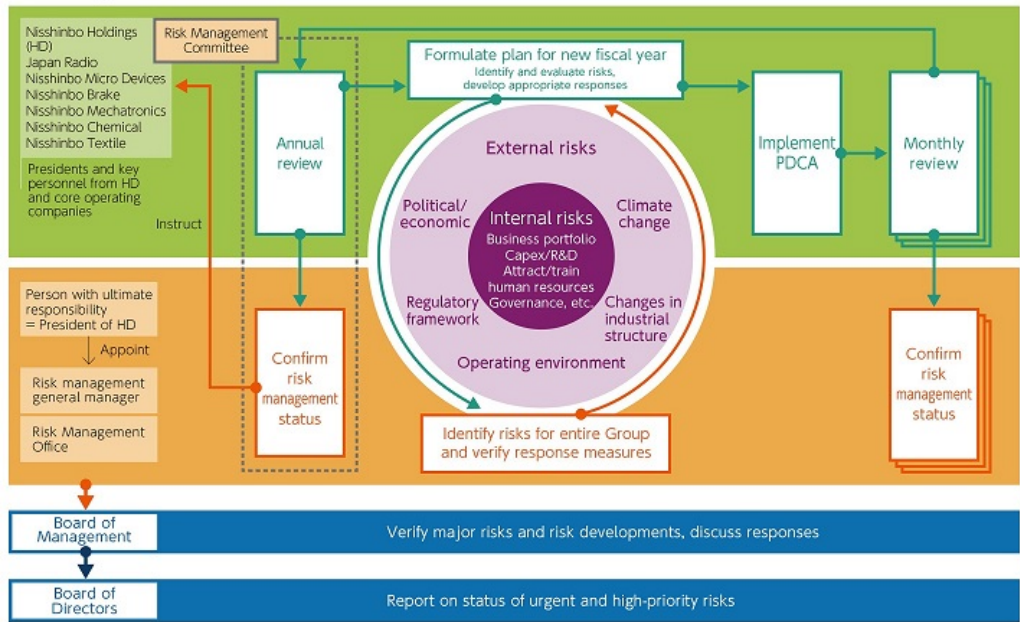
▶ Tax Policy

▶ GRI Content Index

▶ Editing Policy

Back Issues (CSR
 ▶ Report/CSR & Sustainability
 Website) Report

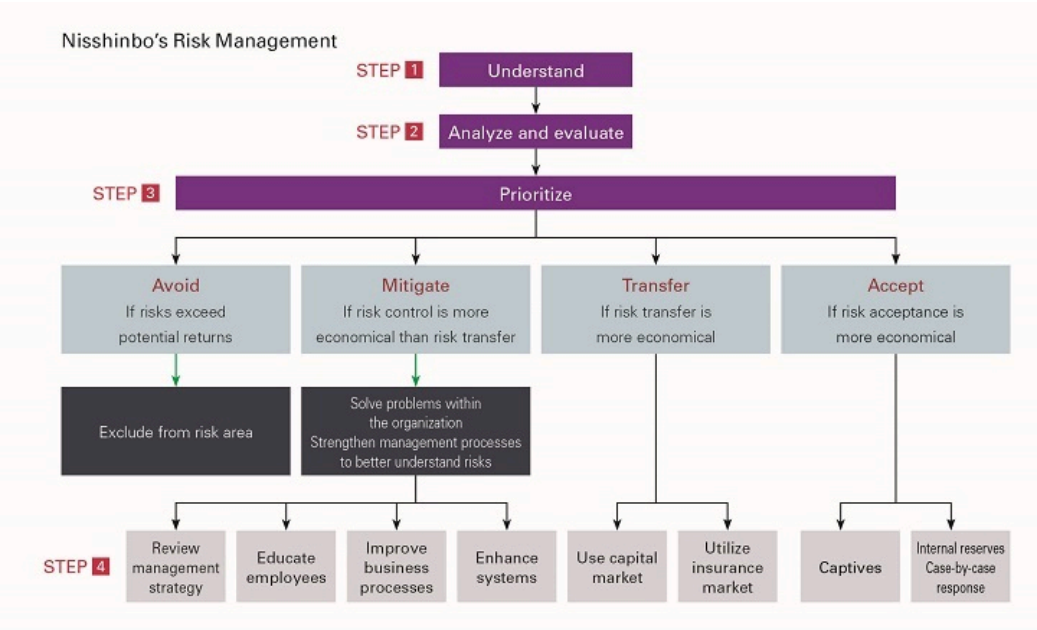
Risk Management Structure



Risk Management

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



Risks that cannot be mitigated or transferred because the risk to return is too high will be avoided.

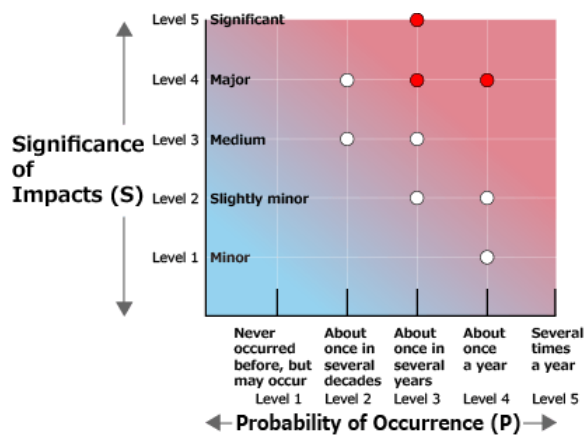
For risks that can be alleviated, management risks will be identified and mitigated by establishing a management system as described below. For transferable risks, the Nisshinbo Group has insurance coverage against economic losses due to various types of disasters and liabilities unavoidably incurred in the course of business operations. The Group strives to reduce transferable costs by structuring a global insurance program.

Risks that can be owned or overcome and that can be absorbed by its own financing are retained as it is. On the other hand, risks that can be overcome by utilizing the Group's own technology, human resources, and other resources can be viewed as business opportunities. By providing a business model that includes products, services, and networks, the Nisshinbo Group will contribute to the realization of a sustainable society and enhance its corporate value, leading to sustainable growth.

■ Risk Mitigation Mechanism through Risk Management

For risks that can be mitigated, the Nisshinbo Group is working to reduce risks by implementing a one-year PDCA cycle.

Specific procedures are managed based on the Group's "Risk Management Regulations." Every fiscal year, management risks are identified for each business. Each risk is rated on a five-point scale, with the higher score given to the risk with the highest impact and probability of occurrence, and the management risks that exceed a certain level are identified by multiplying the impact and probability of occurrence.






Each business reports the identified management risks to the Risk Management Secretariat. The Risk Management Office confirms the reported management risks with the person in charge of risk management in each business and adjusts the management risk items as necessary, taking into account the risk trends and leveling of the entire Nisshinbo Group. The adjusted management risks are approved by the person in charge of each business (the president of the core company) to determine the management risks to be given special attention in the new fiscal year. The secretariat reports the management risks approved by each business to the Risk Management Committee in January, and risk management activities for the new fiscal year begin. Each business will report its risk management activities as one of the reporting items in the monthly report. The secretariat supports the activities of each business by monitoring the reports and interviewing them on the updated progress and other matters as necessary. At the end of the fiscal year, each business reviews the activities for the year, evaluates whether the significance of impacts and probability of occurrence have decreased, and coordinates the evaluation results with the secretariat. By repeating this process every year, the Group will reduce risks.

In the revised "Fifth Sustainability Promotion Plan," the promotion of risk management activities is also a key action items, and "operating a risk management system that responds to the external environment" is a target to be monitored.

Major Risks and Opportunities

The followings are the major risks and opportunities that management perceives as having the potential to seriously affect the consolidated company's financial position, operating results, and cash flows, among other matters related to business conditions and accounting conditions.

