

Sustainability



The Nisshinbo Group will make contributions to and grow along with society as an Environment and Energy Company group. The Group views its promotion of Sustainability as the realization of its Corporate Philosophies.



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Message from the President



Aiming for sustainable development of the Nisshinbo Group and society
Turning crises into strength and challenges into growth



Providing solutions to social issues.

I will take the lead and work with employees to build a path toward the future.

I am Yasuji Ishii, and I was appointed as the Representative Director and President at the regular meeting of shareholders in March 2025. I believe that *design is essential to management*. I will advance management by logically considering potential changes in the Nisshinbo Group and the ideal form of its business model by drawing up detailed blueprints and ensuring that each business and each individual act in accordance with those blueprints. With the vision of "Turning crisis into strength, and challenges into growth, as we forge a path toward the future together," I will connect the dots indicated by our activities and take the lead in working with all employees.

The Nisshinbo Group continued to grow by transforming its business portfolio of providing solutions to social issues under its corporate philosophy of "Change and Challenge! For the creation of the future of Earth and People." When we consider the most serious social issue of today, we believe that it is climate change caused by global warming. The use of generative AI and electric vehicles (EVs) is expected to increase electricity consumption in the future, which raises concerns that CO2 emissions from power generation will increase. In this era, our aim is to leverage our strengths in sensing, wireless communication, and information processing technologies to help companies and organizations reduce CO2 emissions, improve productivity, and achieve smartization. To this end, we are rapidly implementing structural reforms, including major organizational changes, to accelerate our efforts to strengthen the research and development capabilities of the Company. We are working on measures to realize the vision set forth in our medium-term management plan, "Connect Everything, Create Value," with the aim of contributing to the resolution of environmental issues facing humanity.

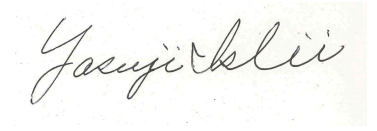
At the same time, biodiversity and ecosystem conservation have become social issues. We have begun investigating the impact of the entire supply chain on natural capital and analyzing and evaluating the financial implications. We will implement the appropriate measures to address the identified risks and then seek to identify opportunities.

Bringing out the potential of people and bringing about change

These challenges are supported by people. At the Nisshinbo Group, we are committed to conducting business that respects human rights and fostering a corporate culture where a diverse range of individuals can thrive and generate innovations. In my long career of business overseas, I have often encountered differences in how Japan and other countries and regions view human rights. Based on these experiences, I want to foster a corporate culture where employees deepen their exchanges with individuals overseas and other business sites, accept that there are typically different opinions, and engage in logical discussions while showing respect for others. Such a corporate culture cannot be achieved if harassment exists. Therefore, based on the Nisshinbo Group Human Rights Statement, it is important to provide repeated education and awareness training, as well as for management to demonstrate this attitude themselves. In the past, there were times when I reflected on saying too much, but now I look back every day and try to value my daily communication. I believe it is extremely important to convey my thoughts, gained through both successes and failures, to employees and ensure that our philosophy is thoroughly understood. By creating a better corporate culture and maximizing the potential of all employees, we will drive change and achieve results.

In addition, we are continuing to implement governance reforms to ensure diversity in terms of gender, internationality, career history, age, and other factors within the Board of Directors and to create a forum where both internal and external directors can thoroughly supervise execution and discuss strategy. As part of these efforts, we are promoting initiatives to enhance the substantive discussion of the business strategy within the Board of Directors by having outside directors participate as observers in the Board of Management for business execution, thereby gaining an understanding of the Company's situation.

The transformation of the Nisshinbo Group is still in its early stages, and we must continue to make significant changes going forward. We will move forward without wavering from our core values. We ask for the continued support and encouragement of our stakeholders.

A handwritten signature in black ink on a light yellow rectangular background. The signature is written in a cursive, flowing style and appears to read 'Yasuji Ishii'.

Yasuji Ishii
Representative Director and President,
Nisshinbo Holdings Inc.

Message from the Managing Officer for Sustainability



We are working on sustainability activities in tandem with the Nisshinbo management strategy to contribute to the resolution of social issues.



Maintain unwavering principles while changing what needs to be changed.

I am Tetsuya Kumakawa, and I have been appointed Senior Manager of Corporate Strategy Department April 2025. Nisshinbo Holdings reorganized its structure to centralize the planning and execution of its corporate strategy and sustainability promotion activities. The Company will advance its sustainability initiatives in tandem with the corporate strategy by identifying core issues and implementing focused measures tailored to the opportunities and risks presented. The management team will continue to evolve toward sustainability, which is unique to Nisshinbo, while ensuring that all employees and other stakeholders understand and agree with the significance of the Company's activities.

What is sustainability for Nisshinbo? Sustainability is linked to the basic spirit that has been passed down since the company's founding: *Public Entity* and *Consistent Integrity*. Nisshinbo changed its business portfolio in response to social issues, but its basic spirit, which is the source of its intangible asset of the *trust* accumulated over its history, remains unchanged. Based on this spirit, Nisshinbo will continue to contribute to the resolution of social issues. Above all, the most important factor is *people*. At Nisshinbo, the belief that *business is people* has been deeply rooted in the corporate culture for many years. We believe that a company is made up of people, and that all employees, or human resources, are the most important source of value creation for the company. The attitude of each and every one of the employees is to respond to the expectations of customers and society has led to the cultivation of trust over the long history of the Company.

Currently, the Nisshinbo Group is undergoing further portfolio transformations. With the many overseas operations and businesses that have joined the group in recent years, we believe that the only way to ensure that employees of different nationalities and corporate cultures understand the thinking of top management is to engage in repeated dialogues and provide ongoing consistent education even if it takes time. We recognize that in order to survive in the future, we must hold fast to unshakeable principles while changing what needs to be changed. We will continue to work on creating a new corporate culture with a strong sense of unity.

Identifying the fundamental challenges for Nisshinbo and tackling them

All activities related to sustainability will be carried out with an awareness of current social trends while considering the fundamental issues from a corporate management perspective and what needs to be addressed with a clear commitment as Nisshinbo.

Each employee has the *aspiration* of seeing the growth of the company as their own growth.

I believe that human resources are particularly important for sustainability activities. All corporate activities are carried out by people. I believe that if we can bring together good human resources, then other things will naturally follow.

In terms of human resource diversity, we actively recruit individuals with experience from other companies, which has led to the acquisition of new knowledge in a variety of situations and has resulted in securing human resources who are essential for the growth of the company. In the 6th Sustainability Promotion Plan (FY2025–2027), we have raised career recruitment targets and aim to achieve a management ratio of 20% or more. While the number of female managers remains relatively low, it is steadily increasing. The proportion of women at the time of new graduate recruitment is nearly in line with the targets set in the 5th Sustainability Promotion Plan (FY2022–2024), and we have also established an environment that supports diverse work styles. As a result, we will raise the KPIs and further strengthen our efforts in this area.

In terms of human resource development, we improved the environment for post-employment education and training by introducing a learning management system, which allows employees to voluntarily participate in a variety of different programs. Some programs are required for salary increases and promotions, and we feel that the curriculum has become more advanced with the incorporation of external training courses. The education system is jointly operated by the Nisshinbo Group, which allows horizontal exchanges between group companies. As our business portfolio undergoes major changes, we will continue to focus on creating an environment that will enable our employees to gain new skills and play an active role in different areas.

We believe that it is important to attract and nurture talented individuals is to actively communicate the aspirations of the company and its employees and enhance the appeal of Nisshinbo. In some of our businesses, we provide opportunities for each employee to consider their aspirations. If employees have aspirations with regard to their work, and those aspirations harmonize with the company's aspirations, they will be able to play an active role and achieve personal growth. We will continue to implement initiatives that encourage employees to consider and clarify their aspirations.

Next, regarding the environmental field, our company must reduce the environmental impact of its business activities. Under the 5th Sustainability Promotion Plan (FY2022–2024), we already achieved a 55% reduction in greenhouse gas emissions compared to 2014 levels (target: 35% reduction). This reflects the effects of progress in the use of renewable energy by domestic group companies, as well as the transfer of the TMD Group's business and the addition of the Kokusai Denki Electric Group to the Nisshinbo Group. Going forward, we will set even higher KPIs for achieving carbon neutrality and work diligently to achieve the targets.

On the other hand, improvement in the sales percentage by the products that contribute to the development of a sustainable society by mitigating the environmental impact, which was targeted to account for 60% or more of sales, stands at 47%. Although this target was not achieved in FY2024, we believe that we should increase this ratio. In the 6th Sustainability Promotion Plan (FY2025–2027), we set a target of 65% or more and will proceed with this as one of our pillars.

We are currently conducting a comprehensive survey to analyze and evaluate the potential risks and opportunities related to natural capital, such as biodiversity conservation and the TNFD, and will implement the appropriate measures if any significant issues arise. Other environmental indicators and targets are generally progressing smoothly.

Sustainability initiatives promoted together with many stakeholders

With regard to respect for human rights for all stakeholders, we will continue to conduct human rights awareness activities and training both domestically and internationally. Through repeated training and education, we will work to eliminate harassment and compliance violations. We are also continuing our human rights due diligence activities and plan to undertake a full-scale human rights risk assessment from FY2025 onwards.

We operate in collaboration with many business partners. Given the current uncertain business environment, we believe that implementing measures to strengthen the supply chain is necessary while taking into account the possibility of drastic changes in the external environment. We must listen carefully to the opinions of business partners and strengthen the supply chain while preparing for unforeseen circumstances. Furthermore, we will work with all stakeholders to address major issues that we cannot resolve alone with the aim of becoming a company that contributes to the creation of a sustainable society.

I believe that it is important for companies to be recognized for their value to society in order to conduct business activities. By advancing the management strategy and sustainability activities in tandem, we will enhance corporate value. Going forward, we will continue to steadily advance sustainability management while responding to the expectations of all shareholders, employees, and other stakeholders. We ask for your continued support and encouragement.

Tetsuya Kumakawa

Managing Officer
Nisshinbo Holdings Inc.

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

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.

- ▶ Promotion System for Sustainability Activity

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 Yasuji Ishii, Representative Director and President.

August 1, 2023

Nisshinbo Holdings Inc.

Yasuji Ishii,

Representative Director and President



Value-Creation Process



Corporate Philosophy Expresses the Nisshinbo Group's Aims

Since its foundation, the Nisshinbo Group has always valued the concept of a corporate public entity: contributing to society is the Companies' reason for being, and that contribution is the engine that drives their growth. Corporate Philosophy is "Change and Challenge! For the creation of the future of Earth and People." And the business policy derived from this corporate philosophy is to realize a super-smart society.

While developing business activities centered on the "environment" in all of its businesses, the group aims to "Connect Everything, Create Value" by providing solutions to social challenges through sensing, wireless communications, and information processing technologies.

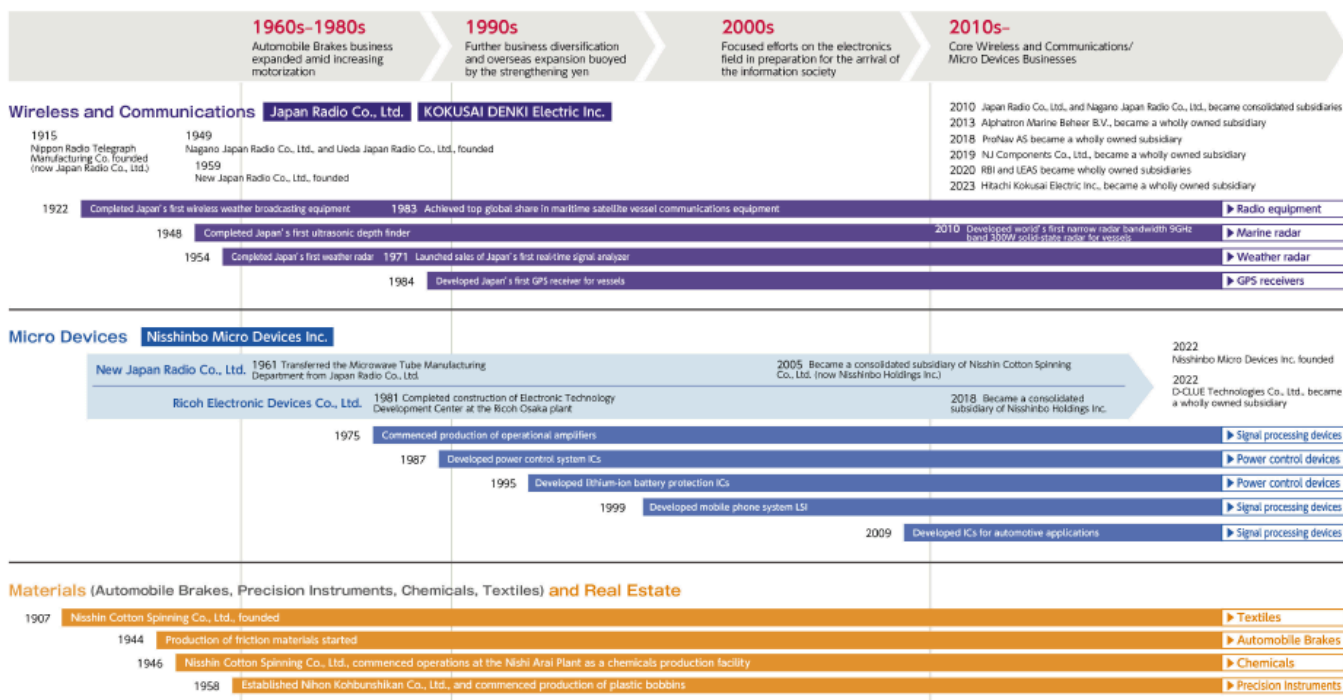
History of Portfolio Transformation

The Nisshinbo Group was founded in 1907 with the establishment of Nisshin Cotton Spinning Co., Ltd. At that time, the textile industry was a pillar of the Japanese economy, but faced with competition from low-priced overseas products, the Group has since believed that its mission is to contribute to human society through its business in accordance with the needs of the times, rather than focusing on textiles. Based on this mindset, the Group has continued to grow by aggressively promoting business portfolio transformation, incorporating Japan Radio Co., Ltd. as the core of its current Wireless and Communications business, as well as New Japan Radio Co., Ltd. and Ricoh Electronic Devices Co., Ltd., the core of its Micro Devices business.

From 2024, the Group has been segmented into four segments: "Wireless and Communications business"; "Micro Devices businesses"; "Materials business" which integrated the existing Automobile Brakes, Precision Instruments, Chemicals and Textiles business; and "Real Estate." The Group creates new value through numerous products and solutions that contribute to disaster prevention and mitigation, solutions to environmental issues, and the realization of a safe and secure society.

The words "sustainability" and "ESG management" are now frequently used in the world. However, the Nisshinbo Group has placed the concepts expressed in these terms at the center of its management strategy long before these terms were coined. The diverse businesses and product lines of the Group's global operations contribute significantly to achieving the targets of the Sustainable Development Goals (SDGs), and this is one of the Group's strengths.

 [Enlarge image](#)



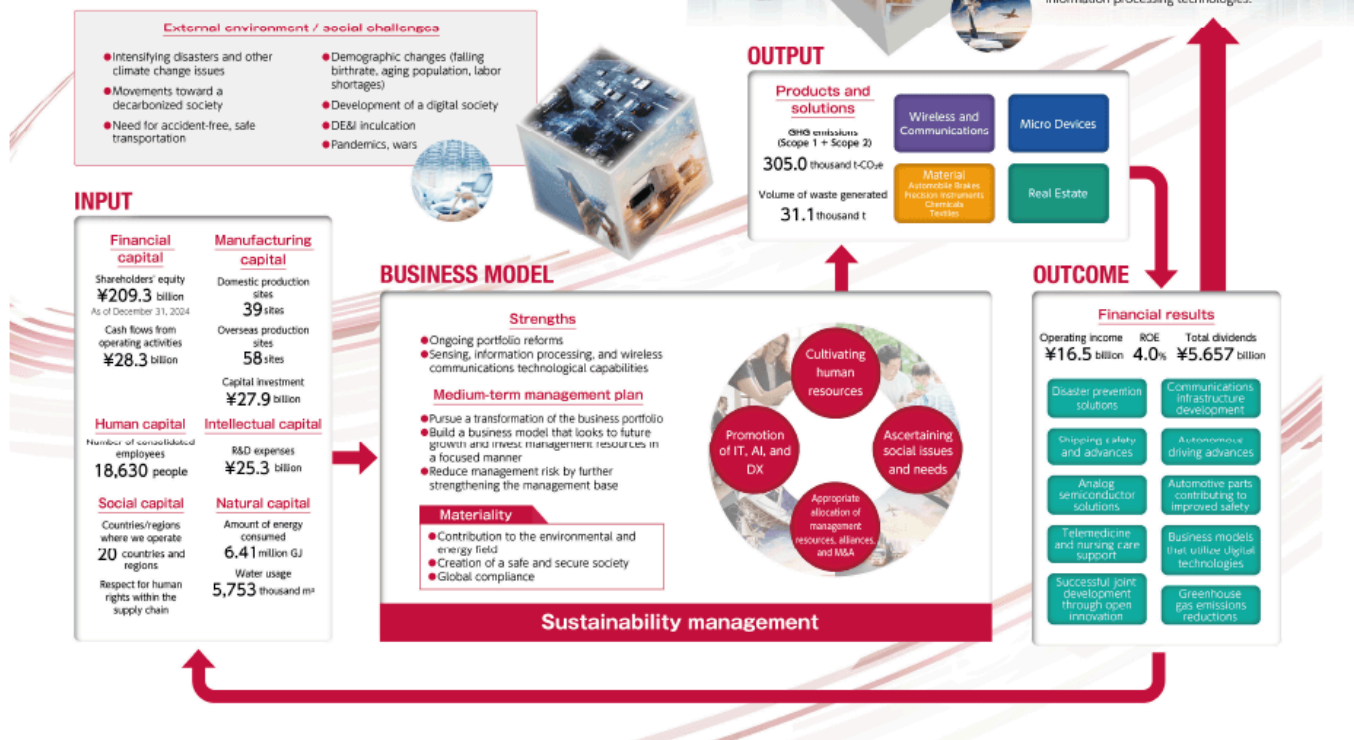
Value-Creation Process Toward the Aims

The Nisshinbo Group aims to be a corporate group that "Connect Everything, Create Value," and while continuously transforming its portfolio based on its technological strengths in sensing, information processing technologies, and wireless communication, the Group will effectively utilize its six capitals: financial, human, natural, manufactured, intellectual, and social capitals to provide solutions to social issues.

 Enlarge image

The Nisshinbo Group's Value-Creation Process

Based on an awareness of the external environment and social issues, the Group seeks to maximize outcomes by effectively utilizing its six forms of capital and implementing a business model based on sustainability management. Through these processes, we aim to contribute to the resolution of social issues as a "Connect Everything, Create Value" corporate Group.



In its sustainability management, the Nisshinbo Group has identified contribution to the environment and energy fields, creation of a safe and secure society, and global compliance as materiality (key issues). Through the provision of products and solutions based on its technological strengths, the Group will contribute to the safety and development of communication infrastructure and maritime transportation, and to the advancement of automated driving, while creating outcomes that contribute to the sustainability of people and society, such as disaster prevention solutions, telemedicine and nursing care support, and reduction of greenhouse gas emissions.

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. In 2023, materiality was reviewed in consideration of changes in the external environment and other factors; as a result, it was decided that the three materialities would remain unchanged and continue to be promoted.

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.

Contributing to SDGs

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			
- 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		Formulation of Sustainable Procurement Guidelines and disseminate to suppliers. Furthermore, we use supplier questionnaires.	
- 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.		- 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	
Promotion of efficient use of natural resources such as fuel by reducing transportation volume			
- Increasing the ratio of products that contribute to a sustainable society - Promotion of reuse of packaging materials and reduction of usage		Planned measures to achieve continuous promotion of measures to improve customer satisfaction	
Formulation of Anti-Corruption Guide and using it for anti-bribery measures, including at the Group's overseas companies.			

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

Sustainability Promotion Plan and KPIs



The Nisshinbo Group implemented CSR activities since FY2008 when it established the CSR Plan. In FY2016, the Group set KPIs to measure progress toward achieving its CSR goals. In FY2022, Nisshinbo renamed the plan to the Sustainability Promotion Plan and is promoting activities to achieve sustainability through its business activities.

Sustainability Promotion Plan

The Nisshinbo Group established three-year targets in its sustainability promotion plan and is promoting initiatives throughout the entire group, both in Japan and overseas, to achieve these targets.

Achievement Status of the 5th Sustainability Promotion Plan and Targets for the 6th Sustainability Promotion Plan

Materiality : Contribution to the environmental and energy field

Key Action Items	The Nisshinbo Group's Initiative (5th Term/ Target year 2024)					Remarks	The Nisshinbo Group's Initiative (6th Term/ Target year 2027)		
	The Nisshinbo Group's Initiative	Target · KPI	Coverage	Results	Achievement status		The Nisshinbo Group's Initiative	Target · KPI	Coverage
Promote environmental management	Improvement of the sales percentage by the products that contribute to the development of the sustainable society ^{*1}	60% or more of total sales	All companies in Japan and overseas	47%	78%	Raised the KPI	Improvement of the sales percentage by the products that contribute to the development of the sustainable society	65% or more of total sales	All companies in Japan and overseas
	Reduction of greenhouse gas emissions	Reduce by 35% or more compared to FY2014	All companies in Japan and overseas	55%	157%	Raised the KPI	Reduction of greenhouse gas emissions	Reduce by 53% or more compared to FY2014	All companies in Japan and overseas
	Reinforcement of the maintenance of biodiversity	Activities inside and outside Japan at more than 5 new sites	All companies in Japan and overseas	9 cases	180%	content change	Reinforcement of the maintenance of biodiversity	Activities that contribute to achieving the goals of the Kunming-Montreal global biodiversity framework, more than 5 new activities	All companies in Japan and overseas
	Reduction of water usage per unit of sales	Reduce by 65% or more compared to FY2014	All companies in Japan and overseas	78%	120%	Raised the KPI	Reduction of water usage per unit of sales	Reduce by 77% or more compared to FY2014	All companies in Japan and overseas
	Promote Life Cycle Assessment (LCA) ^{*2}	60% or more of total sales	All companies in Japan and overseas	51%	85%	Raised the KPI	Promote Life Cycle Assessment (LCA)	70% or more of total sales	All companies in Japan and overseas
	Reduction of the energy consumption per unit of sales	Reduce by 15% or more compared to FY2014	All companies in Japan and overseas	39%	260%	Raised the KPI	Reduction of the energy consumption per unit of sales	Reduce by 30% or more compared to FY2014	All companies in Japan and overseas
	Reduction of the volume of PRTR substances ^{*3} emissions per unit of sales	Reduce by 30% or more compared to FY2014	All companies in Japan and overseas	41%	137%	Raised the KPI	Reduction of the volume of PRTR substances emissions per unit of sales	Reduce by 40% or more compared to FY2014	All companies in Japan and overseas
	Improvement of recycling rate	Increase the recycling rate to 90% or more	All companies in Japan and overseas	92%	102%	Raised the KPI	Improvement of recycling rate	Increase the recycling rate to 93% or more	All companies in Japan and overseas

^{*1} Products that contribute to a sustainable society: Company standards

^{*2} Life Cycle Assessment: Grasping the amount of environmental impact throughout the product life cycle, from raw materials to production, use, and disposal

^{*3} PRTR substances: Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof"

Materiality : Creation of a Safe and Secure Society

Key Action Items	The Nisshinbo Group's Initiative (5th Term/ Target year 2024)					Remarks	The Nisshinbo Group's Initiative (6th Term/ Target year 2027)		
	The Nisshinbo Group's Initiative	Target · KPI	Coverage	Results	Achievement status		The Nisshinbo Group's Initiative	Target · KPI	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	97%	97% Activities as planned	Continued	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	All companies in Japan and overseas	—	Activities as planned	Content Change	Promoting business and human rights activities	[Qualitative Target] Ongoing human rights due diligence activities (Identification of human rights risks and appropriate responses)	All companies in Japan and overseas
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	—	Activities as planned	Content Change, extension of coverage	Training of management candidates necessary for business promotion	Successor candidate readiness rate for each operating company director-equivalent position, 100%	All companies in Japan
	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	All core companies	—	Activities as planned	review			
Engagement	Conduct employee survey	[Qualitative Target] Continue to conduct employee survey	All companies in Japan and overseas	—	Activities as planned	Quantitative targets developed	Conducting the Group employee surveys	Engagement score of at least 80% in the Group employee 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 and outside Japan	—	Activities as planned	review			
	Securing diverse human resources	Ratio of female recruitment to total recruits a) Mid-carrier : Administrative occupations, 50% b) New graduate : Office occupations, 50% c) Technical occupations, 20%	All companies in Japan ^{*4}	a) 35% b) 50% c) 23%	70% 100% 116%	review			
	Promoting diverse human resources	(i) Rate of managers hired as mid-career employees to total managers, 11% (Target value as of the end of FY2024)	All companies in Japan ^{*4}	19%	173%	Raised the KPI	Promoting diverse human resources	(i) Rate of managers hired as mid-career employees to total managers, 20%	All companies in Japan ^{*4}
		(ii) Rate of female managers to total managers, 6% (Target value as of the end of FY2024)	All companies in Japan ^{*4}	7.8%	130%	Raised the KPI		(ii) Rate of female managers to total managers, 10%	All companies in Japan ^{*4}
		(iii) Rate of training on psychological safety, 100%	All companies in Japan	100%	100%	review			
	Create a comfortable workplace environment for employees	(i) Rate of taking annual paid leave, 70% or more	All companies in Japan ^{*4}	68.3%	98%	review			
		(ii) Rate of male employees taking childcare leave, 30% or more of eligible male employees	All companies in Japan ^{*4}	42%	140%	Raised the KPI	Create a comfortable workplace environment for employees	Rate of male employees taking childcare leave, 100% of eligible male employees	All companies in Japan ^{*4}
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	94%	94%	Content Change, extension of coverage	Improving sustainable procurement in collaboration with suppliers	Feedback of questionnaire results based on procurement guidelines to major suppliers (over 80% of transaction value) 100%	All companies in Japan and overseas with manufacturing sites
	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	—	Activities as planned	review			
	Expanding internal awareness-raising activities	Implementation rate of training for purchasing staff (annual theme), 100%	All companies in Japan and overseas	59%	59%	review			
Promote activities for occupational safety and health	Prevent occupational injuries	The number of serious accidents "0"	All companies in Japan and overseas	0 cases	100%	Continued	Prevent occupational injuries	The number of serious accidents "0"	All companies in Japan and overseas

Cultivate employee health	Promote health management	(i) Rate of patients receiving detailed examinations after regular health checkups, 85% or more	All companies in Japan	86.5%	100%	Continued	Promote health management	(i) Rate of patients receiving detailed examinations after regular health checkups, 85% or more	All companies in Japan
		(ii) Implementation rate of health guidance for high-risk workers, 100%	All companies in Japan	98.7%	98.7%	Continued		(ii) Implementation rate of health guidance for high-risk workers, 100%	All companies in Japan
Improve quality and customer satisfaction	Continuously promote measures to improve customer satisfaction	(i) The number of violations of the Product Liability Act "0"	All companies in Japan and overseas	0 cases	100%	review	Continuously promote measures to improve customer satisfaction	[Qualitative Target] Understand and share the status of customer satisfaction for each segment	All companies in Japan and overseas
		[Qualitative Target] (ii) Understand and share the status of quality claims for each segment	All companies in Japan and overseas	—	Activities as planned	Content Change			
Development of social contribution activities	Participate in local contribution activities	[Qualitative Target] Expand participation in local contribution activities	All companies in Japan and overseas	—	Activities as planned	Continued	Participate in local contribution activities	[Qualitative Target] Expand participation in local contribution activities	All companies in Japan and overseas

*4 KPIs are those of Nisshinbo Holdings Inc.

Materiality : Global Compliance

Key Action Items	The Nisshinbo Group's Initiative (5th Term/ Target year 2024)					Remarks	The Nisshinbo Group's Initiative (6th Term/ Target year 2027)		
	The Nisshinbo Group's Initiative	Target · KPI	Coverage	Results	Achievement status		The Nisshinbo Group's Initiative	Target · KPI	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 employee survey, 80% or more)	All companies in Japan Review survey results and consider the target affirmation rate, including overseas	77% affirmation rate across the Group's	96%	extension of coverage	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 the Group employee survey, 80% or more)	All companies in Japan and overseas
Thorough compliance	Raising awareness of compliance	Rate of compliance training participation by management-level personnel, 100%	Manager of All companies in Japan and overseas	99.4%	99.4%	Continued	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	100%	100%	Continued	Operating the corporate ethics reporting systems	Response rate to corporate ethics reporting system, 100%	Response rate to 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	—	Activities as planned	review			
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	—	Activities as planned	Content Change	Operating a risk management system that responds to changes in the environment	[Qualitative Target] Continuous operation of the risk management system in response to changes in the 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	—	Activities as planned	Continued	Defending against external threats	[Qualitative Target] Strengthen protection against external threats and continuously training employees on information security	All companies in Japan and overseas

Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

In the "5th Sustainability Promotion Plan (FY2022-FY2024)," 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.

■ Materiality: Contribution to the Environmental and Energy Field

In the contribution to the environmental and energy field, Nisshinbo confirmed the achievements of its targets in six of the eight initiatives.

The Nisshinbo Group's greenhouse gas emissions for the fiscal year ended March 2024 were reduced by 55% compared to the fiscal year ended March 2014, which significantly exceeded the target of a 35% reduction compared to the fiscal year ended March 2014. The main factors that contributed to this reduction include the transfer of the TMD Group, which was previously a consolidated subsidiary, and the installation of additional equipment for the removal of

perfluorocarbon (PFC) gases and a decline in production in the microdevice business. Activities related to reducing GHG emissions and five other targets progressed smoothly, and the targets were achieved.

Products that contribute to a sustainable society accounted for 47% of sales in FY2024; however, Nisshinbo did not achieve its target of 60% or more of sales. Promotion of life cycle assessment (LCA) accounted for 51% of the Group's sales in FY2024, but the Group did not achieve its target of 60% or more of sales. This was because the Kokusai Denki Electric Group, which started activities in FY2024, was included in the scope.

■ Materiality: Creation of a Safe and Secure Society

In terms of creation of a safe and secure society, the Nisshinbo Group confirmed that it generally achieved the 13 quantitative targets that were set, excluding two targets related to the promotion of sustainable procurement.

Regarding respect for human rights, Nisshinbo established a Human Rights Statement in August 2023 and conducted group-wide human rights training aimed at raising awareness and deepening the understanding of the statement. Additionally, in FY2023 and FY2024, Nisshinbo conducted surveys of domestic and international group companies to assess the status of systems and measures related to human rights as part of its efforts to establish the foundation for human rights due diligence activities.

In terms of human resource acquisition and development, Nisshinbo established the Group HR Policy 2026, which recognized that human resources would play an important role in the transformation of the business portfolio. Specific measures included improving the participation rate in the successor program and strengthening career recruitment to correct the age composition of the Nisshinbo workforce.

In order to promote diversity, Nisshinbo implemented measures to eliminate the gender gap, promote diversity and inclusion, and develop female leaders based on a leadership development program for women. In FY2024, the ratio of career hires to managers at Nisshinbo Holdings Inc. was 19%, and the ratio of female managers was 7.8%, which exceeded the targets set by the Company. In addition, the training implementation rate for psychological safety reached 100% and achieved the target.

■ Materiality: Global Compliance

In global compliance, Nisshinbo confirmed that the Company generally achieved all three quantitative targets set by the Group.

To put into practice the Group's Corporate Philosophy, VALUE, and the Business Conduct Guidelines, Nisshinbo communicated messages from management based on the Group's corporate philosophy. In addition, in order to enhance compliance awareness, Nisshinbo provided compliance training for managers and improved the corporate ethics reporting system and thus achieved a 100% response rate for corporate ethics reports in FY2024.

Regarding the strengthening of information security measures, the Company continued to implement measures to enhance responses to external threats and provide information security education to employees.

6th Sustainability Promotion Plan (to be achieved by FY2027)

In October 2024, Nisshinbo formulated the 6th Sustainability Promotion Plan (FY2025–2027) and revised upward the KPIs for two of the four medium-term environmental targets (target year: 2030) that were expected to be achieved by the end of FY2024: Reduction of Greenhouse Gas Emissions and Reduction of Water Usage Per Sales.

Regarding the social goals of the 6th Sustainability Promotion Plan, Nisshinbo reviewed its initiatives to enhance activities in response to external demands by primarily expanding its goals and raising KPI values. For the environmental goals, the Company continued the initiatives from the 5th plan as milestones toward achieving the medium-term environmental goals and only raised the KPI values.