| ESG | Materiality | Major risks and opportunities | Risks | Opportunities | Responses to risks and opportunities |
|--|--|-------------------------------|---|---|--|
| E: Environmental Initiatives  | Contribution to the environmental and energy field | Climate change | <ul style="list-style-type: none"> • Increase in raw material procurement costs and manufacturing costs due to carbon taxation • Increase in energy costs due to requests from customers to reduce greenhouse gas emissions • Increase in costs due to property damage and loss of business caused by flooding | <ul style="list-style-type: none"> • Growing demand for EVs, new energy vehicles, smart mobility and fuel cell-related products • Higher sales of energy-saving semiconductors and electronic device-related products • Growing demand for disaster prevention products and services driven by heightened flood risk | <ul style="list-style-type: none"> • Conduct climate change scenario analyses according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations <p>Responses to Risks:</p> <ul style="list-style-type: none"> • Avoid carbon taxation by reducing greenhouse gas emissions and energy conservation, and reduce energy costs • Prevent and mitigate property damage and loss of business caused by flooding <p>Responses to Opportunities:</p> <ul style="list-style-type: none"> • Expand EV-related product development and manufacturing • Capture demand for energy-saving products (e.g., semiconductors, electronic device-related products) • Develop and manufacture millimeter-wave radar water level gauges and capture demand for anti-corrosion products and services |
| | | Human rights issues | <ul style="list-style-type: none"> • Loss of stakeholder trust and operational continuity caused by inadequate consideration for human rights • Work environment deterioration caused by harassment and other human right issues | — | <ul style="list-style-type: none"> • Develop human rights policies, introduce and promote human rights due diligence in areas where human rights risks are high • Establish a human rights group at HD to maintain and raise awareness across the Group |
| S: Social Initiatives  | Creation of a safe and secure society | Human resources | <ul style="list-style-type: none"> • Human resource shortage due to labor force contraction • Low motivation and loss of human resources due to mismatched work assignments, etc. | <ul style="list-style-type: none"> • Promote the overlap between the Corporate Philosophy and the growing interest in ESG among younger people, leading to more hiring opportunities | <ul style="list-style-type: none"> • Implement strategic PR activities to improve the corporate visibility and image • Expand mid-career employment • Retain human resources through career support and an internal recruitment system • Develop human resources through the establishment of a training system and expanded e-learning menu items |
| | | Occupational injuries | <ul style="list-style-type: none"> • Occupational injuries due to lack of education and training • Loss of stakeholder trust caused by occupational injuries and accidents | — | <ul style="list-style-type: none"> • Conduct risk assessment • Conduct education and training, share accident case studies across the Group |
| | | Quality | <ul style="list-style-type: none"> • Loss of trust, claims for damages or product recalls due to quality issues or defects with products or services | — | <ul style="list-style-type: none"> • Use the risk management system to minimize risk probability and potential impact • Establish a quality assurance team at HD to oversee quality assurance and product safety activities at Group companies |
| | | | | | |
| G: Corporate Governance  | Global compliance | Group management | <ul style="list-style-type: none"> • Management issues due to greater business diversity • Large number of duplicate functions among Group businesses | <ul style="list-style-type: none"> • Harness the Group's diverse strengths by integrating businesses/organizations to drive innovation and increase resilience to changes in the operating environment | <ul style="list-style-type: none"> • Reform the business portfolio to align with changes in issues faced by society; improve cash flow • Improve efficiency by overhauling Group-wide organizations and outsourcing • Maintain Group integration by consolidating the oversight of Group company management at HD and establishing financial discipline |
| | | Business management | <ul style="list-style-type: none"> • Increasing complacency in governance | <ul style="list-style-type: none"> • Take risks based on a balance between proactive and defensive governance | <ul style="list-style-type: none"> • 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 |
| | | Compliance | <ul style="list-style-type: none"> • 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 | — | <ul style="list-style-type: none"> • 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 |
| | | Fraud/Illegal conduct | <ul style="list-style-type: none"> • Financial window-dressing, accounting irregularities, etc. | — | <ul style="list-style-type: none"> • Use the internal control system and the corporate ethics reporting system to prevent misconduct • Employ regular rotation to prevent misconduct |
| | | Information security | <ul style="list-style-type: none"> • Unauthorized disclosure of personal information, customer information or trade secrets • Adverse impacts on business in the event of unauthorized access, tampering, data destruction or loss, leakage or other damage caused by cyberattacks, etc. | — | <ul style="list-style-type: none"> • Conduct continuous training and annual internal audits to assess information security • Conduct cybersecurity measures and implement requisite countermeasures while ensuring multi-level protection |

For risks related to business, please see pages 23–25 of the 180th Securities Report.

Specific Initiatives of The Nisshinbo Group

Cyber Risk Countermeasures

The Nisshinbo Group continuously implements a variety of different measures to strengthen information security in order to prevent leakage of confidential information, including the personal information of customers.

To counter cyberattacks, the Group monitors e-mails using a targeted e-mail countermeasure system, installs antivirus software on information equipment, and thoroughly applies security correction programs. In addition, the Nisshinbo Group has an information security management system that monitors access to important data and restricts network access to unauthorized information devices. Through these measures, the Nisshinbo Group strives to prevent and control information leaks caused by internal fraud and prevent external attacks.

The Nisshinbo Group established rules that each group company must follow in the "Information Security Guidelines," and the Group conducts internal IT audits of Japan and overseas subsidiaries on a regular basis to

confirm compliance with these guidelines and to make continual improvements.

Rules to be followed by information system users have been established in the form of educational materials, and the Nisshinbo Group is working to raise awareness of information security measures among all Group users through the periodic education and the Learning Management System.

To raise cybersecurity awareness, the Nisshinbo Group conducted targeted e-mail training for employees of group companies in Japan. Those who opened the training e-mails were educated about receiving e-mails through the contents displayed upon opening the e-mails. The Nisshinbo Group will continue to conduct this training on an ongoing basis.

Countermeasures Against Leaks of Technical Information

In addition to leaks from information systems and other infrastructures, information leaks may also occur through external intrusion or employee misconduct.

In November 2022 and January 2023, the Nisshinbo Group, with the cooperation of the Public Safety Department of the Metropolitan Police Department, held lectures on the latest trends in information leakage countermeasures for the president of Nisshinbo Holdings Inc. and the management of each group company, as well as managers and employees in the technical divisions, information systems divisions, and risk management divisions of each company. The lectures provided an opportunity for participants to review their understanding of recent cases of sophisticated technological theft and the methods used to prevent such thefts.

The Group will continue to reduce the risk of technical information leaks by fostering an organizational culture that is less prone to misconduct through the continuous enhancement of security measures for information systems, thorough reviews and management of trade secrets that include technical information, education for individual employees, and maintenance and improvement of trust relationships through work-life balance and more active internal communication.



Source: METI, Handbook for the Protection of Confidential Information (May 2022)

Thorough Information Security

Basic Concept

The Nisshinbo Group regards information security as one of the most important risks, and in April 2023, the Group revised the “Guidelines for Information Security” to be achieved by the Group and deployed them to group companies to improve information security and establish an information security operation system. These guidelines consist of human and organizational management, physical management, and technical management, and the following three points were particularly emphasized in the revision.

- ①When outsourcing operations, the responsibilities of the outsourcer regarding information security and the measures to be implemented should be clarified.
- ②In preparation for the event of an information security incident, an emergency response system and recovery procedures should be established.
- ③For backups of important information, backups should be stored in a secure environment and restoration procedures should be established.

In addition, The Group recognizes that one of its 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 its “Privacy Policy.”

▶ [Privacy Policy](#)

Promotion System

■ About Information Security

In order to ensure the continuation of safe and stable business activities of Nisshinbo Group companies, under a system in which the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings, Inc. is in charge, the Nisshinbo Group has established a meeting of information system managers, which is overseen by the Information System Group of the Finance, Accounting & IT Service Department of the Corporate Strategy Center, to confirm the status of information system update plans and management of security measures.

■ Personal Information Protection

The Group has established a personal information protection secretariat and is working on personal information protection activities under a system in which its managing officer is the chief privacy officer and personal information protection officers are appointed for each department unit. The Group has also established a personal information consultation service to handle consultations and inquiries regarding personal information from outside the group that is received by telephone, fax, or inquiry form.

In addition, a management review of information security and personal information protection is conducted at the Board of Management of Nisshinbo Holdings Inc. and is directed by the president, who is the chief executive officer of the group. Management reviews are also reported to the Board of Directors.

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Specific Initiatives of The Nisshinbo Group

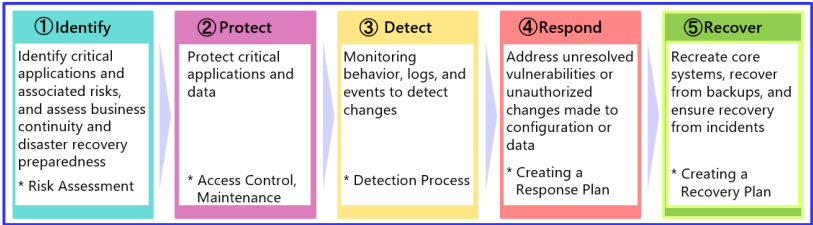
Under the revised Fifth Sustainability Promotion Plan, the Nisshinbo Group has designated the strengthen information security measures as key action items, and is working to strengthen its response to external threats and to provide ongoing information security education to employees.