Promotion System for Sustainability Activity



The Nisshinbo Group has established the Group Sustainability Promotion Council, which is headed by the Managing Officer and includes Sustainability Promotion Managers and other members from each business group, to promote sustainability initiatives across the entire group based on its corporate governance system. 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.

In addition, Measures are implemented mainly by the Corporate Strategy Department and other relevant departments of Nisshinbo Holdings Inc., and management reviews and reports on issues are submitted to the Board of Management, which consists of Directors, Audit and Supervisory Board Members, and Managing Officers.

Sustainability Promotion Structure



【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 approaches (fiscal 2024 activities)	Key department/site
Customers	● Corporate website and social media ● Exhibitions ● Online seminars ● Activities aimed at increasing customer satisfaction ● CM	Marketing/Engineering, Corporate Communications
Shareholders/ Investors	● General Meeting of Shareholders (one time) ● Results briefings (two times) ● Individual meetings with institutional investors and analysts (about 120 times) ● IR tools (e.g., Integrated Report, Sustainability website, Shareholder newsletter) ● Online information for shareholders and investors	Corporate Communications
Employees	● Internal newsletter, Intranet	Corporate Communications
	● ESG-related education (637 cases)	All departments
	● Employee health measures	Health Management Department
	● Internal whistleblower system (20 cases)	Corporate Ethics Department
	● Improvement proposal meetings	All departments
	● Disaster prevention and BCP drills	
Suppliers	● Spread awareness of sustainable procurement basic policies ● Implementation of sustainability procurement questionnaires, etc. (93 cases)	Procurement Division
Regional communities	● Factory tours, work experience, workshops ● Cleanup, biodiversity preservation, and other activities (190 cases)	Business sites
NPOs, NGOs, schools, research institutions, etc.	● Various donation activities (36 cases)	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 and related reports.

In FY2024, the Nisshinbo Group continued to focus on further promoting and implementing sustainability management, which advanced company-wide initiatives under a unified direction based on the Group's philosophy. In particular, the number of companies participating in the global survey and the total number of participants have increased, and the percentage of positive responses regarding the implementation of corporate philosophy and action guidelines improved, indicating that efforts to strengthen employee engagement are steadily progressing.

In terms of the environment, significant results have been achieved in reducing greenhouse gas emissions. Scope 1+2 emissions were reduced by 55% compared to FY2014, which showed progress that greatly exceeded the target for FY2024. In addition, the Nisshinbo Group made progress in decarbonizing its entire value chain by achieving a 32% reduction in Scope 3 emissions from the previous year. Furthermore, Nisshinbo reduced water consumption per sales by 78% compared to FY2014, and its CDP rating improved from "B-" to "B." These achievements are highly regarded.

Moreover, it is impressive that each site and group company is promoting autonomous improvements in resource conservation initiatives, biodiversity conservation activities, and chemical substance management, and is steadily exceeding the quantitative targets.

In the social sphere, the Nisshinbo Group continues to promote due diligence based on its human rights statement, and specific measures are progressing, such as the development of the education and internal reporting systems. In addition, the Group is engaged in a wide range of initiatives aimed at enhancing corporate value, including employee health management, prevention of occupational accidents, quality improvement, and strengthening intellectual property.

On the other hand, there are areas where there is room for improvement. The proportion of electricity derived from renewable energy sources decreased from 21% in FY2023 to 16% in FY2024; similarly, the amount of such electricity purchased also showed a decreasing trend. Additionally, cases have been reported where targets for the proportion of sales allocated to *the products that contribute to the development of sustainable society* or promote Life Cycle Assessment (LCA) have not been met, which highlight the need for strengthened efforts in the market expansion of sustainable products.

Furthermore, such factors as a year-on-year decline in the utilization rate of annual paid leave and inadequacies in the Business Continuity Planning (BCP) system for the procurement supply chain indicate that human capital and supply chain management will require close attention as potential risk factors for future sustainability.

Overall, the Nisshinbo Group continued to promote balanced sustainability management in the areas of the environment, society, and governance in FY2024 particularly with significant progress made in efforts to reduce environmental impact and employee engagement. Going forward, I expect to see more effective initiatives, including an analysis of the causes of unmet targets and clarification of countermeasures as well as the spread of sustainability throughout the entire supply chain.



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 sustainability bridge between Japan and Europe.

Based in London, Sustainavision Ltd. provides 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.

Please refer to the following URL for the official TCFD website.

<https://www.fsb-tcfd.org/> 



▶ Information Disclosure Based on TCFD Recommendations

Endorsement of the Better Cotton Initiative (BCI)

Nisshinbo Textile Inc.

PT. Nikawa Textile Industry in Indonesia and Nisshinbo Do Brasil Industria Textil LTDA. in Brazil have endorsed the Better Cotton Initiative (BCI).

BCI is an international NGO that works to solve problems faced by cotton farmers, such as improving the massive consumption of water, improving the global environmental burden caused by excessive pesticide application, and improving producer rights. Farmers, spinners, suppliers, retailers, and civic organizations have endorsed BCI as stakeholders. The Nisshinbo Group company is contributing to sustainable cotton production by actively purchasing raw cotton from BCI member farmers and selling to BCI member apparel companies.

Please refer to the following URL for the official BCI website.

<https://bettercotton.org/> 

▶ Promoting Responsible Supply Chains

Japan Initiatives

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

The Nisshinbo Group has endorsed Keidanren Declaration for Biodiversity and Guideline. The Japan Business Federation (Keidanren) established the Keidanren Nature Conservation Fund and the Keidanren Nature Conservation Council in 1992 and has been engaged in various biodiversity conservation activities. In December 2022, at the 15th Conference of the Parties to the Convention on Biological Diversity (CBD COP15), the Kunming-Montreal Global Biodiversity Framework (GBF) was adopted as a new global target to replace the Aichi Targets. In response to this, the Keidanren Declaration for Biodiversity and Guideline were revised again in 2023.

Please refer to the following URL for the Keidanren Declaration for Biodiversity and Guideline.

https://www.keidanren.or.jp/en/policy/2023/082_proposal.html 

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

▸ Activities for Environmental and Biodiversity Conservation

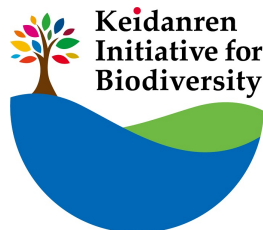
Keidanren Initiative for Biodiversity Conservation

The Nisshinbo Group supports the Keidanren Declaration for Biodiversity and Guideline and participates in the Keidanren Initiative for Biodiversity Conservation. As of November 30, 2024, 356 companies and organizations participated in this initiative, and the Nisshinbo Group is also featured. Keidanren outlined a concrete plan of action to achieve nature positivity (nature conservation and restoration) by 2030 and aim for a society that coexists with nature. Through this plan, Keidanren aims to promote biodiversity conservation activities and contribute to the achievement of the Kunming-Montreal Global Biodiversity Framework* and the SDGs.

* Kunming-Montreal Global Biodiversity Framework: An international framework that aims to achieve a world in harmony with nature by 2050 and to halt and reverse biodiversity loss by 2030.

Please refer to the URL below for details of the Keidanren Initiative for Biodiversity Conservation.

https://www.keidanren-biodiversity.jp/logo_en.php 



Keidanren Declaration of Biodiversity Initiative

▸ Activities for Environmental and Biodiversity Conservation

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.

Nisshinbo launched biodiversity conservation activities in FY2015, and as of the end of FY2024, the Group conducted 13 cases of biodiversity conservation activities in Japan, and 5 cases overseas.

Please refer to the following URL for the Action Guidelines for the Japan Business and Biodiversity Partnership.

<https://www.env.go.jp/press/files/jp/15694.pdf> 



▶ Activities for Environmental and Biodiversity Conservation

Participation in Keidanren's Challenge Zero

Nisshinbo Holdings Inc.

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.

Please refer to the following URL for the official Keidanren "Challenge Zero" website. View case studies of the Group's efforts to realize a decarbonizing society is presented.

<https://www.challenge-zero.jp/en/> 



Challenge Zero

General business owner action plan based on the law for the promotion of women's activity

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., JRC Tokki Co., Ltd., JRC Engineering Co., Ltd., Japan Radio Glass Co., Ltd., JRC System Service Co., Ltd., Nagano Japan Radio Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., NJ Components Co., Ltd., Ueda Japan Radio Co., Ltd., KOKUSAI DENKI Electric Inc., HYS Engineering Service Inc., GOYO ELECTRONICS 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., NISSHINTOA IWAO INC.

Nisshinbo Holdings Inc. has formulated a general business owner action plan based on the Law for the Promotion of Women's Activities, and each company has set specific targets and achievement periods, mainly for the number of women in management positions and the ratio of female employees. Similar initiatives are being implemented at Group companies (listed above) in Japan other than the Company.

▶ Promoting Diversity and Inclusion

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

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Japan Radio Glass 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., KOKUSAI DENKI Electric Inc., HYS Engineering Service Inc., GOYO ELECTRONICS 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., NISSHINTOA IWAO INC.

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 Diversity and Inclusion

▶ Promoting Work Style Reform

Declaration to Build Partnerships

Nisshinbo Holdings Inc., Nisshinbo Micro Devices Inc., Nisshinbo Brake 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 Deputy Chief Cabinet Secretary), Keidanren Chairman, NCCI President, and RENGO Chairman. This "Declaration of Partnership Building" is a declaration of efforts for cooperation, coexistence and co-prosperity with suppliers 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): prevention of "wrinkling of trade terms and conditions." The Group declared in 2020 and is promoting cooperation with suppliers.

Please refer to the following URL for the official website of the "Declaration to Build Partnerships."

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



Declaration to Build Partnerships

▶ Promoting Responsible Supply Chains

Assisting Workers in Balancing Work and Nursing Care

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., JRC Tokki Co., Ltd., Nagano Japan Radio Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., Ueda Japan Radio Co., Ltd., KOKUSAI DENKI Electric Inc., HYS Engineering Service Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., Nisshinbo Textile Inc.

Nisshinbo Holdings Inc. and other group companies are promoting initiatives to support the balancing of work and nursing care, and the above 12 companies disclose their efforts in the "Support for Balancing Work and Nursing Care" section.

Please refer to the following URL for the official website of the Ministry of Health, Labour and Welfare's "Support for Balancing Work and Nursing Care."

<https://ryouritsu.mhlw.go.jp/> 



▶ Promoting Work Style Reform

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.

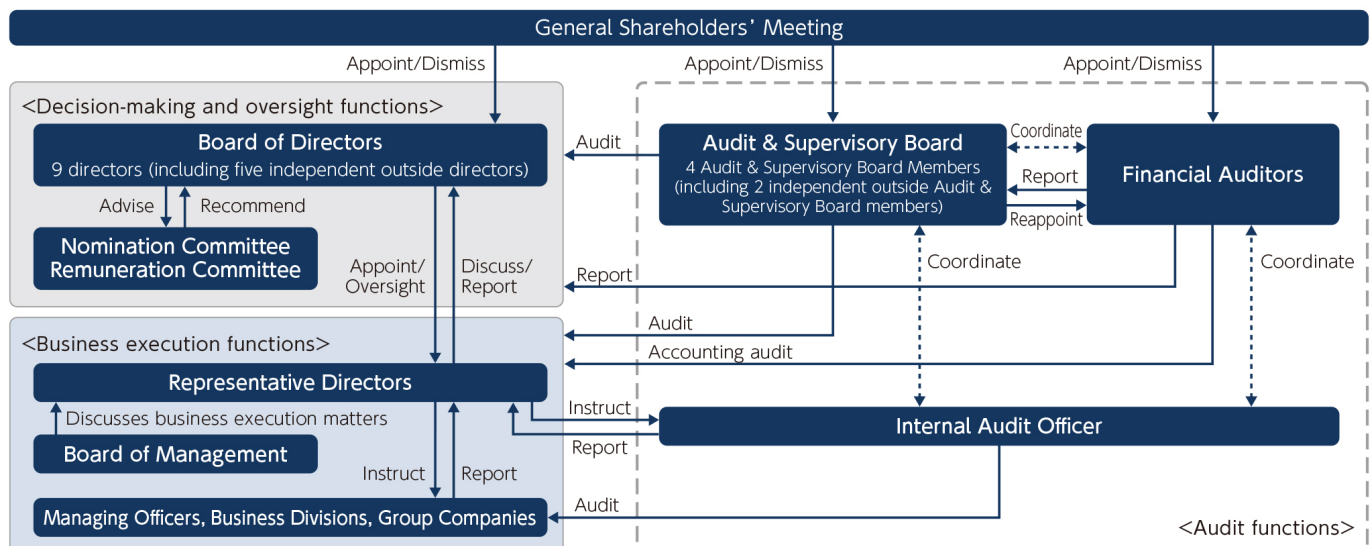
TCFD Disclosure Item

▸ 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 through business activities. 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.

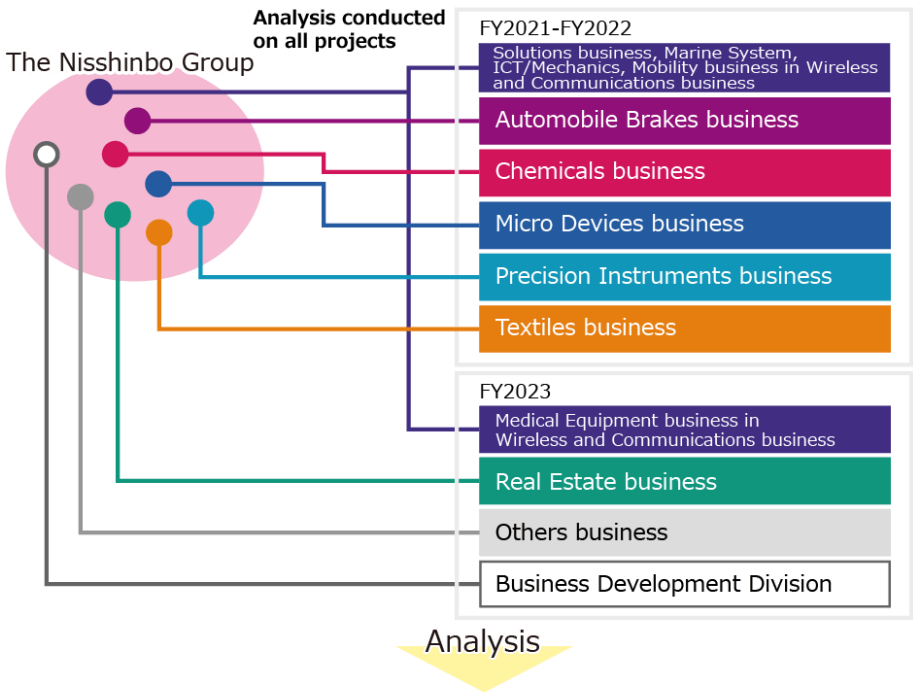
Governance Structure



An Overview

Since the Nisshinbo Group has a wide range of businesses, a climate change scenario analysis was conducted in stages starting in FY2021, and an analysis of the Group's major businesses was completed* in FY2023. In FY2021, the Group targeted the Solutions business in the Wireless and Communications business, the Automobile Brakes business, and the Chemicals business that are expected to have a large risk/opportunity impact. In FY2022, the analysis was conducted in major businesses with production activities by covering 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. For FY2023, the scope of the program includes Medical Equipment business in the Wireless and Communications business, Real Estate business, and Other businesses, as well as initiatives in the Business Development Division. 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).

* Excluding KOKUSAI DENKI Electric Inc., which became a subsidiary in December 2023.



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.

:Wireless and Communications
:Micro Devices
:Automobile Brakes
:Precision Instruments
:Chemicals

:Textiles
:Real Estate
:Others
:Business Development Division

Risk Type	Assessment Item		Risks	Opportunities
	Category			
Transition Risks	Policy and Legal	Carbon price	• Increased raw material procurement and manufacturing costs due to carbon taxation         	• Decrease future operating costs by switching to renewable energy  

Risk Type	Assessment Item		Risks	Opportunities
	Category			
	Market and Technology Shifts	Energy mix	• Increase or decrease in energy costs due to fluctuations in city gas/crude oil/electricity prices 	-
		Customer and market changes	• Cost increase due to response to GHG reduction requests from customers 	• Increased demand for related products due to increased demand for marine transportation as a result of modal shift  • 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  • Expanding the market for CFRP related products that contribute to low-carbon  • Expand sales of other environmentally oriented and environmentally friendly products and services (Increase sales of products for environment-oriented apparel and environmentally friendly industrial materials, frozen meals, plant-based meat to reduce food loss, and implement higher rents for properties with ZEB and energy certifications) 
		Spread of low-carbon and energy-saving technologies	• Decrease in demand for ICE vehicle parts due to the spread and expansion of EVs 	• Increased demand for products related to EVs, new energy vehicles, smart mobility, and fuel cells  • Sales expansion of energy-saving GaN power semiconductors and electronic device related products  • Increase in demand for related products due to increase in new offshore wind power generation  • Increase sales opportunities for fuel cell-related products as hydrogen infrastructure becomes more widespread 
Physical Risks	Chronic	Average temperature rise, and change in precipitation and weather patterns	• Increase in disaster response costs and relocation costs due to storm surge damage  • Increase or decrease in product costs due to fluctuations in raw cotton prices  • Higher purchase price costs due to lower yields of wheat and oilseeds, and lower wheat sales volume due to higher costs 	• Increase in demand for disaster prevention products and services due to increased flood risk  • Increased demand for air conditioner parts due to more frequent use of air conditioning in summer  • Increase in sales of products for heat protection (cool biz, cool sensation, etc.)