- ▶ Sustainability Promotion Plan and KPIs

Strengthening Responses to External Threats

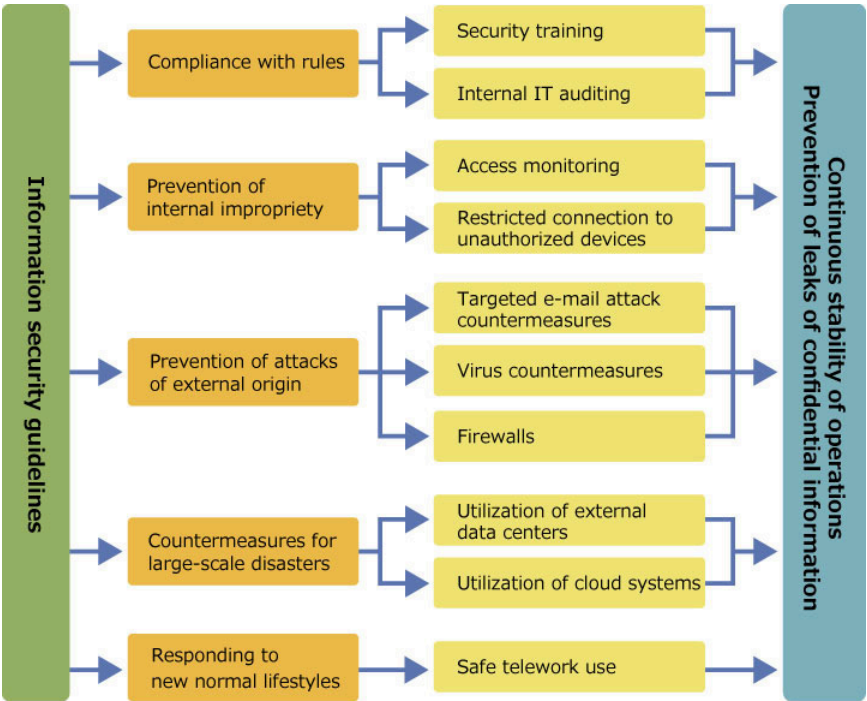
Along with subsidiary inspections covering the entire Nisshinbo Group, vulnerabilities in servers and network equipment are checked and systematic vulnerability countermeasures are implemented. Going forward, the Group will promote comprehensive countermeasures that take into account early detection, response, and recovery, assuming that it is difficult to completely defend against attacks.

Cyber Security Framework



Initiatives to Ensure Information Security

The Nisshinbo Group has established the “Guidelines for Information Security” to set forth rules to be followed by all group companies in Japan and overseas. To prevent the leakage of confidential information, including customers’ personal information, the Group is continuously promoting education and other measures to enhance information security based on these guidelines.



■ Compliance with Rules / Implementation of Information Security Education and IT Internal Audits

The Group has compiled rules to be kept by information system users into educational materials and is working to raise awareness of information security measures among all Group users through a Learning Management System that includes periodic education and comprehension tests. At the same time, group training is provided for new employees and those dispatched overseas.

In addition, IT internal audits are regularly conducted on Japan and overseas subsidiaries to confirm compliance with the information security guidelines and to ensure continuous improvement.

■ Prevention of Internal Fraud

The Group uses an information security management system to monitor access to important data and restrict network access to unauthorized information devices.

■ Prevention of External Attacks

To counter cyber-attacks, the Group monitors e-mails through its e-mail security system, installs antivirus software on information equipment, and applies security correction programs thoroughly.

Targeted e-mail training for employees of Japan and overseas Group companies has been conducted since FY2021 to raise cybersecurity awareness and cultivate response capabilities. Training has been expanded to include Japan and overseas Group companies since FY2022.

In FY2022, the training was conducted for 5,501 persons at 17 Group companies, and the open rate was 7.7%, lower than the previous rate of 11.1%. Those who opened the training e-mails were educated on precautions to take when receiving e-mails through the contents displayed upon opening the e-mails.

■ Countermeasures in the Event of a Large-Scale Disaster

From the standpoint of business continuity in the event of a large-scale disaster, the Group promotes the use of external data centers and cloud systems.

■ Support for New Normal Lifestyles

To enhance security during telework, the Group eliminated traditional VPN connections and switched to using a cloud-based firewall system. The group is moving from a traditional perimeter security model that keeps the company secure internally to a zero trust security model that monitors the overall status with the same security from outside the group.

Initiatives to Protect Personal Information

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 its business sites based on its annual plan. The Group also conducts regular internal audits to check the management status of listed personal information (registration, deletion, storage methods, training status, etc.), and is committed to thorough and continuous improvement in preventing external leakage.

In FY2022, it was discovered that customer information may have been leaked due to unauthorized access by a third party who exploited a vulnerability in a website operated by a company in its group.

The Group reported the matter to the Personal Information Protection Committee, the supervisory authority, and based on the investigation of the cause of the unauthorized access and other matters by a specialized investigation company, the Group made a public announcement and issued an apology and notice to its customers.

The Group takes this incident very seriously and will work to prevent a recurrence through measures such as strengthening the security measures and monitoring systems of the entire Group's systems.

Specific Activities of the Group Companies

Acquisition of Various Certifications Related to Information Security

The Nisshinbo Group has acquired and updated ISO/IEC 27001 (ISMS: Information Security Management System) and other international standards related to information security management systems required for each business at each Group company. The Group is also working to obtain TISAX® (Trusted Information Security Assessment Exchange) certification for the automotive industry supply chain.

Introduction of Surveillance Cameras and PC Control Software

Nisshinbo Business Management (Shanghai) Co., Ltd. in China implemented the following measures in consultation with a JETRO-contracted lawyer office and the Information System Group of Nisshinbo Holdings Inc. to prevent the leakage of trade secrets and to comply with the Cybersecurity Law of the People's Republic of China.

① Installation of surveillance cameras

With this measure it is now possible to keep a record of entry and exit for 24 hours, or about 6 months.

② Installation of PC control software

The new software enables the acquisition of PC logs for a period of six months as stipulated by the Cybersecurity Law of the People's Republic of China, as well as USB memory stick usage restrictions, website upload logs, etc.

When the software was introduced, a briefing session was held with all employees to explain the purpose of the system.

The Group will continue to work with the department in charge of information system security to improve the level of information security in China.



Installation of surveillance cameras

Information System Vulnerability Assessment

Japan Radio Co., Ltd. conducts regular information security vulnerability assessments. In light of the recent sophistication of cyber-attacks and actual damage, the objective is to understand the sufficiency of technical countermeasures against possible threats, items requiring additions and improvements, and their priorities.

The company has been taking countermeasures to address the issues identified in the previous assessment by determining the order of priority. Now that these measures have been completed and due to the rapid changes in the security situation, the company once again conducted a vulnerability assessment by a security vendor. This time, the main target was the information-related Internet connection environment. Based on 14 threat scenarios, the company determined the degree of sufficiency in each case and identified areas requiring improvement for the company. Based on the results of the assessment, the company will formulate a plan to improve necessary countermeasures and implement further security enhancement measures in the future.

Based on the results of the determination, the company is currently in good standing and does not require additional security equipment, and will investigate the logs in the future.

Information Security and Personal Information Protection Education at Each Store

Tokyo Shirts Co., Ltd. conducts education on information security every year. Since the employees to be trained work at stores nationwide, group training is first conducted for head office employees and sales managers, and then the managers visit each store and meet with each staff member to read and discuss the materials.

In FY2022, in addition to the company's information equipment management rules, precautions for managing user IDs and passwords, and how to deal with suspicious e-mails, education on the protection of personal information was also provided in parallel. The personal information protection training explained how mishandling of information equipment could lead to the leakage of customers' personal information.

The company will continue to educate its staff to raise their awareness of information management.

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Responding to Disaster Risk

Basic Concept

The Nisshinbo Group holds safety as the top priority for all of its activities with "Safety is the Basis for Everything" in the Business Conduct Guidelines.

In addition, the "Risk Management Regulations" of Nisshinbo Holdings Inc. clearly stipulate the following action guidelines in the event of a disaster or other emergency situation.

■ Guidelines for Action in the Event of Emergencies

- ①In the event of an emergency, the response shall take precedence over normal business activities.
- ②The safety and health of the Group's customers (including indirect customers), officers, employees, suppliers, neighboring residents, and other related parties shall be given top priority.
- ③Proactively disclose information regarding the safety and interests of all concerned parties.

Crisis Management System

The Nisshinbo Group has established an emergency response system in the "Risk Management Regulations" in order to promptly respond to emergencies, such as earthquakes and fires. In the event of an emergency, Nisshinbo Holdings Inc. will establish an Emergency Response Headquarters and an Emergency Response Team as the response headquarters. The Emergency Response Headquarters is headed by the president and is composed of managing officer from the Corporate Strategy Center and the Business Development Division who work at the head office. The Emergency Response Team is appointed from among the head office employees of the Corporate Strategy Center and the Business Development Division, and is headed by chief of the Corporate Strategy Center. The Emergency Response Team consists of an Information Gathering Team, a Safety Confirmation Team, a Communication Team, and a Secretariat.

<System in Case of Emergency>

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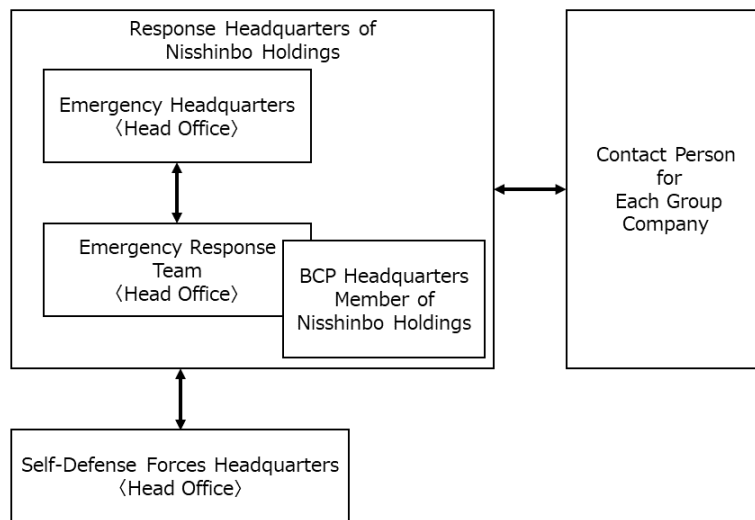
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<Composition and Roles of the Emergency Response Headquarters>

| | | |
|--|--|--|
| Response Headquarters of Nisshinbo Holdings | Emergency Headquarters | Management judgment and decision-making for the entire Nisshinbo Group |
| | Emergency Response Team | Collection of information on damage in the Nisshinbo Group |
| | Nisshinbo Holdings BCP Headquarters Member | Collection of various information to activate the BCP |
| Self-Defense Forces Headquarters <Head Office> | | Initial response after the disaster at the head office |
| Contact Person for Each Company | | Collection of information on damage at Nisshinbo Group companies |

<Composition and Roles of the Emergency Headquarters and Emergency Response Team>

| Organization | | | Main Roles |
|-------------------------|--|---|--|
| Emergency Headquarters | Response Headquarters Manager | President of Nisshinbo Holdings | <ul style="list-style-type: none"> Decision-making and judgment on important cross-group matters Appointment of Response Headquarters Member |
| | Assistant of Response Headquarters Manager | The Chief of the Corporate Strategy Center | <ul style="list-style-type: none"> Acting as Response Headquarters Manager in the absence of Response Headquarters Manager Assist in judgment and decision-making of Response Headquarters Manager regarding disaster response |
| | Response Headquarters Member | Appointed by Corporate Strategy Center, Business Development Division | <ul style="list-style-type: none"> Assist in judgment and decision-making of Response Headquarters Manager regarding disaster response |
| Emergency Response Team | Response Team Leader | The chief of the Corporate Strategy Center | <ul style="list-style-type: none"> Collection of information on damage throughout the Nisshinbo Group Assist in judgment and decision-making of Response Headquarters Manager regarding disaster response Appointment of Response Team Member |

| Organization | | | Main Roles |
|--------------|----------------------|----------------------------|---|
| | Response Team Member | Information Gathering Team | <ul style="list-style-type: none"> Obtain information on all damage and requests for assistance, etc. Gathering and sharing of information from government, administration, and member organization |
| | | Safety Confirmation Team | <ul style="list-style-type: none"> Confirmation of safety confirmation status (including tracking confirmation) and executable instruction Find out who is doing the work, Assistance for workers |
| | | Communication Team | <ul style="list-style-type: none"> Dissemination of information to stakeholders Management and control of the distribution of information to the customers |
| | | Secretariat | <ul style="list-style-type: none"> Headquarters Meeting Operation Liaison with Emergency Headquarters of each Group company |

In principle, the Emergency Headquarters will be established in the event of an earthquake of intensity 6 lower or greater on the Japanese seismic intensity scale at any of the major bases in Japan. In other cases, the establishment of the task force will be decided by the president, who is the head of the task force.

Specific Initiatives of The Nisshinbo Group

The COVID-19 became a global pandemic, known as a pandemic, only a few months after the first case of infection was reported in Wuhan, China, in early December 2019.

In accordance with its business continuity plan (BCP) program, the Nisshinbo Group established a task force in January 2020 and comprehensively managed its Japan and overseas business sites by setting "*ensuring the safety and security of employees, customers, and business partners*" and "*maintaining supply chains*" as its basic policies for dealing with infectious diseases. Specifically, the Group promoted telecommuting and staggered work hours, utilized Web conferencing, expanded electronic authentication systems, secured masks and disinfectant solutions, regularly disinfected and ventilated work environments, secured space in work environments, and vaccinated employees who wished to receive vaccines at work.

Disaster BCP Initiatives

From the perspective of business continuity, the Nisshinbo Group conducts annual drills to confirm the safety of employees in the event of a major earthquake or other emergency and to communicate information necessary for early recovery from a disaster. The Nisshinbo Group developed and introduced a "safety confirmation and emergency communication system" within the Group to quickly and reliably confirm the safety of employees.

In addition, Nisshinbo Holdings Inc. and major business sites of the Group have organized a self-defense fire brigade, which conducts periodic inspections of fire prevention equipment and other facilities, as well as water spraying drills. In addition, annual disaster prevention inspections have been conducted for more than 60 years to strengthen the company's ability to respond immediately after a disaster strikes and to develop an initial response system.

Furthermore, by promoting the use of cloud computing for its main information systems, the Group is preparing for disasters such as major earthquakes and are aiming for stable operations 24 hours a day, 365 days a year.

On a related note, the operation of the response headquarters has also changed as the global outbreak of the COVID-19 has led to the spread of teleworking environments, such as remote access to information systems and Web conferencing. The Nisshinbo Group conducts drills so that the Group can respond to different situations, such as when the majority of members gather in a conference room, when Web conferencing is used in combination, and

when all members participate in Web conferencing, and the Group implements measures to address issues identified in drills so that it can maintain its role as a disaster recovery command post as much as possible.

BCP Initiatives in the Procurement Supply Chain

The Nisshinbo Group has been inquiring about the status of BCP in the procurement supply chain as a survey item to its suppliers, and the results for FY2022 show that many suppliers perceive BCP initiatives as insufficient. The Group aims to improve the BCP of the Nisshinbo Group's supply chain by increasing safety stock and providing feedback and support on the survey results.

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Thorough Compliance and Corporate Ethics

SDGs



Basic Concept

The Nisshinbo Group included “Thorough-Going Compliance” in its Business Conduct Guidelines, which clearly states that the Group will act in constant fairness and sincerity across a broad range of issues, respecting social norms and corporate ethics, and in addition to establishing a system, will provide education to all employees.

Promotion System

Based on the “Nisshinbo Group Code of Corporate Ethics,” Nisshinbo Holdings Inc. has established a “corporate ethics committee” as an organization directly under the president and the director, with the president as the chief officer for corporate ethics, to handle matters related to compliance throughout the Nisshinbo Group.

The Business Ethics Committee Chairman is normally appointed by the Director and the Chief of the Corporate Strategy Center of Nisshinbo Holdings Inc., and the Business Ethics Committee members are appointed from among the senior manager and above of the Corporate Strategy Center (the scope of appointment may be broadened as necessary).

The Nisshinbo Group also established a “Corporate Ethics Reporting System” for the purpose of early detection of suspected violations of laws and regulations and the prevention of recurrence of such violations and has put in place a system to receive reports from both inside and outside the company. The Group employees can file reports directly with internal Corporate Ethics Committee members as well as to outside counsel. The Group strictly protects the confidentiality of whistleblowers and takes care not to cause any disadvantage to whistleblowers. The Corporate Ethics Committee takes appropriate action in response to the content of the report.

In the Sustainability Promotion Plan, the Nisshinbo Group set the goals of “Raising awareness of compliance” and “Operating the corporate ethics reporting systems,” and the Group will monitor progress by setting targets and Key performance indicators (KPIs).

▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of The Nisshinbo Group

In FY2022, in accordance with the “Fifth Sustainability Promotion Plan” before its revision, The Nisshinbo Group focused on thorough compliance as a priority activity item and promoted activities with the KPIs of ①Participation rate of compliance training for managers, 100% ②Response rate to corporate ethics reporting system, 100%.

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In the revised "Fifth Sustainability Promotion Plan," the Group also set thorough compliance as a key action items and will further promote activities based on the same KPIs.

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 FY2016, 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 movies for education through the Learning Management System. Additionally, the Group is conducting training at all of its 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. Nisshinbo Holdings Inc. formulated the "Guide to Prevent Corruption" in response to related legislation in other countries. The Group has 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. The Group reviews the content of the guide as necessary and uses it for group-wide anticorruption efforts.

Adhering Strictly to a Policy of Confidentiality

The Group has entered into confidentiality agreements with its 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, the Group conducts annual internal audits.

Efforts for Import and Export Control

As the workforce and work styles themselves continue to diversify, the need for appropriate management of information within the company has become more important than ever before. The revision of the Service Notification^{*1} related to the Foreign Exchange and Foreign Trade Law (Foreign Exchange and Foreign Trade Law), which came into effect on May 1, 2022, further clarified the operational control of the so-called deemed exports^{*2}.

In the Nisshinbo Group, the Corporate Governance Department of Nisshinbo Holdings Inc. has been playing a central role in studying revisions to export control regulations and other internal rules in cooperation with the export control officers of each core company since November 2021, when the revised laws and regulations were announced, and has been sharing information with group companies in Japan that export. In addition, explanatory meetings were held and educational videos were created and distributed to inform export control personnel and other employees in general. For companies that have notified the Ministry of Economy, Trade and Industry of their internal rules for export control, all notifications of revised internal regulations were completed within the notification deadline.

^{*1} Notice of Partial Revision of Regarding Transactions or Acts of Providing Technology that Require Permission under the Provisions of Article 25, Paragraph 1, of the Foreign Exchange and Foreign Trade Act and Article 17, Paragraph 2 of the Foreign Exchange Order.