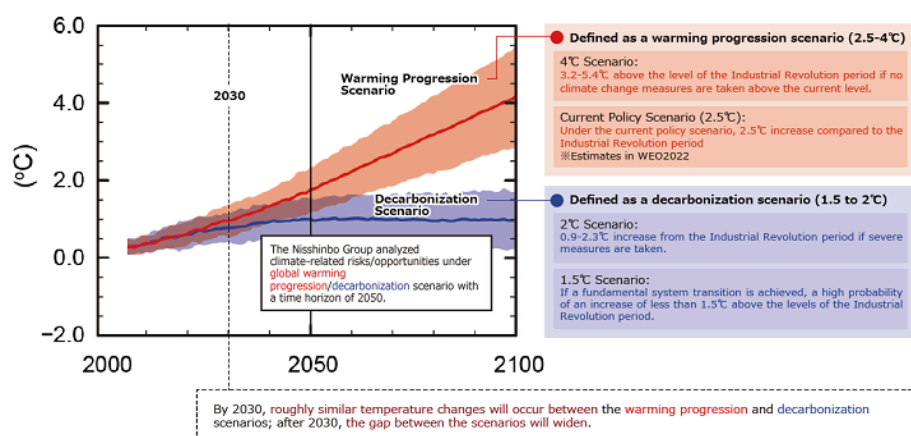
Risk Type	Assessment Item		Risks	Opportunities
	Category			
				 Expand opportunities to market products and services that address long-term changes in disease structure and access to healthcare due to climate change 
	Acute	Severity of extreme weather events	Physical damage and loss of business interruption due to typhoons and guerrilla 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	- Stated Policies Scenario (STEPS) - Reference Technology Scenario (RTS)	RCP8.5
Decarbonization Scenario	- Net-Zero Emissions Scenario (NZE) - Sustainable Development Scenario (SDS)	RCP2.6 or RCP4.5

* IEA scenarios, etc. 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.



* Prepared by Nisshinbo Holdings Inc. from the IPCC Fifth Assessment Report

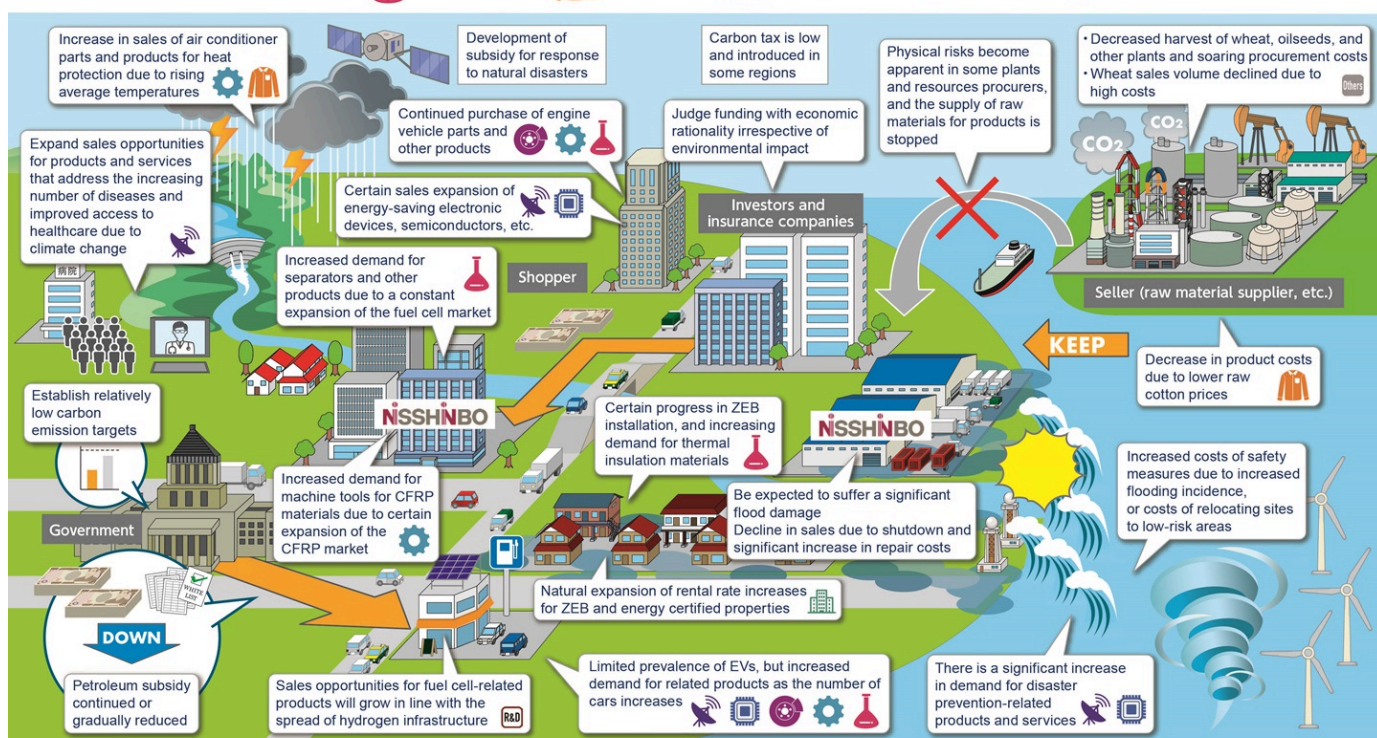
The Nisshinbo Group organized the global view of the warming progression scenario and the decarbonization scenario.

In the warming progressive scenario, while some sites will be affected by flooding and other damage, sales opportunities for countermeasure products and services 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:

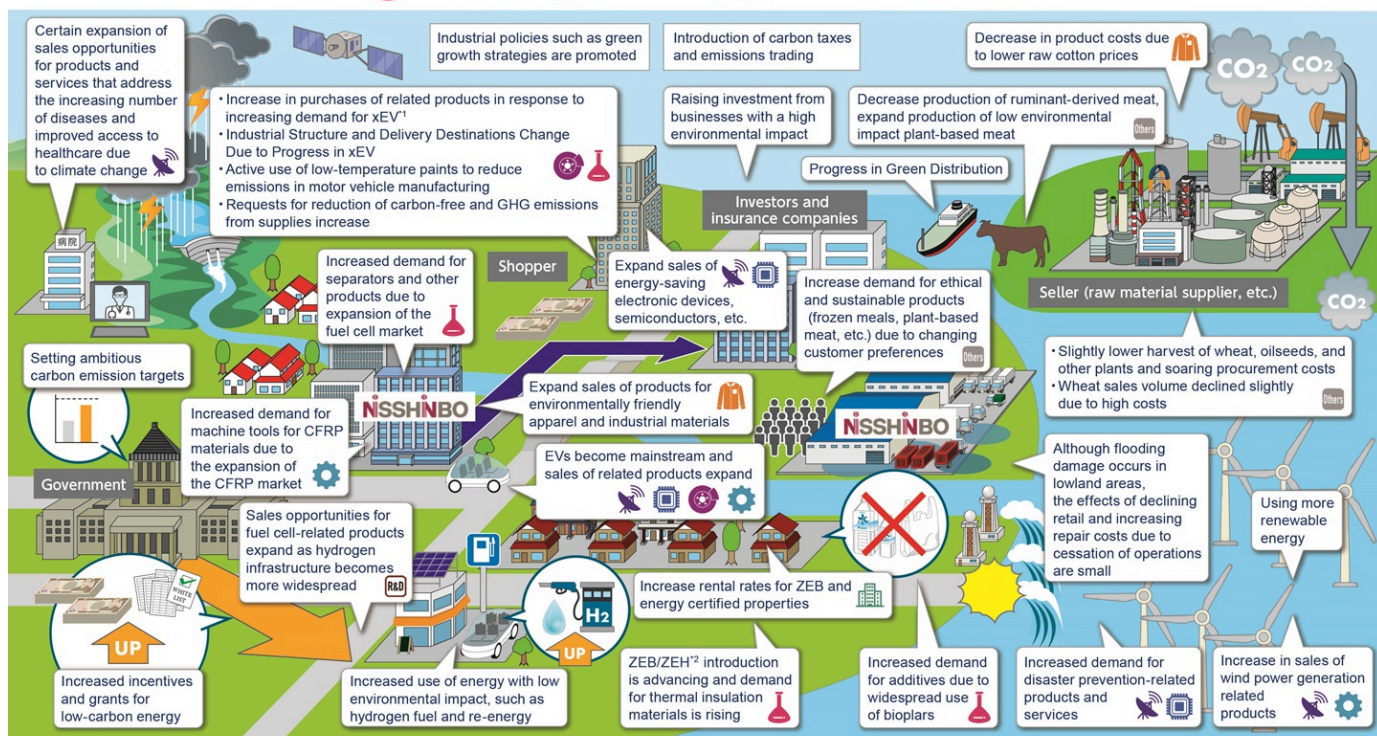
Global warming

= Wireless and Communications
 = Micro Devices
 = Automobile Brakes
 = Precision Instruments
 = Chemicals
 = Textiles
 = Real Estate
 = Others
 = Business Development Division



Decarbonization

= Wireless and Communications
 = Micro Devices
 = Automobile Brakes
 = Precision Instruments
 = Chemicals
 = Textiles
 = Real Estate
 = Others
 = Business Development Division



*1 xEV: Electric Vehicle (electric cars)

*2 ZEH/ZEH²: Net Zero Energy House / Net Zero Energy House

3. Evaluate Business Impacts

In the scenario analysis, the Nisshinbo Group evaluated the financial impact by business segment. The following is a summary of the impact on the Nisshinbo Group as a whole by scenario.

- Under the global warming progression scenario and while insurance coverage has minimized the impact, a certain amount of cost increases will be required to deal with property damage from flooding, sales of products related to EVs, new energy vehicles, smart mobility, and fuel cells, as well as friction materials for brakes, are expected to increase.
- In the decarbonization scenario and while the challenge will be to reduce carbon tax costs, sales of EVs, new energy vehicles, smart mobility, and fuel cell-related products are expected to increase more than in the global warming scenario, and sales of decarbonization-related products and environmentally friendly products are expected to expand, including increased sales of insulation materials due to the spread of ZEB/ZEH.
- In both scenarios, the Business Development Division is expected to see significant potential opportunities, such as increased sales opportunities for fuel cell-related products, driven by the widespread use of hydrogen infrastructure.

The results of the impact assessment for each business segment are as follows:

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 Medical Equipment business, demand for products that respond to changes in disease associated with climate change is expected to grow under the global warming scenario. In addition, the development of products and services for telemedicine and other applications is expected to provide significant opportunities under both scenarios.

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.

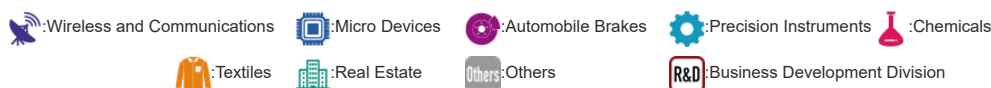
In the Textiles business, the decarbonization scenario will require measures to address the significant impact of carbon taxes, while demand for environmentally friendly products is expected to grow, requiring the capture of demand for industrial materials and environmentally oriented apparel.

In the Real Estate business, physical damage to rental properties and other assets due to flooding is limited in both scenarios. In addition, rents are expected to increase for environmentally friendly properties in the decarbonization scenario.

In the Other business, although raw material costs for wheat and fats and oils will increase in both scenarios, the impact will be limited because of changes in sales strategies, and demand for environmentally friendly products in frozen meals and plant-based meat is expected to increase.

In the Business Development Division, both scenarios are expected to offer potentially significant opportunities for increased sales of fuel cell-related products, driven by the spread of hydrogen infrastructure, and capturing demand is required.

* CFRP: Carbon Fiber Reinforced Plastics



Category	Assessment Item	Assessment of Impacts*1	
		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 in energy costs due to fluctuations in city gas, crude oil, and 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 other environmentally oriented and environmentally friendly products and services (Increase sales of products for environment-oriented apparel and environmentally friendly industrial materials, frozen meals, plant-based meat to reduce food loss, and implement higher rents for properties with ZEB and energy certifications) 	+	+
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 	+	+
	Increase sales opportunities for fuel cell-related products as hydrogen infrastructure becomes more widespread 	+ + + + *2	+ + + + + *2
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 	+	+
	Decrease in profit due to higher purchase price costs resulting from lower yields of wheat and oilseeds; increase in profit due to change in sales strategy 	+	+

Category	Assessment Item	Assessment of Impacts ^{*1}	
		Warming Progression Scenario	Decarbonization Scenario
	Increase in sales of clothing for heat protection 	+	+
	Expand opportunities to market products and services that address long-term changes in disease structure and access to healthcare due to climate change 	++ ^{*3}	++ ^{*3}
Severity of extreme weather events	Increased costs due to physical damage and loss of business interruption caused by flooding        	--	-

*1 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: ++++ / ----

(The size of the impact after taking into account the currently assumed countermeasures is described)

*2 The size of the impact of the Business Development Division may fluctuate because of future business development and uncertainties of the information and data used.

*3 The magnitude of the impact of the Medical Equipment business is targeted at products and services related to analyzers for the increasing number of diseases associated with climate change, telemedicine and medical big data, but the scale of the business may fluctuate because of future business development and uncertainties of the information and data used.

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. The Nisshinbo Group has completed scenario analysis for its major businesses in FY2023 and will continue to revise the content as appropriate based on changes in the business environment.