^{*2} "Deemed export": A transaction in which there is a high probability that the technology provided in Japan will be taken to a foreign country as a result, even if the technology is provided in Japan.

Corporate Ethics Reporting System

Guided by its Corporate Philosophy, the Nisshinbo Group endeavors to instill and firmly establish corporate ethics among all employees in all aspects of its business activities. The Group has established a "Corporate Ethics Reporting System" with the aim of promptly discovering and preventing violations of laws and regulations and alleged violations of corporate ethics.

This system accepts reports not only from employees of the Group but also from a wide range of stakeholders inside and outside the company. Employees who become aware of any violation of laws or corporate ethics by the Group, or of any conduct that raises suspicions of such violation, are advised seek consultation and report the matter. The Group will respond appropriately after investigating the facts. Concerned parties are free to consult and report anonymously; however, if they leave a name and contact information, the Group will contact them with an outline of countermeasures.

Group employees can file reports directly with internal Corporate Ethics Committee members as well as to outside 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 its 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 its social responsibility as a company and further enhance its corporate value.

Contact for consultation and report

Reception Desk, Corporate Ethics Committee
fax: +81-3-5695-8851

► Consultation / Report Form

Number of Compliance Violations and Corporate Ethics Reports

The number of reports made to the Corporate Ethics Reporting Desk of Nisshinbo Holdings Inc. in the past three years is as follows. The Corporate Ethics Committee responds to all reports appropriately, while ensuring that confidentiality is strictly maintained and that the whistleblower is not disadvantaged. If a violation is found, the whistleblower will be punished in accordance with the Company's employment regulations.

Corporate Ethics Reporting Desk Number of Reports

| | 2020 | | 2021 | | 2022 | |
|--------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|
| | The number of cases | Disciplinary action for facts | The number of cases | Disciplinary action for facts | The number of cases | Disciplinary action for facts |
| Harassment Related | 1(0) | 0 | 3(1) | 0 | 3(3) | 0 |
| Violation of Law | 0(0) | 0 | 0(0) | 0 | 3(0) | 0 |
| Labor Issues | 0(0) | 0 | 1(1) | 0 | 2(1) | 0 |
| Accounting | 0(0) | 0 | 3(2) | Disciplinary | 1(0) | 0 |

| | 2020 | | 2021 | | 2022 | |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|----------------------------|-------------------------------|
| | The number of cases | Disciplinary action for facts | The number of cases | Disciplinary action for facts | The number of cases | Disciplinary action for facts |
| Irregularities | | | | Action 2 | | |
| Others (Moral Violations, etc.) | 5(0) | 0 | 2(0) | 0 | 8(2) | 0 |
| Total number of reports | 6 | | 9 | | 17 | |
| Total number of reports handled by the committee | 6(0) 100% Responded | | 9(4) 100% Responded | | 17(6) 100% Responded | |

* The number of reports in parentheses is the number of confirmed violations and other specific facts.

Specific Activities of the Group Companies

Compliance Training by Legal Counsel

JRC Tokki Co., Ltd. conducted "Compliance Training (Elimination of In-house Misconduct and Fraud)" for all employees (excluding those on secondment or on leave) over a two-month period from November to December.

The video material (about 45 minutes) using PowerPoint covered the following four items.

①What is compliance?

Basic matters

②Compliance reporting

Information on internal and external contact points (who, what, and where to report)

③Case studies (examples)

Cases of partial embezzlement of payments, unnecessary transportation expenses from the company

④Summary

Eliminate opportunities for fraud. Each and every employee should act ethically and make correct decisions.

Quoting the Chinese proverb, "Abstain from all appearance of evil," report and consult with your supervisor before acting in cases that may lead to misunderstandings.

A total of 367 employees participated in the seminar, either in the company's multipurpose hall or in their own seats, and learned about the elimination of misconduct and fraud within the company.

Compliance Education for Employees

Nisshinbo Mechatronics (Thailand) Ltd. in Thailand conducts compliance education for its employees once a year during the "Training Day" hosted by the company.

In FY2022, training was provided on compliance with traffic laws and protection of personal information, which are familiar examples. Regarding compliance with traffic laws and regulations, education was provided not only on the actual situation of traffic accidents in Thailand, but also on the compliance with traffic laws and regulations that the company is working on.

In Thailand, the Personal Data Protection Act (PDPA) was enforced from 2022. The company conducted training on what the company must do based on this new law and what employees must observe in accordance with the newly created rules and procedures.

Nisshinbo Group Tax Policy

1. Compliance

In addition to complying with the laws and regulations in the countries and regions where the Nisshinbo Group operates, we will conduct business activities in accordance with the tax guidelines published by international organizations such as the OECD. We will also maintain and improve our compliance system, pay appropriate taxes, and fulfill our corporate social responsibility.

2. Governance

The responsibility for tax governance lies with the Senior Manager of Finance, Accounting Department of Nisshinbo Holdings. We will establish and manage business processes and procedures related to tax practices, and properly realize governance related to tax laws.

3. Prohibition of tax avoidance act

We do not do tax planning with an intention to avoid tax, without business entity, or with an abnormal structure that does not fit the spirit of the law.

4. Relationships with Government and Tax Authorities

We strive to maintain a transparent and open relationship based on sincere cooperation with the tax authorities of the countries and regions where we operate. If there is a disagreement with the tax authorities, we will work with the authorities to resolve issues by finding an agreement.

5. Tax Planning

Tax planning is considered to be effective in managing all business activities, and costs are controlled in line with the purpose of legislation. We do not use countries or regions called tax havens for tax avoidance purposes, and allow business activities in those countries or regions only when there are essential business factors.

Investor Relations

▶ Management Information

▼ Corporate Governance

▶ Basic Stance Regarding Corporate Governance

▶ Nisshinbo Corporate Governance Policy

▶ Nisshinbo Group Tax Policy

▶ Highlight from Integrated Report

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▶ Investor Relations News

▶ Other IR Information

▶ IR Sitemap

6. Application of preferential taxation system

Within the scope of normal business activities, we will apply available preferential taxation system and try to pursue tax efficiency. In addition, by examining double taxation minimization, measures to improve the recoverability of deferred tax assets, etc., we will examine whether there is a scope for reducing tax costs.

7. Transfer Pricing

Regarding cross-border intra-group transactions, Nisshinbo Group aims to allocate the profit properly among countries and its subsidiaries based on their value contribution defined by the analysis of the function, assets and risk assumed by each one, considering Arm's Length Principle.

Social Data

Number of Employees

| | Subject | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|-----------------------------|--------------------|---|----------|-------------------------|----------------|----------------|
| Number of regular employees | Nisshinbo Group | Total number of regular employees | People | 19,550 | 20,917 | 20,384 |
| | | By region | | | | |
| | | Number and ratio of regular employees in Japan | Subtotal | People/% 10,297 / 52.7% | 10,361 / 49.5% | 10,032 / 49.2% |
| | | | Male | People 8,440 | 8,511 | 8,171 |
| | | | Female | People 1,857 | 1,850 | 1,861 |
| | | Number and ratio of regular employees in overseas | Subtotal | People/% 9,253 / 47.3% | 10,556 / 50.5% | 10,352 / 50.8% |
| | | | Male | People 5,678 | 6,826 | 6,387 |
| | | | Female | People 3,575 | 3,730 | 3,965 |
| | | By gender | | | | |
| | | Number and ratio of regular employees by gender | Male | People/% 14,118 / 72.2% | 15,337 / 73.3% | 14,558 / 71.4% |
| | | | Female | People/% 5,432 / 27.8% | 5,580 / 26.7% | 5,826 / 28.6% |
| | | Number and ratio of regular employees by age | | | | |
| | | 15-19 years old | Subtotal | People/% 167 / 0.9% | 143 / 0.7% | 275 / 1.3% |
| | | | Japan | People 114 | 107 | 112 |
| | | | Overseas | People 53 | 36 | 163 |
| | | 20-29 years old | Subtotal | People/% 3,836 / 19.6% | 3,894 / 18.6% | 3,822 / 18.8% |
| | | | Japan | People 1,482 | 1,517 | 1,504 |
| | | | Overseas | People 2,354 | 2,377 | 2,318 |
| | | 30-39 years old | Subtotal | People/% 4,929 / 25.2% | 5,073 / 24.3% | 4,909 / 24.1% |
| | | | Japan | People 1,618 | 1,579 | 1,578 |
| | | | Overseas | People 3,311 | 3,494 | 3,331 |
| | | 40-49 years old | Subtotal | People/% 5,412 / 27.7% | 5,581 / 26.7% | 5,253 / 25.8% |
| | | | Japan | People 3,060 | 2,858 | 2,536 |
| | | | Overseas | People 2,352 | 2,723 | 2,717 |
| | | 50-59 years old | Subtotal | People/% 4,785 / 24.5% | 5,459 / 26.1% | 5,413 / 26.6% |
| | | | Japan | People 3,850 | 3,970 | 3,989 |
| | | | Overseas | People 935 | 1,489 | 1,424 |
| | | 60-69 years old | Subtotal | People/% 404 / 2.1% | 749 / 3.6% | 703 / 3.4% |
| | | | Japan | People 172 | 328 | 310 |
| | | | Overseas | People 232 | 421 | 393 |
| | | Over 70 years old | Subtotal | People/% 17 / 0.1% | 18 / 0.1% | 9 / 0.0% |
| | | | Japan | People 1 | 2 | 3 |
| | | | Overseas | People 16 | 16 | 6 |
| | Nisshinbo Holdings | Total number of regular employees | People | 277 | 241 | 248 |
| | | By gender | | | | |
| | | Number and ratio of regular employees by gender | Male | People/% 222 / 80.1% | 186 / 77.2% | 183 / 73.8% |
| | | | Female | People/% 55 / 19.9% | 55 / 22.8% | 65 / 26.2% |

| | | | | | | | | | | | |
|-------------------------------|--------------------|-------------------------------------|---|--------|----------|---------------|---------------|---------------|---------------|-------|--|
| Number of temporary employees | Nisshinbo Group | Total number of temporary employees | | | People | 2,903 | | 2,885 | | 3,021 | |
| | | By gender | Number and ratio of temporary employees by gender | Male | People/% | 1,547 / 53.3% | 1,601 / 55.5% | 1,634 / 54.1% | | | |
| | | | | Female | People/% | 1,356 / 46.7% | 1,284 / 44.5% | 1,387 / 45.9% | | | |
| | | By region | Number and ratio of temporary employees in Japan | | | People/% | 1,852 / 63.8% | 1,606 / 55.7% | 1,595 / 52.8% | | |
| | | | Number of temporary employees by gender in Japan | Male | People | 905 | 789 | 835 | | | |
| | | | | Female | People | 947 | 817 | 760 | | | |
| | | | Number and ratio of temporary employees in overseas | | | People/% | 1,051 / 36.2% | 1,279 / 44.3% | 1,426 / 47.2% | | |
| | | | Number of temporary employees by gender in overseas | Male | People | 642 | 812 | 799 | | | |
| | | | | Female | People | 409 | 467 | 627 | | | |
| | Nisshinbo Holdings | Total number of temporary employees | | | People | 73 | | 67 | | 63 | |
| | | By gender | Number and ratio of temporary employees by gender | Male | People/% | 32 / 43.8% | 32 / 47.8% | 29 / 46.0% | | | |
| | | | | Female | People/% | 41 / 56.2% | 35 / 52.2% | 34 / 54.0% | | | |

Number of Hires and Leavers

| Subject | | | Boundary | | Unit | FY2020 | FY2021 | FY2022 |
|--|----------------------------|--|--|----------|---------------|---------------|---------------|---------------|
| Number of hires (regular employee) | Nisshinbo Group | Total number of hires | | | People | 2,954 | 3,055 | 3,363 |
| | | By region | Number and ratio of hires in Japan | | People/% | 356 / 12.1% | 375 / 12.3% | 450 / 13.4% |
| | | | Number of hires by gender | Male | People | 277 | 278 | 334 |
| | | | | Female | People | 79 | 97 | 116 |
| | | | Of these, the number and ratio of new graduates hired | | People/% | 217 / 61.0% | 208 / 55.5% | 260 / 57.8% |
| | | | Number of new graduates hired by gender | Male | People | 175 | 167 | 202 |
| | | | | Female | People | 42 | 41 | 58 |
| | | | Number and ratio of hires in overseas | | People/% | 2,598 / 87.9% | 2,680 / 87.7% | 2,913 / 86.6% |
| | | | Number of overseas hires by gender | Male | People | 1,357 | 1,426 | 1,496 |
| | | | | Female | People | 1,241 | 1,254 | 1,417 |
| | By gender | Number and ratio of hires by gender | Male | People/% | 1,634 / 55.3% | 1,704 / 55.8% | 1,830 / 54.4% | |
| | | | Female | People/% | 1,320 / 44.7% | 1,351 / 44.2% | 1,533 / 45.6% | |
| | | | | | | | | |
| Number of elderly employees (over 60 years old) | Nisshinbo Group (in Japan) | Total number of elderly employees | | | People | 760 | 864 | 993 |
| Number of employees with disabilities | Nisshinbo Group (in Japan) | Number and ratio of employees with disabilities | | | People/% | 303.0 / 2.5% | 313.0 / 2.6% | 332.5 / 2.8% |
| Number of voluntary resignations (regular employee) | Nisshinbo Group | Total number of voluntary resignations and leaving ratio | | | People/% | 1,176 / 6.0% | 1,357 / 6.5% | 1,634 / 8.0% |
| | | By region | Japan | People/% | 230 / 2.2% | 246 / 2.4% | 330 / 3.3% | |
| | | | Overseas | People/% | 946 / 10.2% | 1,111 / 10.5% | 1,304 / 12.6% | |
| | | By gender | Male | People/% | 711 / 3.6% | 865 / 4.1% | 999 / 4.9% | |
| | | | Female | People/% | 465 / 2.4% | 492 / 2.4% | 635 / 3.1% | |
| | | Nisshinbo Holdings | Total number of voluntary resignations and leaving ratio | | | People/% | 4 / 1.4% | 9 / 3.7% |
| | By gender | | Male | People/% | 3 / 1.4% | 5 / 2.7% | 9 / 4.9% | |
| | | | Female | People/% | 1 / 1.8% | 4 / 7.3% | 4 / 6.2% | |

Number of Employees on Leave of Absence

| Subject | | Boundary | | Unit | FY2020 | FY2021 | FY2022 |
|--|--------------------|--|--------|------|--------|--------|--------|
| Number of employees on childcare leave | Nisshinbo Holdings | Acquisition rate of childcare leave | Male | % | 0.0% | 40.0% | 30.0% |
| | | | Female | % | 100.0% | 100.0% | 100.0% |
| | | Return-to-work ratio after childcare leave | Male | % | 0.0% | 100.0% | 100.0% |
| | | | Female | % | 100.0% | 100.0% | 66.7% |

Average Data

| Average age | | | Unit | FY2020 | FY2021 | FY2022 | |
|---------------------------|--------------------|--------------------------------|----------|--------|--------|--------|------|
| Subject | Boundary | | | | | | |
| Average age | Nisshinbo Group | Average | Age | 40.3 | 40.6 | 40.8 | |
| | | By gender | Male | Age | 41.2 | 41.7 | 42.0 |
| | | | Female | Age | 39.5 | 39.4 | 39.5 |
| | Nisshinbo Holdings | Average | Age | 44.3 | 44.7 | 44.2 | |
| | | By gender | Male | Age | 46.0 | 46.6 | 46.5 |
| | | | Female | Age | 37.2 | 38.1 | 37.8 |
| Average service (years) | Nisshinbo Group | Average | Years | 10.1 | 10.3 | 10.9 | |
| | | By region | Japan | Years | 14.8 | 14.8 | 15.9 |
| | | | Overseas | Years | 7.3 | 7.8 | 8.0 |
| | | By gender | Male | Years | 10.4 | 10.7 | 11.6 |
| | | | Female | Years | 9.7 | 9.9 | 10.2 |
| | | Nisshinbo Holdings | Average | Years | 20.8 | 20.7 | 20.4 |
| | By gender | | Male | Years | 22.7 | 22.6 | 22.8 |
| | | Female | Years | 14.7 | 14.2 | 13.8 | |
| Gender wage differentials | Nisshinbo Holdings | All workers | % | — | — | 57.5 | |
| | | Of these, regular workers | % | — | — | 65.1 | |
| | | Of these, non-regular workers* | % | — | — | 32.8 | |

* Ratio of women's wages to men's wages based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

* Since non-regular workers include contract workers, there is a large difference in wages between male and female workers.

Training

| Subject | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|-----------------|-----------------------------|----------|--------------|--------|
| Number of participants in training for management leaders | Nisshinbo Group | Total training participants | People | 166 | 208 |
| | | By region | Japan | 64 | 75 |
| | | | Overseas | 102 | 133 |
| Number of participants in compliance training (managers) | Nisshinbo Group | Total training participants | People | 2,728 | 3,701 |
| | | By region | Japan | 2,059 | 2,708 |
| | | | Overseas | 669 | 993 |
| Annual investment in education per employee | Nisshinbo Group | By region | Japan | Thousand yen | 30.5 |
| | | | Overseas | Thousand yen | - |