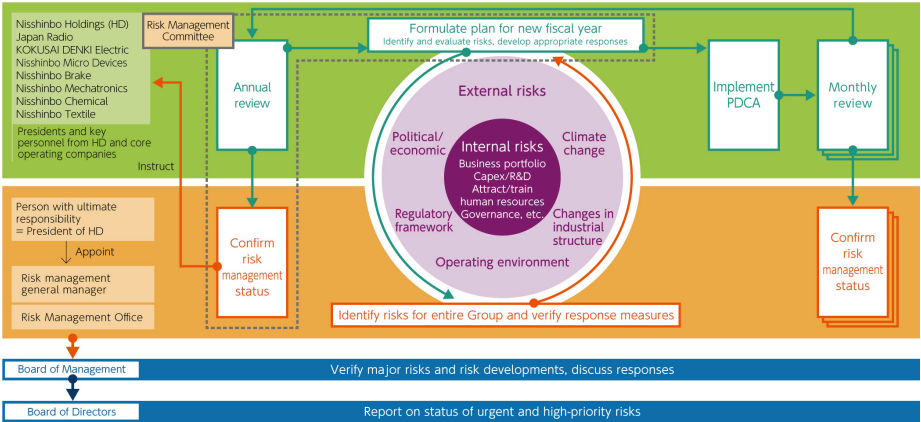
Business	Outline of Business Impacts	Direction of Responses
Common to all projects	• Risk of incurring additional costs due to the introduction and higher cost of carbon taxes. In addition, suppliers may increasingly request GHG emission reductions and be forced to respond to such requests. • Potential for physical damage and loss of business interruption caused by increased flooding	• 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
Wireless and Communications	• 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 • 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 • Expand opportunities to market products and services that address long-term changes in disease structure and access to healthcare due to climate change	• 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 • 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 • Capturing demand for products and services related to analysis of diseases that are increasing with climate change • Development of products and services for telemedicine and medical big data through collaboration of medical devices and wireless/communication technologies
Micro Devices	• 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	• 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

Business	Outline of Business Impacts	Direction of Responses
	Frequent occurrence of natural disasters may increase flood risk, thereby increasing demand for disaster prevention-related products	- 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	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	Providing products and services that comply with the changes and regulations associated with the promotion of decarbonization
Precision Instruments	- 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	- 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	- 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	- 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	- 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	- 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
Real Estate	Implement higher rents for properties with ZEB and energy certifications	Capturing demand through operation of environmentally friendly properties
Others business	- Higher purchase price costs due to lower yields of wheat and oilseeds, and lower wheat sales volume due to higher costs - Increase sales of frozen meals and plant-based meat to reduce food loss	- Price pass-through and other measures to deal with increased oil and fat procurement costs - Capturing demand by procuring and selling environmentally friendly food products
Business Development Division	Potential for growth in sales of fuel cell-related products in proportion to the expansion in the size of the fuel cell market against the backdrop of the spread of hydrogen infrastructure	- Capturing opportunities through the development and enhancement of fuel cell-related product development and manufacturing systems - Research and development of hydrogen infrastructure-related products

Risk Management

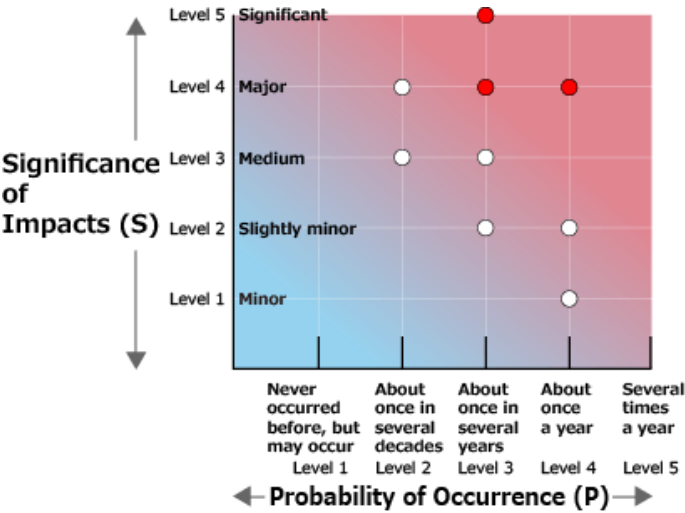
The Nisshinbo Group has established and operates a risk management system to appropriately respond to management risks of business and to minimize losses in the event of management risks. With regard to the risks and opportunities related to climate change that the Group should be aware of, the Nisshinbo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



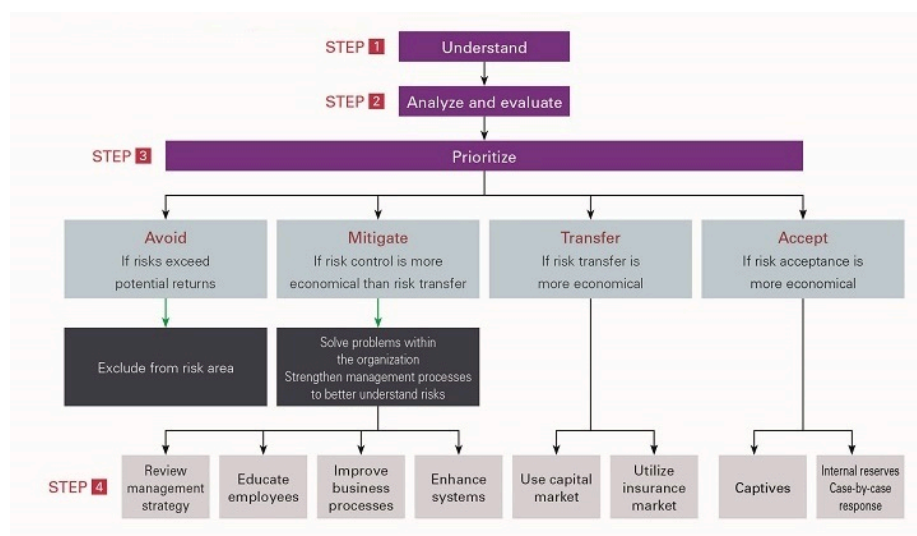
Note: HD means Nisshinbo Holdings Inc.

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



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

Risk Analysis Steps



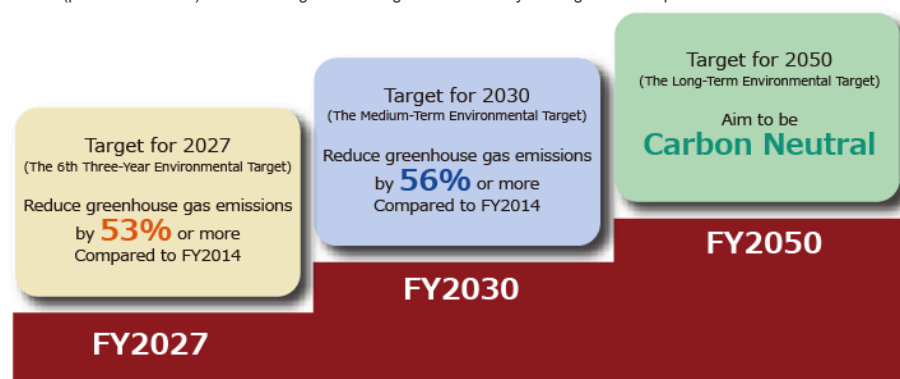
The details of the risks and opportunities that the Group perceives as having the potential to have an important impact on the linkage performance and response can be found on the "Risk Management" page.

► Risk Management

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.

► Material Balance

Information Disclosure Based on TNFD Recommendations



Outline of TNFD Response

The Nisshinbo Group believes that it is important to capture business opportunities and respond appropriately to the potential risks arising from nature-related issues. Therefore, starting in FY2024, the Nisshinbo Group will conduct risk assessments in accordance with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

The Nisshinbo Group plans to conduct analyses and evaluations of nature-related issues by systematically expanding the scope of analyses by conducting scenario assessments with the aim of enhancing the level of analyses. In addition, the Group plans to consider countermeasures for the nature-related risks identified in the current analysis, as well as additional targets and management indicators.

Through risk assessments based on the TNFD, the Group will identify the potential risks and opportunities posed by nature-related issues for the Group in the future and use this information in the formulation of business strategies to develop more flexible and robust strategies and enhance resilience to future risks.

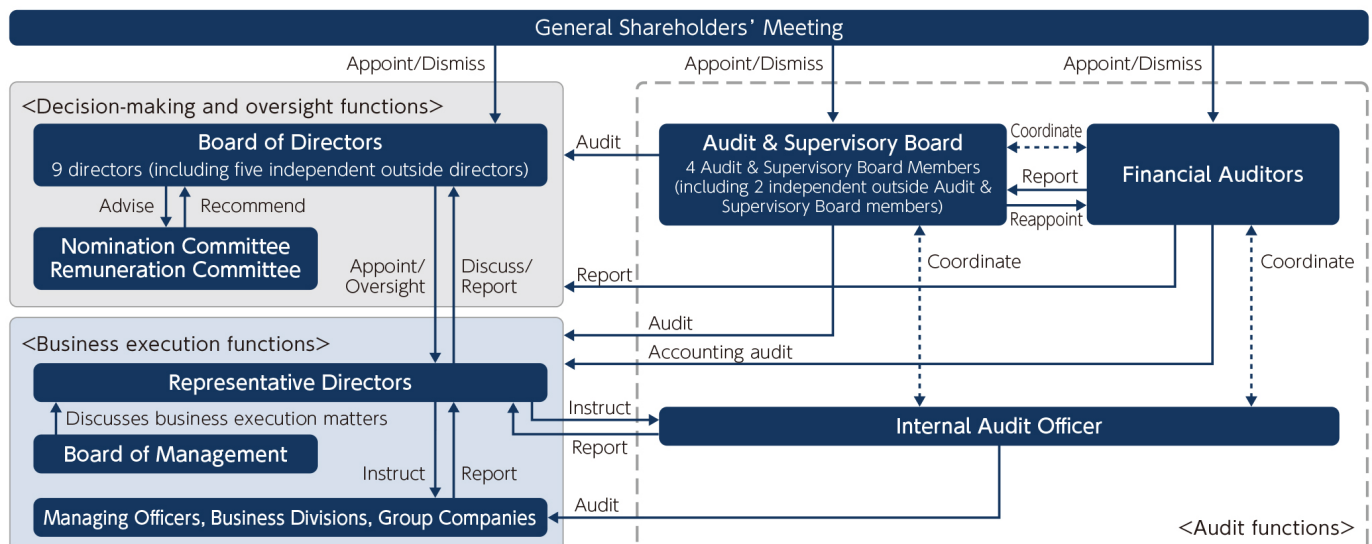
TNFD Disclosure Item

▸ Governance ▸ Risk and Impact Management ▸ Strategy ▸ Metrics and Targets

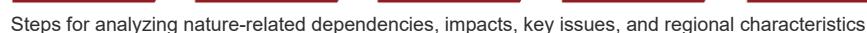
Governance

As shown in the diagram below, the Nisshinbo Group established and operates a framework for appropriately responding to risks and opportunities related to nature. The Nisshinbo Group strives to turn risks into opportunities for sustainable growth by continuously monitoring and analyzing changes in the business environment. Under the corporate philosophy of "Change and Challenge! For the creation of the future of Earth and People," the Nisshinbo Group provides solutions to social issues and contributes to society, thereby creating new growth opportunities. In addition, responsibility for nature-related issues lies with the Board of Management, which consists of the President and executive officers. This committee discusses responses to nature-related issues and supervises the progress of goals. The details are reported to the Board of Directors as appropriate.

Governance Structure



* ENCORE: A tool developed by the international financial industry association NCFA and the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCSC) to enable the results of the various existing tools related to nature-related risks to be evaluated collectively.

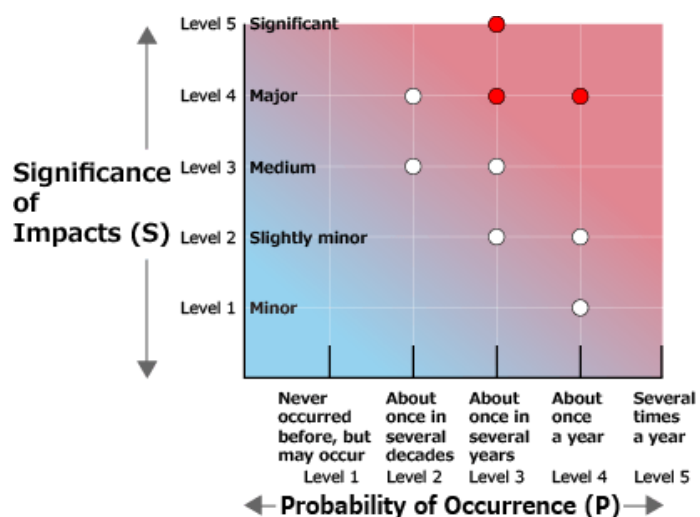


Risk Management Process Flowchart:

- Formulate plan for new fiscal year** (Identify and evaluate risks, develop appropriate responses) → **Implement PDCA** → **Monthly review**
- Annual review** (Instruct) → **Confirm risk management status** → **Identify risks for entire Group and verify response measures**
- Central Risk Categories:**
 - Internal risks:** Business portfolio, Capex/R&D, Attract/train human resources, Governance, etc.
 - External risks:** Political/economic, Regulatory framework, Operating environment, Climate change, Changes in industrial structure.
- Organizational Structure (Left):**
 - Nissinbo Holdings (HD)
 - Japan Radio
 - KKUSA DENKI Electric
 - Nissinbo Micro Devices
 - Nissinbo Brake
 - Nissinbo Mechatronics
 - Nissinbo Chemical
 - Nissinbo Textile
 - Presidents and key personnel from HD and core operating companies
 - Person with ultimate responsibility = President of HD
 - ↓ **Appoint**
 - Risk management general manager
 - ↓
 - Risk Management Office
- Board of Management:** Verify major risks and risk developments, discuss responses
- Board of Directors:** Report on status of urgent and high-priority risks

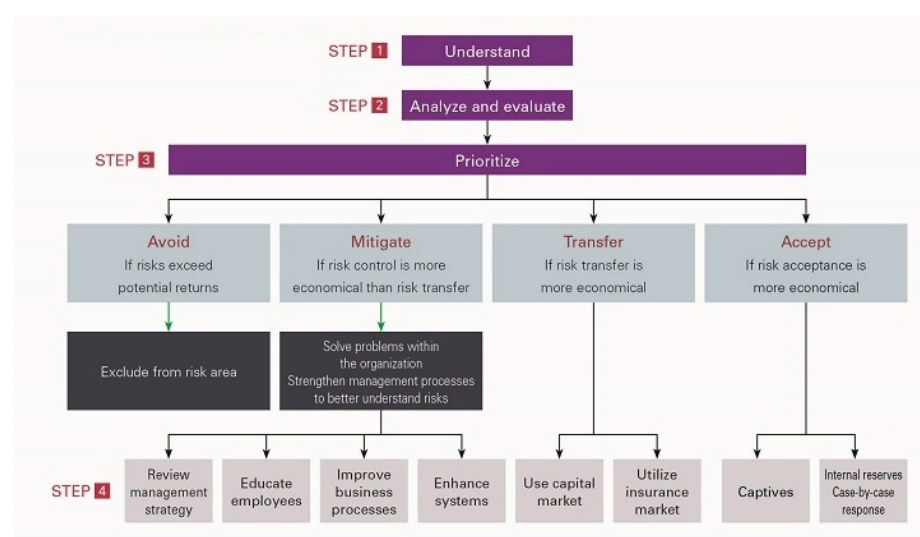
Note: HD means Nisshinbo Holdings Inc.

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



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

Risk Analysis Steps



The details of the risks and opportunities that the Group perceives as having the potential to have an important impact on the linkage performance and response can be found on the "Risk Management" page.

► Risk Management

Strategy

An Overview

The Nisshinbo Group operates a wide range of businesses, so the Group analyzed the important nature-related dependencies, impacts, risks, and opportunities in the value chains of the target businesses for FY2024, taking into account the scale of the businesses. The Nisshinbo Group also used nature risk assessment tools provided by the United Nations Environment Programme in conducting this analysis.

Furthermore, the TNFD framework recognizes indigenous peoples and local communities as important rights holders with regard to the natural environment and considers it important to take into account not only nature but also the human rights of rights holders.

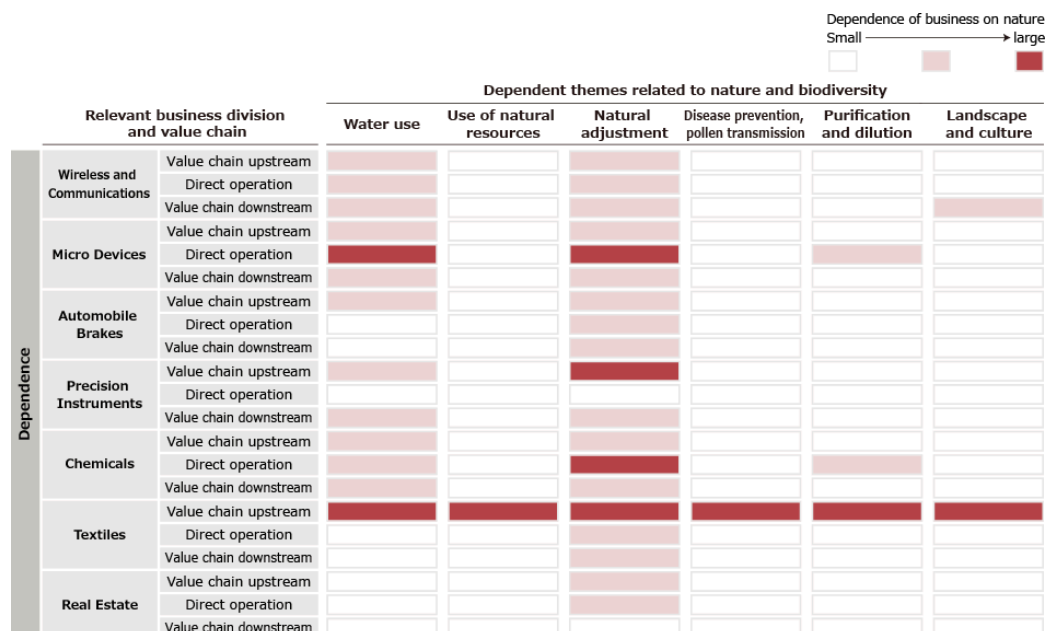
The Nisshinbo Group established the Nisshinbo Group Human Rights Statement in August 2023. Nisshinbo sincerely recognizes the importance of its responsibility as a company to protect human rights. Under this policy, the Group will promote initiatives to respect human rights through human rights due

diligence in accordance with international standards of the UN Guiding Principles on Business and Human Rights. The Nisshinbo Group is currently working to establish appropriate systems within each company and is taking steps to conduct appropriate human rights risk assessments for implementation of corrective measures.