Diversity & Inclusion

| Subject | | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|----------------------------|--|--|----------|--------------|--------------|
| Director (include outside director) | Nisshinbo Group | Total directors | People | 322 | 319 | 306 |
| | | By region | Number and ratio of directors in Japan | People/% | 160 / 49.7% | 154 / 48.3% |
| | | | Male | People/% | 159 / 99.4% | 146 / 98.6% |
| | | | Female | People/% | 1 / 0.6% | 2 / 1.3% |
| | | Of these, number and ratio foreign directors | | People/% | 0 / 0.0% | 0 / 0.0% |
| | | | Male | People/% | 0 / 0.0% | 0 / 0.0% |
| | | | Female | People/% | 0 / 0.0% | 0 / 0.0% |
| | | Number and ratio of directors in overseas | | People/% | 162 / 50.3% | 165 / 51.7% |
| | | | Male | People/% | 162 / 100.0% | 158 / 100.0% |
| | | | Female | People/% | 0 / 0.0% | 0 / 0.0% |
| | | By gender | Number and ratio of directors by gendrer | Male | People/% | 321 / 99.7% |
| | | | | Female | People/% | 1 / 0.3% |
| Ratio of female and foreign to total directors (include outside director) | Nisshinbo Holdings | Number and ratio of female directors | | People/% | 1 / 9.1% | 2 / 16.7% |
| | | Number and ratio of foreign directors (*2022) | | People/% | 0 / 0.0% | 1 / 8.3% |
| Managing officer | Nisshinbo Group (in Japan) | Total managing officers | | People | 57 | 63 |
| | | By gender | Number and ratio of managing officers | Male | People/% | 57 / 100.0% |
| | | | by gendrer | Female | People/% | 0 / 0.0% |
| | | Of these, number and ratio foreign managing officers | | People/% | 0 / 0.0% | 0 / 0.0% |
| | | Number and ratio of foreign managing officers | Male | People/% | 0 / 0.0% | 0 / 0.0% |
| | | | Female | People/% | 0 / 0.0% | 0 / 0.0% |

* Includes one director appointed in March 2023.

| Subject | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|--|---|----------|---------------|---------------|
| Number of employees and ratio of female employees | Nisshinbo Group | Total number of enrolled employees | People | 19,550 | 20,917 |
| | | Ratio of female to enrolled employees | % | 27.8% | 26.7% |
| | By region | Japan | % | 18.0% | 17.9% |
| | | Overseas | % | 38.6% | 35.3% |
| | Nisshinbo Group (in overseas) | | | | |
| | | | | | |
| Number of managers and ratio of female managers | Nisshinbo Holdings | Total number of enrolled employees | People | 277 | 241 |
| | | Ratio of female to enrolled employees | % | 19.9% | 22.8% |
| | Nisshinbo Group | Total management employees | People | 2,646 | 2,789 |
| | | Ratio of female to management employees | % | 6.1% | 6.6% |
| | By gender | Male | People | 2,484 | 2,605 |
| | | Female | People | 162 | 184 |
| | Nisshinbo Holdings | Total management employees | People | 75 | 71 |
| | | Ratio of female to management employees | % | 5.3% | 5.6% |
| | By gender | Male | People | 71 | 67 |
| | | Female | People | 4 | 5 |
| | Nisshinbo Group (in Japan) | Total management employees | People | 2,058 | 2,090 |
| | | Ratio of female to management employees | % | 2.7% | 2.9% |
| | By gender | Male | People | 2,002 | 2,030 |
| | | Female | People | 56 | 60 |
| | Ratio of mid-carrier recruitment to management employees | | % | 8.4% | 8.3% |
| | | | | | |
| | By gender | Male | People | 165 | 167 |
| | | Female | People | 7 | 7 |
| | Ratio of foreigner to management employees | | % | 0.0% | 0.0% |
| | | | | | |
| | By gender | Male | People | 1 | 1 |
| | | Female | People | 0 | 0 |
| Number of new hires and ratio of female hired | Nisshinbo Group | Total number and ratio of new hires | People/% | 2,954 / 44.7% | 3,187 / 43.0% |
| | | Of these, ratio of new female hires | % | 44.7% | 43.0% |
| | By region | Japan (ratio of new female hires) | % | 22.2% | 23.3% |
| | | | | | |
| | By gender | Male | People | 277 | 389 |
| | | Female | People | 79 | 118 |
| | Overseas (ratio of new female hires) | | % | 47.8% | 46.8% |
| | | | | | |
| | By gender | Male | People | 1,357 | 1,426 |
| | | Female | People | 1,241 | 1,254 |

Others

| Subject | | Boundary | Unit | FY2020 | FY2021 | FY2022 |
|---|----------------------------|-------------------------------------|--------|--------|--------|--------|
| Ratio of employees taking paid leave | Nisshinbo Group (in Japan) | Acquisition rate | % | 56.7% | 57.2% | 64.1% |
| Participation in volunteer activities | Nisshinbo Group | Total number of participants | People | 1,207 | 947 | 1,308 |
| | | By region | | | | |
| | | Japan | People | 442 | 183 | 627 |
| | | Overseas | People | 765 | 764 | 681 |
| Serious accident | Nisshinbo Group | Number of incidents | Cases | 0 | 0 | 0 |
| Regular health examination | Nisshinbo Group (in Japan) | Number of subjects | People | 11,905 | 11,917 | 11,635 |
| | | Number of undiagnosed | People | 137 | 103 | 174 |
| | | Ratio of regular health examination | % | 98.8% | 99.1% | 98.5% |
| Stress check | Nisshinbo Group (in Japan) | Number of subjects | People | 11,504 | 11,819 | 11,762 |
| | | Number of not implemented | People | 434 | 441 | 492 |
| | | Ratio of implementation | % | 96.2% | 96.3% | 95.8% |
| The number of violations of the Product Liability Act | Nisshinbo Group | Total number of violations | Cases | 0 | 0 | 0 |
| | | By region | | | | |
| | | Japan | Cases | 0 | 0 | 0 |
| | | Overseas | Cases | 0 | 0 | 0 |
| Response to corporate ethics reporting system | Nisshinbo Group | Total number of calls | Cases | 29 | 38 | 38 |
| | | By region | | | | |
| | | Japan | Cases | 27 | 31 | 36 |
| | | Overseas | Cases | 2 | 7 | 2 |
| | | Total number of responses | Cases | 29 | 38 | 41 |
| | | By region | | | | |
| | | Japan | Cases | 27 | 31 | 39 |
| | | Overseas | Cases | 2 | 7 | 2 |

Sustainability Data

FY2022

- ▶ [Environmental Data 2022](#) 
- ▶ [Environmental Data 2022](#) 
- ▶ [Environmental Data by Principal Nisshinbo Group Companies 2022](#) 
- ▶ [Material Balance 2022](#) 
- ▶ [Social Data 2022](#) 
- ▶ [Social Data 2022](#) 

Sustainability

- ▶ [Message from the President](#)

[▶ Message from the
Managing Officer for
Sustainability](#)

- ▶ [Nisshinbo Group Human
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- ▶ [Sustainability Management](#)

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- ▶ [GRI Content Index](#)

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Editing Policy

The Nisshinbo Group discloses its sustainability promotion activities on its website to report them to a broad range of stakeholders.

1. Period Covered

In principle, centers on FY2022* (January 1, 2022–December 31, 2022).

* 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 FY2022, a total of 100 companies, including Nisshinbo Holdings and 99 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 |  |
| (2) Governance |  |
| (3) Stakeholder engagement |  |
| (4) Risk management |  |
| (5) Business model |  |
| (6) Value chain management |  |

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| | |
|--|---|
| (7) Long-term vision |  |
| (8) Strategy |  |
| (9) Methodology fort identifying material environmental issues |  |
| (10) The entity's material environmental issues |  |



Management
orientation



Soundness of the organizational
structure



Environmental performance
information

GRI Guideline

Universal Standards

| GRI STANDARD | | | |
|---------------------------------------|---|--|--|
| GRI 1: Foundation 2021 | | Statement of use | Nisshinbo Holdings reports with reference to the GRI Standards for the period January 1, 2022 through December 31, 2022. |
| | | GRI 1 used | GRI 1: Foundation 2021 |
| | | GRI sector-specific standards to be used | There are currently no applicable sector-specific standards. |
| GRI STANDARD | DISCLOSURE | | LOCATION |
| GRI 2: General Disclosures 2021 | 1. Organization and Reporting Practices | | |
| | 2-1 | Organizational details | Corporate Profile |
| | 2-2 | Entities included in the organization's sustainability reporting | Business Lines |
| | 2-3 | Reporting period, frequency and contact point | Editing Policy |
| | 2-4 | Restatements of information | No correction or revision of information. |
| | 2-5 | External assurance | Promoting Climate Change Countermeasures |
| | 2. Business Activities and Workers | | |
| | 2-6 | Activities, value chain and other business relationships | Corporate Profile |
| | 2-7 | Employees | Social Data |
| | 2-8 | Workers who are not employees | Social Data |
| | 3. Governance | | |

Sustainability

▶ Message from the President

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▶ Managing Officer for Sustainability