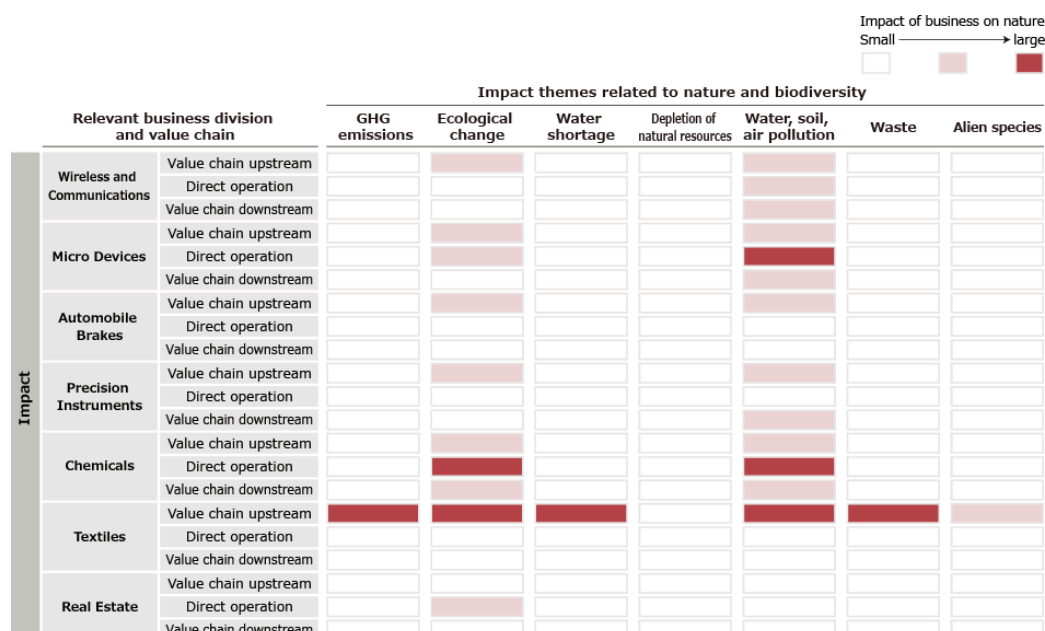
1. Dependence on natural capital and understanding its impact

Referring to the TNFD classification, the Nisshinbo Group conducted an analysis of the potential dependencies and impacts within the value chain, including upstream and downstream operations, for each of the business segments. The nature risk assessment tool ENCORE was used for the analysis.

Heat map of our business and nature-related themes (dependencies)



Heat map of our business and nature-related themes (Impact)



2. Risks that nature-related issues may affect business

Referring to the TNFD's classification of nature-related risks, the Nisshinbo Group examined nature-related risks and opportunities that could affect the Nisshinbo business. In conducting this examination, the Group investigated what risks and opportunities exist in each of the upstream, direct operations, and downstream stages of the value chain.

In this analysis, Nisshinbo focused on risk analysis as an initial step. Going forward, the Group will conduct scenario analyses based on the risks identified in this assessment to analyze the risks to Nisshinbo in greater detail and will also examine opportunities.

List of risks

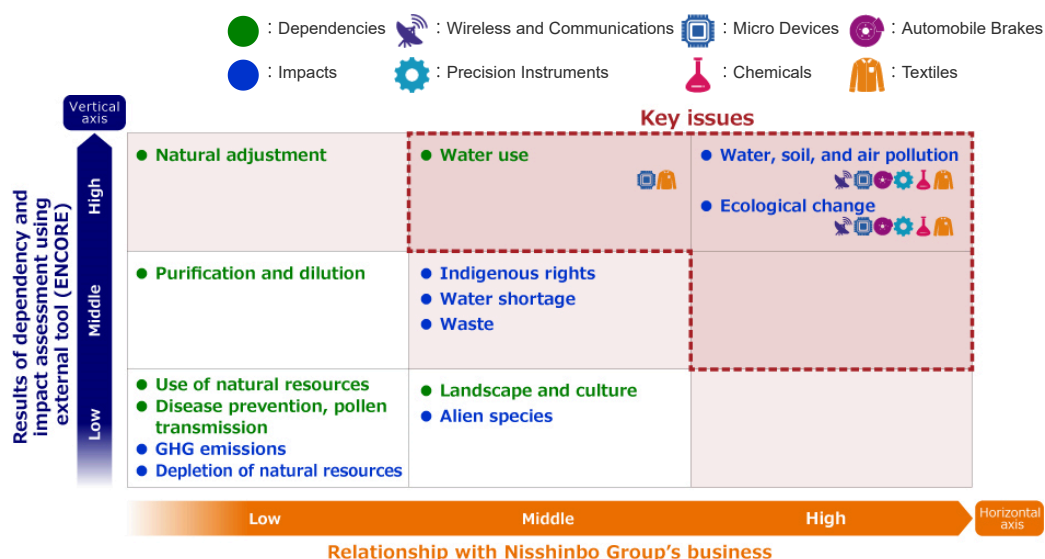


Risk type	Evaluation items		Risks	Value chain
	Major category	Small category		
Transition risk	Policy/regulation	• Mining permit 	• Measures to revoke mining permits due to water pollution, soil contamination, air pollution, and destruction of ecosystems caused by mining operations.	Upstream
		• Water restriction 	• Suspension of factory water intake rights due to protests over the impact of water suction on surrounding organisms	Direct operation
	Reputation	• Use of water and pesticides in cotton cultivation 	• Criticism of the destruction of surrounding ecosystems caused by the use of large amounts of water and pesticides in cotton cultivation	Upstream
		• Environmental destruction caused by mining 	• Criticism of water pollution, soil contamination, air pollution, and ecological destruction caused by mining	Upstream
		• Effluent from manufacturing plants 	• Criticism of the destruction of the surrounding ecosystem caused by industrial wastewater from manufacturing plants	Direct operation
		• Microplastic discharge 	• Criticism of microplastic discharge from synthetic fibers	Downstream
	Litigation	• Environmental destruction caused by mining 	• Compensation order for water pollution, soil contamination, air pollution, and destruction of ecosystems caused by mining	Upstream
		• Emission of hazardous substances from factories 	• Order to pay fines for discharging hazardous substances from manufacturing plants	Direct operation
Physical risk	Acute	• Drought 	• Suspension of operations at semiconductor factories due to water shortages	Direct operation
		• Flooding 	• Flooding causing suspension of operations • Compensation order for damage to the surrounding ecosystem and local residents caused by the discharge of harmful substances due to flooding	Direct operation

3. Important issues related to nature

Based on the results of surveys and analyses regarding dependencies and impacts, risks and opportunities, the Nisshinbo Group organized a materiality map using two axes: the vertical axis reflects the results of the assessment of dependencies and impacts using the ENCORE nature risk assessment tool, which indicates the concerns of external stakeholders; the horizontal axis reflects the results of the assessment of the degree of impact of risks on our business, expressed as the relationship with Nisshinbo Group's business. From the materiality map, Nisshinbo identified three issues related to nature as important issues for the Group: water, soil, and air pollution; ecosystem change; and water use.

The Nisshinbo Group identified strong links in terms of dependence, impact, and risk with regard to water, soil, and air pollution and ecosystem change in the procurement of raw materials used in the businesses that are the subject of the analysis. In addition, the Nisshinbo Group identified strong links between water use and semiconductor manufacturing in the Micro Devices business and cotton procurement in the Textiles business.



4. Analysis of areas with potential risk concerns

The Nisshinbo Group evaluated whether the direct operations of the Group and the activities of companies in the upstream value chain are located in sensitive areas with regard to specific important issues. With regard to direct operations, Nisshinbo analyzed the upstream value chain for 68 domestic and overseas sites of the Group, focusing on key mineral resources and cotton, and identified regions with potential risk concerns.

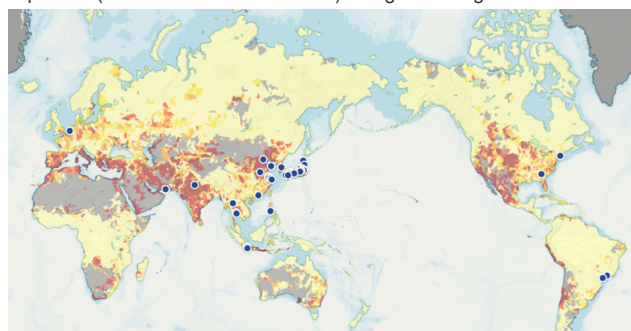
The Nisshinbo Group selects evaluation bases and tools according to the important issues and raw materials relevant to each value chain and identifies the potential risks in each region.

VC	Related important issues	Related raw materials	Regional analysis methods
Upstream	Water, soil, and air pollution [*]	Major minerals	• Evaluation center : Mines and smelters in the country of origin • Tools used : IBAT/Water Risk Filter etc. • Evaluation method : Evaluate whether the water quality around the base is high and whether there are areas of important biodiversity
Upstream	Water, soil, and air pollution [*]	Crop (cotton)	• Evaluation center : Cotton-growing region • Tools used : IBAT/Water Risk Filter etc. • Evaluation method : Evaluate whether the water quality around the base is high and whether there are areas of important biodiversity
Upstream	Ecological change	Major minerals	• Evaluation center : Mine in the country of origin • Tools used : IBAT/Global Forest Watch etc. • Evaluation method : Assess whether deforestation is occurring around the mine or whether there are areas of high biodiversity value
Upstream	Ecological change	Crop (cotton)	• Evaluation center : Cotton-growing region • Tools used : IBAT etc. • Evaluation method : Evaluate the presence of biologically diverse areas around production sites
Upstream	Water use	Crop (cotton)	• Evaluation center : Cotton-growing region • Tools used : Aqueduct etc. • Evaluation method : Evaluate the ratio of water intake to water resources in the business base river basin
Direct operation	Water, soil, and air pollution [*]	All	• Evaluation center : Own base • Tools used : IBAT/Water Risk Filter etc. • Evaluation method : Evaluate whether the water quality around the base is high and whether there are areas of important biodiversity
Direct operation	Water uses	All	• Evaluation center : Own base • Tools used : Aqueduct etc. • Evaluation method : Evaluate the ratio of water intake to water resources in the business base river basin

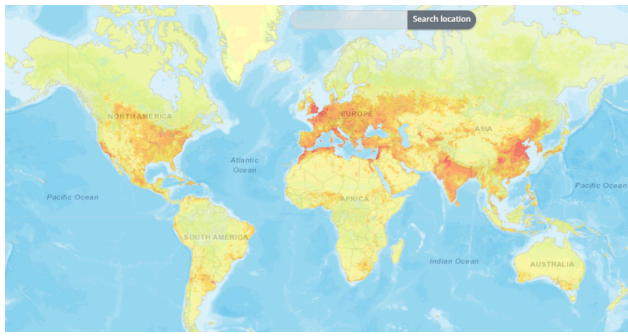
^{*} In manufacturing, direct operations (factories, research laboratories, etc.), mining of mineral resources upstream in the value chain and cultivation of agricultural products have a particularly significant impact on water pollution. Therefore, an analysis of priority areas should focus on water pollution.

■ Image of tools used

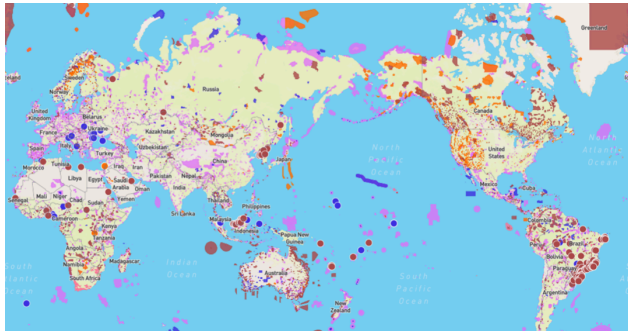
Aqueduct (water risk assessment tool): Image showing water stress



WWF Water Risk Filter (water risk assessment tool): Image showing water quality



IBAT (biodiversity risk assessment tool): Display image of KBA (Key Biodiversity Area) and Nature Reserve



Analysis Results (Upstream Value Chain)

In the procurement of raw materials in the upstream value chain, the Nisshinbo Group conducted an analysis that focused on major mineral resources and cotton.

For major mineral resources, the Nisshinbo Group estimated resource-supplying countries and major mines (including smelters for water pollution) in the upstream value chain by using estimates from trade statistics in some cases and analyzed the ecosystem modification and water pollution of countries supplying the resources. As a result, concerns about the potential risks of both ecosystem modification and water pollution were identified in regions of China, Australia, Canada, Brazil, Guinea, and Sweden, while concerns about the potential risk of ecosystem modification were identified in regions of India, Indonesia, and Jamaica.

Among the mineral resources, gold is mined on a small scale in scattered locations in some of the producing countries. In such cases, an analysis is conducted of the procurement source at the country level. With regard to gold, the potential risks of ecosystem alteration and water pollution have been identified in parts of China, Russia, Ghana, Kazakhstan, and Colombia. In addition, concerns have been identified regarding the potential risks of ecosystem modification and water pollution at mines in Australia and Canada. Furthermore, concerns have been identified regarding the potential risks of ecosystem modification at mines in Mexico.

With regard to cotton, the potential risks related to ecosystem alteration, water pollution, and water use associated with cultivation have been identified in certain regions of several states in the three main sourcing countries (the United States, Brazil, and Australia). These regions include parts of California and Tennessee in the United States, parts of Queensland in Australia, and the states of Mato Grosso, Bahia, and Goiás in Brazil.

Analysis results (direct operation)

The Nisshinbo Group identified 68 domestic and overseas direct operating sites that pose potential risks in terms of water pollution and water use.

Potential risks related to water pollution have been identified at two sites in East Asia, while potential risks related to water use have been identified at 16 sites mainly in East Asia and Southeast Asia.

Metrics and Targets

Metrics

The Nisshinbo Group aims to capture nature-related business opportunities and reduce the potential risks. To reduce nature-related risks, the Group established indicators for GHG emissions, emissions of air pollutants other than GHG, water usage, and biodiversity conservation activities and now promotes

measures to address nature-related issues. Going forward, the Nisshinbo Group will prepare to disclose indicators based on the TNFD in light of the results of an analysis of nature-related issues.

Targets

The Nisshinbo Group established that providing customers with eco-friendly products and services to create a safer and more secure society with integrity is one of its values, and this target defines the value and stance provided in order to realize the corporate philosophy. In addition, Nisshinbo established "Awareness and Concern towards our Environmental Impact" as one of its Business Conduct Guidelines. In order to deepen the awareness of biodiversity conservation and promote biodiversity conservation activities, the Nisshinbo Group set GHG emissions reduction, water consumption reduction, and strengthening of biodiversity conservation activities as environmental targets and key performance indicators (KPIs) for the Group, and Nisshinbo is implementing measures in a planned manner.

Based on the activities and results of the 5th Sustainability Promotion Plan, which targets 2024 as the target year, the Nisshinbo Group revised its targets and KPIs and launched activities for the 6th Sustainability Promotion Plan, which targets 2027 as the target year, starting in FY2025.

For an overview of the "Sustainability Promotion Plan", please refer to "Sustainability Promotion Plan and KPIs."

▶ [Sustainability Promotion Plan and KPIs](#)

Please refer to the "Material Balance" page for information on Nisshinbo Group's business activities and environmental impact.

▶ [Material Balance](#)

Human Rights Due Diligence Initiatives



The Nisshinbo Group's mission is to “contribute to society through our business activities,” and we have been conducting our business operations with respect for human rights.

As the importance of respecting human rights has increased further following the adoption of the United Nations Guiding Principles on Business and Human Rights in 2011, we have once again deeply recognized our responsibility as a company to respect human rights.

In August 2023, we established the “Nisshinbo Group Human Rights Statement” to express our commitment to respecting human rights.

This statement serves as the overarching statement for all documents and norms related to the Nisshinbo Group's efforts to respect human rights in its business activities.

We are committed to respecting, protecting, and promoting the human rights of not only our employees but also those of our customers, business partners, local communities, and all other individuals with whom we interact. We will manage our business with respect for human rights through human rights due diligence. We will strive to realize the well-being of society in which people living today and children who will live in the future can each lead happy and fulfilling lives.

▶ [Nisshinbo Group Human Rights Statement](#)

Initiatives for 2025

Establishment and Strengthening of Grievance Mechanisms

In fiscal 2025, we focused on grievance mechanisms, which serve as a critical foundation for enhancing the effectiveness of human rights due diligence, and conducted an internal survey to assess the status of their establishment and operation across our Group companies. The purpose of this survey was to identify and assess gaps in the current state of grievance mechanisms at each Group company against the requirements outlined in the UN Guiding Principles on Business and Human Rights, and to use the findings for further improvements and enhancements.

In conducting the survey, we designed our survey questions based on the evaluation criteria published by the Corporate Human Rights Benchmark (CHRB), an international human rights assessment organization.

Eight effectiveness criteria under the UN Guiding Principles on Business and Human Rights:

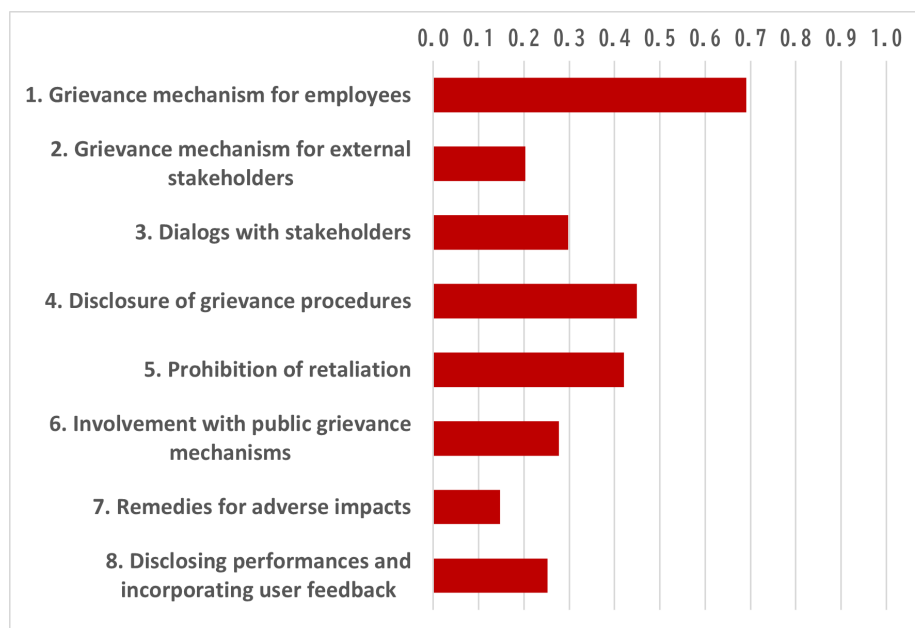
1. Legitimate
2. Accessible
3. Predictable
4. Equitable
5. Transparent
6. Rights-compatible
7. A source of continuous learning
8. Based on engagement and dialogue

■ Survey Overview

1. Scope:
 - 34 domestic and overseas Group companies that have established their own grievance mechanisms
2. Period:
 - September to December 2025
3. Method:
 - Questionnaires and interviews with personnel in charge
4. Items:

■ Results

Each of the eight criteria was scored on an eight-point scale, resulting in an overall average score of 2.7, indicating room for improvement. While no major issues were identified in day-to-day operations, several challenges were identified. These include the documentation of rules and procedures, communication and awareness among users, and internal and external disclosure.



■ Analysis and Measures

1. Grievance mechanism for employees:

Due to insufficient multilingual support, not all employees are guaranteed access to grievance channels. We will enhance multilingual support to establish grievance mechanisms accessible to all workers.

2. Grievance mechanism for external stakeholders:

While multilingual support has been partially implemented, awareness of the grievance mechanism among external stakeholders and business partners remains insufficient. We will enhance awareness and promote usage through training and dissemination of guidelines.

3. Dialog with stakeholders:

User feedback is not sufficiently reflected in the design and improvement of grievance mechanisms. Through regular dialogue with stakeholders, we will establish mechanisms to incorporate their feedback into operational improvements.

4. Disclosure of grievance procedures:

Although grievance procedures are in place, complainants are not adequately informed about types of outcomes they can expect. We will disclose types of outcomes and expected timelines for different stages of the grievance process to enhance the credibility of our grievance mechanisms.

5. Prohibition of retaliation:

While a policy prohibiting retaliation is in place, its documentation, disclosure, and regular monitoring are insufficient. We will clearly document and disclose our non-retaliation policy and strengthen monitoring of compliance with this policy.

6. Involvement with public grievance mechanisms:

Company policies and rules regarding engagement with public grievance mechanisms are not clearly defined. We will formalize policies that ensure complainants' legal rights to access public mechanisms and communicate these policies internally and externally.

7. Remedies for adverse impacts:

Disclosure of grievance procedures, types of remedies available, and measures to prevent recurrence is insufficient. We will enhance disclosure in accordance with the Guiding Principles.

8. Disclosing performance and incorporating user feedback:

While insights gained from grievance handling are utilized to enhance the company's human rights initiatives, information on the performance of our grievance mechanisms is not sufficiently disclosed. We will progressively disclose available data, including the number of cases handled.

■ Future Actions

This survey has clearly identified the starting point for improvements toward the desired state. Accordingly, we will focus on establishing and strengthening our grievance mechanisms as outlined below.

Strengthening the capabilities of grievance officers	We will renew training programs for domestic grievance mechanisms and provide training for both domestic and overseas officers to convey the importance of grievance mechanisms, while supporting the development and improvement of these mechanisms through dialogue.
Establishment of grievance procedures and rules	In addition to compliance with applicable domestic laws and regulations, we will further develop our guidelines and rules in line with the UN Guiding Principles on Business and Human Rights.
Dialogue with grievance mechanism users	In developing grievance mechanisms, we will create opportunities for dialogue with users and incorporate their feedback into the design and improvement of the mechanisms.
Enhancing awareness and accessibility of grievance mechanisms	We will promote greater use of grievance mechanisms and improve accessibility by strengthening awareness initiatives and expanding multilingual support.
Requests to business partners	Through procurement questionnaires and the dissemination of procurement guidelines, we will request Group companies to encourage their business partners to establish grievance mechanisms.
Disclosure of relevant information	We will disclose information on the handling of grievances, expected outcomes, and operational improvements both internally and externally to enhance the transparency and credibility of our grievance mechanisms.

Development of a Responsible Mineral Sourcing Framework

With growing awareness of human rights issues, regulations are expected to expand beyond conflict minerals such as 3TG (tin, tantalum, tungsten, and gold) to encompass a broader range of minerals and regions. Accordingly, we consider responsible mineral procurement to be a key component of our human rights due diligence. In fiscal 2025, we conducted interviews with procurement personnel at our operating companies regarding Conflict Minerals (CM), Extended Minerals (EM), and Additional Minerals (AM) to assess the current situation. For Group companies that use CM and EM, we confirmed that appropriate measures are in place, such as submitting standardized reporting templates to customers to investigate and report mineral usage across the supply chain. We will continue to enhance our mineral procurement framework through company-wide information sharing and ongoing dialogue with procurement personnel.

Education and Awareness-Raising Activities to Promote Understanding of Respect for Human Rights (Including Overseas)

We believe that a fundamental understanding of the corporate responsibility to respect human rights (Business and Human Rights) is necessary to promote effective human rights due diligence. In fiscal 2025, we conducted Group-wide training centered on the following two programs:

■ Group-wide Human Rights Training

As part of our annual Group-wide Human Rights Training, President Ishii delivered a message on human rights across the entire Group in fiscal 2025. By having the President personally address the importance of respecting human rights, we clearly demonstrated the commitment of top management. This training will be incorporated into our onboarding program for new employees.

■ Human Rights Training for Top Management

As part of our annual executive training, we held a lecture by Mr. Kazuo Tase, CEO of SDG Partners, Inc., titled “The Inseparable Relationship between Environment and Human Rights.” The lecture addressed shared issues and challenges by taking an integrated approach to environment and human rights, and provided practical insights for building pathways toward sustainable management and value creation across the entire supply chain. Approximately 800 participants attended, including executives and managers across the Group. We will continue to conduct training on themes that deepen the understanding of human rights among top management.

Future Plans

From 2026 onwards, we will further advance our human rights due diligence initiatives, focusing on:

1. Identification and mitigation of human rights risks
2. Dissemination of human rights-related guidelines
3. Establishment and strengthening of grievance mechanisms
4. Development of a Responsible Mineral Sourcing Framework
5. Education to promote understanding of respect for human rights (including overseas)

→ [Click here for the activity report for 2024 \(PDF\)](#)

External Ratings and Evaluation



The Nisshinbo Group strives for sustainability initiatives and has received evaluations and certification 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.

Four ESG indices adopted by GPIF

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index constructed by FTSE Russell, a global index provider, is designed to be sector neutral with indices reflecting the performance of Japanese companies that are relatively good for environmental, social, and governance (ESGs) responses in each sector. In addition, to promote the transition to a low-carbon economy, particularly for companies with high greenhouse gas emissions, only the companies that are evaluated for their improvement efforts based on TPI management quality scores are included.



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Nisshinbo Holdings Inc. has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

MSCI Japan ESG Select Leaders Index

The MSCI Japan ESG Select Leaders Index is constructed by selecting companies with relatively superior ESG ratings within the industry sectors from among the constituents of the index (MSCI Japan Equity IMI Index), and comprehensively grasping the risks related to ESG.

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

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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

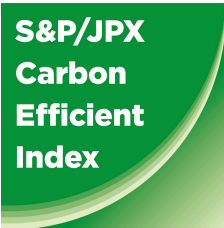
constructed from data on gender diversity based on the Act on Promotion of Women's Participation and Advancement in the Workplace and corporate disclosures.

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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S&P/JPX Carbon Efficient Index

This index is one of the ESG indices selected by GPIF (Pension Investment Fund Incorporated Administrative Agency). It is a universe of TOPIX, which is a representative stock price index showing trends in the Japanese market. The index determines the weight of constituent stocks by focusing on the status of disclosures of environmental information and the level of carbon efficiency.



SOMPO Sustainability Indexes

This index is used for "SOMPO Sustainable Management," a responsible investment product for pension funds and institutional investors managed by SOMPO Asset Management Co., Ltd., which invests in companies with strong environmental, social, and governance (ESG) ratings. The brands are reviewed annually based on the results of the Bunano Mori (Beech Forest) Environmental Questionnaire and the ESG Management Survey conducted by the company.



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

CDP 2024 Rating

Nisshinbo Group

Nisshinbo Holdings Inc. discloses environmental information through CDP. In 2024, the Group responded to climate change, water, and forest issues, and received a "B" rating (management level) for climate change and water, and a "C" rating (awareness level) for forest issues.

Every year, CDP uses a fair method to evaluate companies based on factors such as disclosure comprehensiveness, environmental risk recognition and management, and goal setting, assigning them an eight-tier score (A, A-, B, B-, C, C-, D, D-).

CDP is an international environmental non-profit organization established in the UK in 2000. It collaborates with more than 700 financial institutions with assets exceeding US\$142 trillion to operate a global environmental information disclosure system. Specifically, in response to requests from investors, companies, governments, and other entities around the world, CDP sends questionnaires on environmental issues to companies, provides an information disclosure platform, and score and analyzes the responses.

In 2024, more than 24,800 companies, accounting for over 66% of global market capitalization, disclosed data through CDP, including more than 2,100 companies in Japan, comprising over 70% of Prime Listed Companies. CDP scores are widely used in investment and procurement



decisions through the CDP website and reports to achieve net-zero and a sustainable and resilient economy.

▶ Promoting Climate Change Countermeasures

▶ Water Resource Conservation

▶ Activities for Environmental and Biodiversity Conservation

The Nikkei Sustainable Comprehensive Survey "The 6th Nikkei SDGs Management"

Nisshinbo Group

In the overall rankings of the 2024 Nikkei Sustainable Comprehensive Survey "The 6th Nikkei SDGs Management", which rates and evaluates companies on their ability simultaneously to improve corporate value and contribute to the SDGs, Nisshinbo Holdings Inc. was awarded a four-star rating.



The Nikkei Sustainable Comprehensive Survey consists of questions in four areas: SDG strategy/economic value, social value, environmental value, and governance. This program evaluates companies on the basis of 18 evaluation indicators that assess the efforts to resolve social, economic, and environmental issues through business activities and contribute to the enhancement of corporate value. This is the sixth time the program has been conducted. This year, the 6th year of the survey, 887 companies participated in the survey, including companies listed on Japanese exchanges.

The Nikkei Sustainable Business Survey, "The 8th Nikkei Smart Work Management"

Nisshinbo Group

Nisshinbo Holdings Inc. was recognized with a 3.5-star rating in the overall assessment of the "Seventh 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. The survey defines *smart work management* as a management strategy that aims to maximize corporate value by accelerating investment in human resources and maximizing the use of human resources through improvements in employee well-being, thereby generating new innovation and improving productivity. The survey is evaluated on a five-star scale. In 2024, 830 companies, including domestic listed companies, participated in the survey.

The Toyo Keizai CSR Company Rankings

Nisshinbo Group

In its latest assessment of CSR, the 2025 CSR Company Rankings, Toyo Keizai Inc. (hereafter, Toyo Keizai) rated Nisshinbo Holdings Inc. highly for the various initiatives being deployed by the Group. Toyo Keizai awarded

the Group a ranking of AAA on human resources utilization, environment, corporate governance and a ranking of AA on social services.

Conducted annually since 2005 by Toyo Keizai, the CSR Corporate Rankings draw on survey results to select a list of "trusted companies" from the perspectives of both corporate social responsibility (CSR) and finance, which are becoming increasingly complex. This 2024 CSR Company Ranking is the 19th.



SOMPO Risk Management the "Buna no Mori" Environmental Questionnaire 2024

Nisshinbo Group

Nisshinbo Holdings Inc. received an overall rank of A in the evaluation results of the "Buna no Mori" Environmental Questionnaire 2024 conducted by Sampo 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 Sampo 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.

The Certified Health and Productivity Management Organization Recognition Program 2025

Nisshinbo Holdings Inc., Japan Radio 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., KOKUSAI DENKI Electric Inc., Nisshinbo Micro Devices Inc., Nisshinbo Micro Devices Fukuoka Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., Nisshinbo Textile Inc.

Under the Certified Health and Productivity Management Organization Recognition Program, designed by the Ministry of Economy, Trade and Industry and selected by the Japan Health Council, ten companies in the large corporation category^{*1} (including one company listed in the "White 500") and five companies in the small and medium-sized corporation



category^{*2} as Certified Health and Productivity Management Organizations 2025.

*1 Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., KOKUSAI DENKI Electric Inc. (White 500), Nisshinbo Micro Devices Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., Nisshinbo Textile Inc.

*2 JRC Logistics Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., NJ Components Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd.

▶ Promoting Health Management

Kurumin Certification as a Childcare Support Company

Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., KOKUSAI DENKI Electric Inc., GOYO ELECTRONICS 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., Nagano Japan Radio Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., KOKUSAI DENKI Electric Inc. and GOYO ELECTRONICS CO., LTD. have been certified by the Minister of Health, Labor and Welfare (Kurumin certification).



▶ Promoting Work Style Reform

Kurumin Certification
(Certification logo acquired by Nagano Japan Radio Co., Ltd.)

▶ Promoting Diversity and Inclusion

Certified As "Eruboshi" As A Company That Promotes Women's Activities

Nisshinbo Micro Devices Inc., Nagano Japan Radio Manufacturing Co., Ltd., Japan Radio Co., Ltd.

The "Eruboshi Certification" is a system to certify companies that meet certain requirements based on the Law for the Promotion of Women's Activities, such as formulating and implementing an action plan for the promotion of women's activities, and being excellent in indicators such as the ratio of female employees, status of continuous employment, working hours and other working styles, ratio of managers, and diverse career paths. The certification levels for Eruboshi are divided into three stages based on the number of criteria met out of the five certification criteria. The certification is awarded in order from the lowest level, which meets the fewest criteria, to the highest level, which meets the most criteria: Eruboshi (First Level), Eruboshi (Second Level), and Eruboshi (Third Level). Additionally, organizations that meet certain requirements may be awarded Platinum Eruboshi Certification.



Eruboshi (Third Level)



Eruboshi (Second Level)

Nisshinbo Micro Devices Inc. and Nagano Japan Radio Manufacturing Co., Ltd. have received the third level of certification (Eruboshi certification) as determined by the Minister of Health, Labor and Welfare. Japan Radio Co., Ltd. has received the second level of certification (Eruboshi certification).

Environmental Management



Basic Concept

The Nisshinbo Group is aiming to increase corporate value as a unified corporate group by promoting diversity among its employees and 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. 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.

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Under the leadership of the Managing Officer in charge of the Corporate Strategy Department, the Environment Group now leads activities aimed at promoting environmental management throughout the Nisshinbo Group.