▶ Nisshinbo Group Human Rights Statement

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| GRI STANDARD | | | |
|--------------|---|---|--|
| | 2-9 | Governance structure and composition | Nisshinbo Corporate Governance Policy |
| | 2-10 | Nomination and selection of the highest governance body | Nisshinbo Corporate Governance Policy |
| | 2-11 | Chair of the highest governance body | Nisshinbo Corporate Governance Policy |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | Nisshinbo Corporate Governance Policy |
| | 2-13 | Delegation of responsibility for managing impacts | Risk Management |
| | 2-14 | Role of the highest governance body in sustainability reporting | Promotion System for Sustainability Activity |
| | 2-15 | Conflicts of interest | Nisshinbo Corporate Governance Policy |
| | 2-16 | Communication of critical concerns | Basic Stance Regarding Corporate Governance |
| | 2-17 | Collective knowledge of the highest governance body | Integrated Report (P.50 Skill Matrix) |
| | 2-18 | Evaluation of the performance of the highest governance body | Nisshinbo Corporate Governance Policy |
| | 2-19 | Remuneration policies | Nisshinbo Corporate Governance Policy |
| | 2-20 | Process to determine remuneration | Nisshinbo Corporate Governance Policy |
| | 2-21 | Annual total compensation ratio | |
| | 4. Strategy, Policy and Practice | | |
| | 2-22 | Statement on sustainable development strategy | Integrated Report (P.10-15 Message from the President) |
| | 2-23 | Policy commitments | Message from the President |
| | 2-24 | Embedding policy commitments | Sustainability Promotion Plan and KPIs |
| | 2-25 | Processes to remediate negative impacts | Risk Management |
| | 2-26 | Mechanisms for seeking advice and raising concerns | Thorough Compliance and Corporate Ethics |
| | 2-27 | Compliance with laws and regulations | Thorough Compliance and Corporate Ethics |

| GRI STANDARD | | | |
|-----------------------------------|----------------------------------|--------------------------------------|--|
| | 2-28 | Membership associations | Commitment to Initiatives |
| | 5. Stakeholder Engagement | | |
| | 2-29 | Approach to stakeholder engagement | Stakeholder Engagement |
| | 2-30 | Collective bargaining agreements | Relationship with Employees |
| GRI STANDARD | DISCLOSURE | | LOCATION |
| GRI 3: Material Topics 2021 | 3-1 | Process to determine material topics | Materiality |
| | 3-2 | List of material topics | Materiality |
| | 3-3 | Management of material topics | Sustainability Promotion Plan and KPIs |

Topic-specific Standards (Economic)

| GRI STANDARD | DISCLOSURE | | LOCATION |
|--|------------|--|--|
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | Value-Creation Process |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | Information Disclosure Based on TCFD Recommendations |
| | 201-3 | Defined benefit plan obligations and other retirement plans | Social Data |
| | 201-4 | Financial assistance received from government | Not applicable |
| GRI 202: Market Presence 2016 | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | |
| | 202-2 | Proportion of senior management hired from the local community | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | Water Resource Conservation |
| | 203-2 | Significant indirect economic impacts | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | |
| GRI 205: Anti-corruption | 205-1 | Operations assessed for risks | Risk Management |

| GRI STANDARD | DISCLOSURE | | LOCATION |
|--|------------|---|--|
| 2016 | | related to corruption | |
| | 205-2 | Communication and training about anti-corruption policies and procedures | Thorough Compliance and Corporate Ethics |
| | 205-3 | Confirmed incidents of corruption and actions taken | Thorough Compliance and Corporate Ethics |
| GRI 206: Anti-competitive Behavior 2016 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Thorough Compliance and Corporate Ethics |
| GRI 207: Tax 2019 | 207-1 | Approach to tax | Nisshinbo Group Tax Policy |
| | 207-2 | Tax governance, control, and risk management | Nisshinbo Group Tax Policy |
| | 207-3 | Stakeholder engagement and management of concerns related to tax | Nisshinbo Group Tax Policy |
| | 207-4 | Country-by-country reporting | |

Topic-specific Standards (Environmental)

| GRI STANDARD | DISCLOSURE | | LOCATION |
|--|------------|--|---|
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | Material Balance |
| | 301-2 | Recycled input materials used | Resource Conservation |
| | 301-3 | Reclaimed products and their packaging materials | Resource Conservation |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | Energy Conservation |
| | 302-2 | Energy consumption outside of the organization | Environmental Data |
| | 302-3 | Energy intensity | Energy Conservation |
| | 302-4 | Reduction of energy consumption | Energy Conservation |
| | 302-5 | Reductions in energy requirements of products and services | Promoting Life Cycle Assessment |
| GRI 303 Water and Effluents 2018 | 303-1 | Interactions with water as a shared resource | Water Resource Conservation |
| | 303-2 | Management of water discharge-related impacts | Water Resource Conservation |

| GRI STANDARD | DISCLOSURE | | LOCATION |
|----------------------------------|------------|---|---|
| | 303-3 | Water withdrawal | Environmental Data |
| | 303-4 | Water discharge | Environmental Data |
| | 303-5 | Water consumption | Environmental Data |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Contribution to Environmental and Biodiversity Conservation |
| | 304-2 | Significant impacts of activities, products and services on biodiversity | Not applicable |
| | 304-3 | Habitats protected or restored | Contribution to Environmental and Biodiversity Conservation |
| | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | Contribution to Environmental and Biodiversity Conservation |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | Promoting Climate Change Countermeasures |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | Promoting Climate Change Countermeasures |
| | 305-3 | Other indirect (Scope 3) GHG emissions | Promoting Climate Change Countermeasures |
| | 305-4 | GHG emissions intensity | Promoting Climate Change Countermeasures |
| | 305-5 | Reduction of GHG emissions | Promoting Climate Change Countermeasures |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | |
| | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Chemical Substance Management |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | Resource Conservation |
| | 306-2 | Management of significant waste-related impacts | Resource Conservation |
| | 306-3 | Waste generated | Material Balance |
| | 306-4 | Waste diverted from disposal | Resource Conservation |
| | 306-5 | Waste directed to disposal | Resource Conservation |

| GRI STANDARD | DISCLOSURE | | LOCATION |
|---|------------|--|---|
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | Promoting Responsible Supply Chains |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | Promoting Responsible Supply Chains |

Topic-specific Standards (Social)

| GRI STANDARD | DISCLOSURE | | LOCATION |
|---|------------|---|--|
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | Social Data |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | |
| | 401-3 | Parental leave | Social Data |
| GRI 402: Labor/Management Relations 2016 | 402-1 | Minimum notice periods regarding operational changes | Relationship with Employees |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | Promoting Occupational Accident Prevention |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | Promoting Occupational Accident Prevention |
| | 403-3 | Occupational health services | Promoting Occupational Accident Prevention |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | Promoting Occupational Accident Prevention |
| | 403-5 | Worker training on occupational health and safety | Promoting Occupational Accident Prevention |
| | 403-6 | Promotion of worker health | Promoting Health Management |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Promoting Occupational Accident Prevention |
| | 403-8 | Workers covered by an occupational health and safety management system | Promoting Occupational Accident Prevention |
| | 403-9 | Work-related injuries | Promoting Occupational Accident Prevention |

| GRI STANDARD | DISCLOSURE | | LOCATION |
|--|------------|--|---|
| | 403-10 | Work-related ill health | Promoting Health Management |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | Human Resource Management and Development |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | Human Resource Management and Development |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | Promoting Diversity and Inclusion Social Data |
| | 405-2 | Ratio of basic salary and remuneration of women to men | Social Data |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | Thorough Compliance and Corporate Ethics |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Relationship with Employees |
| GRI 408: Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | |
| GRI 410: Security Practices 2016 | 410-1 | Security personnel trained in human rights policies or procedures | |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 | Incidents of violations involving rights of indigenous peoples | |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | Social Involvement |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities | Not applicable |
| GRI 414: Supplier Social | 414-1 | New suppliers that were screened using social criteria | Promoting Responsible Supply Chains |

| GRI STANDARD | DISCLOSURE | | LOCATION |
|--|------------|---|--|
| Assessment 2016 | 414-2 | Negative social impacts in the supply chain and actions taken | Thorough Compliance and Corporate Ethics |
| GRI 415: Public Policy 2016 | 415-1 | Political contributions | |
| GRI 416: Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | Initiatives to Improve Quality and Customer Satisfaction |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Initiatives to Improve Quality and Customer Satisfaction |
| GRI 417: Marketing and Labeling 2016 | 417-1 | Requirements for product and service information and labeling | |
| | 417-2 | Incidents of non-compliance concerning product and service information and labeling | |
| | 417-3 | Incidents of non-compliance concerning marketing communications | |
| GRI418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Thorough Information Security |

Back Issues (CSR Report / CSR & Sustainability Website) Report

The Nisshinbo Group has published its CSR Report since 2008, and has reported only on its website since 2017. In 2022, the name of the website was changed from CSR to “Sustainability” to disclose information on the Group's sustainability promotion activities. Past CSR reports and websites archive files can be downloaded and viewed below.

Website for FY2020-2022

- ▶ Sustainability website FY2022
- ▶ CSR website FY2021
- ▶ CSR website FY2020

CSR Report for FY2008-2016



CSR Report 2016

- ▶ All Pages[6.05MB]



CSR Report 2015

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CSR Report 2014

- ▶ All Pages[4.56MB]



CSR Report 2013

- ▶ All Pages[5.39MB]

Sustainability

- ▶ Message from the President

Message from the
▶ Managing Officer for Sustainability

- ▶ Nisshinbo Group Human Rights Statement

- ▶ Sustainability Management

- ▶ Environment

- ▶ Social

- ▶ Governance

- ▶ GRI Content Index

- ▶ Editing Policy

Back Issues (CSR
▶ Report/CSR & Sustainability Website) Report



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