Similarly, at each of the Company's subsidiaries, the president or vice president of the core company 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 main environmental management promotion structure of the Group is as follows.

■ Sustainability Development Promotion Meeting and Environmental Management Promotion Staff Meeting

The Group discusses environmental management promotion policies, targets, and issues across the entire corporation at the Sustainability Development Promotion Meeting or the Environmental Management Promotion Staff Meeting, which are held at least once a year.

■ Environmental data management

The Environment Group of the Corporate Strategy Department collects actual data and manages the progress of environmental activities and environmental data at each company in the Nisshinbo Group, and the Environment Group officer reviews the status.

■ Operational management of environmental management systems

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.

■ Reporting and instructions to The Board of Management and board of directors

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts environmental management reviews at the annual Board of Management* and receives progress reports from the Managing Officers in charge of the Corporate Strategy Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for environmental management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

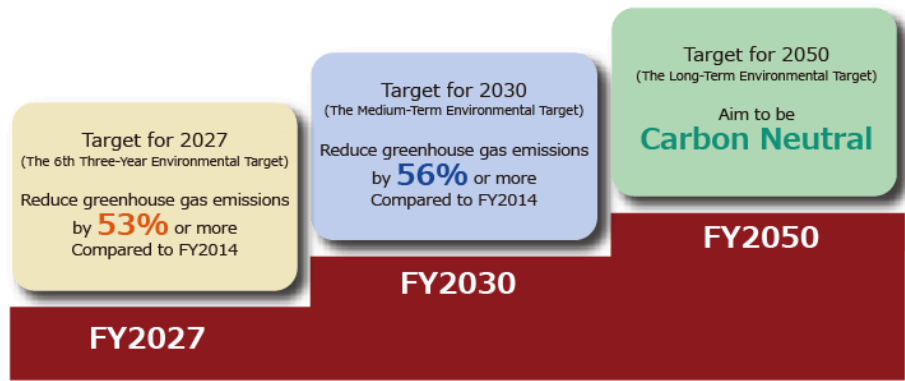
▶ Promotion System for Sustainability Activity

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 Nisshinbo Group's Greenhouse Gas Emissions Reduction Targets



In light of the steady progress in reducing greenhouse gas emissions, the Group revised its medium-term environmental target for greenhouse gas emissions at the meeting of the Board of Directors in October 2024 and raised the target from a 50% reduction compared to 2014 to a 56% reduction.

■ 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).

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

■ 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.

In October 2024, the Group revised its KPIs for the two items of reduction of greenhouse gas emissions and reduction of water consumption per sales because Nisshinbo expects to achieve its 2030 targets during FY 2024.

* 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 by 56 % 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 80 % or more compared to fiscal 2014

■ The Three-Year Environmental Targets

The Nisshinbo Group is aware of the urgent need for corporate action to address environmental issues, such as building a decarbonized society, a nature-friendly society, and a recycling-oriented society. Nisshinbo set the eight items listed in the table below as its three-year environmental goals and is working to achieve them. Four items of these three-year environmental goals have been set as milestones for the medium-term goals.

The three-year environmental targets are included in the sustainability promotion plan.

▸ Sustainability Promotion Plan and KPIs

FY2024 Results and Assessment of the 5th Three-Year Environmental Targets

The Nisshinbo Group set the following eight targets as its fifth three-year action plan for the environment with a target achievement date of FY 2024 and has been working to achieve them.

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

Key Action Items	The 5th Three-Year Environmental Targets	Result as of FY2024
Improvement of the sales percentage by the products ^{*1} that contribute to the development of the sustainable society	60% or more of total sales	47% of total sales
Reduction of greenhouse gas ^{*2} emissions	Reduce by 35% or more compared to FY2014	Reduced by 55% compared to FY2014
Reinforcement of the maintenance of biodiversity	Activities in Japan and overseas at more than 5 new sites	9 new cases ^{*3} currently active
Reduction of water usage per unit of sales	Reduce by 65% or more compared to FY2014	Reduced by 78% compared to FY2014
Promote Life Cycle Assessment ^{*4} (LCA)	60% or more of total sales	51% of total sales
Reduction of the energy consumption per unit of sales	Reduce by 15% or more compared to FY2014	Reduced by 39% compared to FY2014
Reduction of the volume of PRTR substances ^{*5} emissions per unit of sales	Reduce by 30% or more compared to FY2014	Reduced by 41% compared to FY2014
Improvement of recycling rate	Increase the recycling rate to 90% or more	92%

Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.

On December 27, 2023, the Company included KOKUSAI DENKI Electric Group within its scope of consolidation, and data for the group is included from FY2024.

On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.

^{*1} Products that contribute to a sustainable society: Company standards

^{*2} Greenhouse gas emissions: Scope 1 + Scope 2

^{*3} Activities to begin in FY2024: Six activities in Japan and overseas

^{*4} 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.

^{*5} 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 FY2023 with regard to its Three-Year Environmental Targets (to be achieved by FY2024). The Company has confirmed that it has achieved its targets for six of the eight initiatives.

Sales of the products that contribute to the development of a sustainable society accounted for 47% of the Group's FY2024 sales, falling short of the target. This was due to the inclusion of the KOKUSAI DENKI Electric Group, which began operations in FY2024, within the scope of the initiative. The breakdown of "products contributing to a sustainable society" is as follows: friction materials compliant with copper and antimony regulations^{*} in the Automobile Brakes business account for 10%, semiconductor products (contributing to energy saving and smaller chip size in electrical appliances) in the Micro Devices business account for 9%, disaster prevention and mitigation-related products in the Wireless and Communications business account for 6%, non-iron shirts in the Textiles business account for 2%, and others account for 20%.

^{*} 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.

Greenhouse gas emissions in FY2024 were 55% lower than in FY2014, which achieved the target. The main reasons for the reduction were a decrease in greenhouse gas emissions following the transfer of the TMD Group, which was a consolidated subsidiary, and the installation of additional PFC (perfluorocarbon) and other gas abatement equipment and reduced production in the Micro Devices business.

Please refer to "Promoting Climate Change Countermeasures" for details regarding of the "greenhouse gas emissions."

▶ Promoting Climate Change Countermeasures

In strengthening the biodiversity conservation activities, Nisshinbo launched nine new biodiversity conservation activities in Japan and overseas, including activities to protect and nurture endangered species, activities to eradicate alien species with the aim of protecting rare organisms, and activities to conserve natural habitats, thereby achieving the target.

Please refer to "Activities for Environmental and Biodiversity Conservation" for details regarding of the "biodiversity conservation activities."

▶ Activities for Environmental and Biodiversity Conservation

Water consumption per sales in FY2024 was reduced by 78% compared to FY2014, which achieved the target. The main reasons for this reduction were the transfer of the TMD Group, which was a consolidated subsidiary, and production cuts in the Micro Devices and Textiles businesses.

Please refer to "Water Resource Conservation" for details regarding of the "water consumption."

▶ Water Resource Conservation

The promotion of life cycle assessment (LCA) accounted for 51% of the Group's sales in FY2024, but the target was not achieved. This was due to the inclusion of the KOKUSAI DENKI Electric Group, which began operations in FY2024, within the scope of the initiative.

Please refer to "Promoting Life Cycle Assessment (LCA)" for details regarding of the "Promotion of Life Cycle Assessment (LCA)."

▶ Promoting Life Cycle Assessment (LCA)

The target for energy used in FY2024 was achieved with a 39% reduction in energy used per sales compared to FY2014. In addition to the successful implementation of energy conservation measures in all businesses, the main reasons for this reduction were the transfer of TMD Group, a consolidated subsidiary with high energy use, and reduced production in the Micro Devices business.

Please refer to "Energy Conservation" for details regarding of the "energy consumption."

▶ Energy Conservation

In FY2024, emissions of PRTR substances per sales were reduced by 41% compared to FY2014, which achieved the target. The main reason was a decrease in emissions of PRTR substances from the transfer of the TMD Group, which was a consolidated subsidiary.

Please refer to "Chemical Substance Management" for details regarding of the "PRTR substance emissions."

▶ Chemical Substance Management

In terms of the target for improvement of the recycling rate, the Group as a whole achieved 92% in FY2024, which met the three-year environmental target. This was mainly due to the transfer of the TMD Group, a consolidated subsidiary, which had a low recycling rate.

Please refer to "Resource Conservation" for details regarding of the "Waste emissions and recycling rate."

The 6th Three-Year Environmental Targets

At the end of FY2024, the fifth three-year environmental targets will be completed, and Nisshinbo set the sixth three-year environmental targets with FY2027 as the target year. These targets serve as milestones for achieving the medium-term environmental targets, which then build on the initiatives of the fifth three-year environmental targets and raise the KPI values.

Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

Key Action Items	The 6th Three-Year Environmental Targets
Improvement of the sales percentage by the products*1 that contribute to the development of the sustainable society	65% or more of total sales
Reduction of greenhouse gas*2 emissions	Reduce by 53% or more compared to FY2014
Reinforcement of the maintenance of biodiversity	5 or more new activities contributing to the achievement of the Kunming-Montreal Global Biodiversity Framework*3 targets
Reduction of water usage per unit of sales	Reduce by 77% or more compared to FY2014
Promote Life Cycle Assessment*4 (LCA)	70% or more of total sales
Reduction of the energy consumption per unit of sales	Reduce by 30% or more compared to FY2014
Reduction of the volume of PRTR substances*5 emissions per unit of sales	Reduce by 40% or more compared to FY2014
Improvement of recycling rate	Increase the recycling rate to 93% or more

*1 Products that contribute to a sustainable society: Company standards
*2 Greenhouse gas emissions: Scope 1 + Scope 2
*3 Kunming-Montreal Global Biodiversity Framework: An international framework that aims to achieve a world in harmony with nature by 2050 and to halt and reverse biodiversity loss by 2030.
*4 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.
*5 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 Status of Environmental Management System

As of the end of December 2024, 43 group companies certified in accordance with ISO 14001.

Organizations with ISO 14001 Certification (As of December 31, 2024)

In Japan (26 group companies)

Nisshinbo Holdings Inc.	NISSHINTOA IWAO INC.
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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.	KOKUSAI DENKI Electric Inc.
HYS Engineering Service Inc.	GOYO ELECTRONICS CO., LTD.
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 (17 group companies)

Shenzhen NJRC Technology Co., Ltd. (China)	Nisshinbo Micro Devices (Thailand) Co., Ltd. (Thailand)
Nisshinbo Automotive Manufacturing Inc. (The United States)	Nisshinbo Somboon Automotive Co., Ltd. (Thailand)
Saeron Automotive Corporation (Republic of Korea)	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)	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)	

Awareness activities with "Environmental News"

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



Environmental news

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.

【Main measures】

- ① The Group is advancing reduction of greenhouse gas emissions through ISO 14001 activities.
- ② The Group is advancing activities to reduce Scope1 (in-house emissions) and Scope2 (off-site emissions of electricity, etc.) at manufacturing sites, and to establish environmentally friendly facilities.
- ③ The Group is promoting new solar power generation facilities and switch to electricity derived from renewable energy sources.
- ④ In the Wireless and Communications business, the Group is offering products for adaptation to climate change. These include dam and river management systems to prevent flooding damage and disaster prevention notification and communication systems to protect local residents in the event of a disaster.
- ⑤ In the Micro Devices business, the Group is expanding equipment to reduce the emissions of PFCs gas* from semiconductor production facilities.
- ⑥ The Group is developing, manufacturing and sell ingseparator materials, core components of the fuel cells that contribute to the development of a hydrogen-based society, in the Chemicals business.

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

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote the expansion of sales of "Improvement of the sales percentage by the products that contribute to the development of the sustainable society^{*1}" and "Reduction of greenhouse gas emissions."^{*2}

^{*1} Products that contribute to a sustainable society: Company standards

^{*2} Greenhouse gas emissions are targeted by Scope1+Scope2

- ① **Improvement of the sales percentage by the products that contribute to the development of the sustainable society: 65% or more of sales**
- ② **Reduction of greenhouse gas emissions: Reduce by 35% or more compared to FY2014**

Sales of the products that contribute to the development of a sustainable society accounted for 47% of the Group's FY2024 sales, falling short of the target. This was due to the inclusion of the KOKUSAI DENKI Electric Group, which began operations in FY2024, within the scope of the initiative. Products contributing to a sustainable society include semiconductor products (contributing to energy saving and smaller chip size in electrical appliances) in the Micro Devices business account for 9%, disaster prevention and mitigation-related products in the Wireless and Communications business account for 6%, non-iron shirts in the Textiles business account for 2%, which contribute to climate change action.

As a result of systematic measures to manage reductions through the PDCA cycle, the Group's greenhouse gas emissions in FY2024 were reduced by 55% compared to FY2014. The main reasons for the reduction were a decrease in greenhouse gas emissions following the transfer of the TMD Group, which was a consolidated subsidiary, and the installation of additional PFCs (perfluorocarbon) and other gas abatement equipment and reduced production in the Micro Device business.

■ Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan) with FY2027 as the target year, we raised the KPI values based on the initiatives of the 5th term as milestones for achieving the medium-term environmental targets.

- ① Improvement of the sales percentage by the products that contribute to the development of the sustainable society: 65% or more of sales
- ② Reduction of greenhouse gas emissions: Reduce by 53% or more compared to FY2014

Please refer to "Environmental Management" for details regarding of the "3-Year Environmental Targets."

▶ Environmental Management

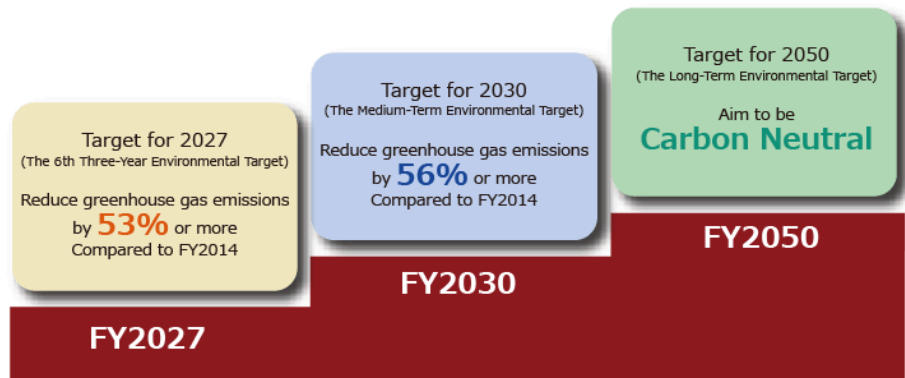
Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

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 have set 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).

The Nisshinbo Group's Greenhouse Gas Emissions Reduction Targets



In light of the steady progress in reducing greenhouse gas emissions, the Group revised its medium-term environmental target for greenhouse gas emissions at the meeting of the Board of Directors in October 2024 and raised the target from a 50% reduction compared to 2014 to a 56% reduction.

Please refer to "Environmental Management" for the progress of The Group's Environmental Targets.

▶ Environmental Management

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)^{*1}. In June 2022, the company expressed its agreement to the TCFD recommendations.

Since the Nisshinbo Group has a wide range of businesses, a climate change scenario analysis was conducted in stages starting in FY2021, and an analysis of the Group's major businesses was completed^{*2} in FY2023.

In FY2021, the Group targeted the Solutions business in the Wireless and Communications business, the Automobile Brakes business, and the Chemicals business that are expected to have a large risk/opportunity impact. In FY2022, the analysis was conducted in major businesses with production activities by covering the Marine System, ICT/Mechatronics, and Mobility business in the Wireless and Communications business, the Micro Devices business, the Precision Instruments business, and the Textiles business. For FY2023, the scope of the program includes Medical Equipment business in the Wireless and Communications business, Real Estate business, and Other businesses, as well as initiatives in the Business Development Division. 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.

^{*1} TCFD: The Task Force on Climate-related Financial Disclosure established by the Financial Stability Board (FSB)

^{*2} Excluding KOKUSAI DENKI Electric Group, which became a subsidiary in December 2023.

Please refer to "Information Disclosure Based on TCFD Recommendations" for details regarding of the "Results of climate change scenario analysis."

▶ Information Disclosure Based on TCFD Recommendations

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 2024 in the Japanese version to improve the reliability of its Greenhouse Gas Emissions (Scope1, Scope2) environmental performance data.

▶ Nisshinbo Group Greenhouse Gas Emissions Data 2024

Greenhouse Gas Emissions

The Nisshinbo Group's greenhouse gas emissions (Scope1 + Scope2) in FY2024 were 307.9 thousand t-CO₂e. Greenhouse gas emissions after applying the carbon offsets (Net greenhouse gas emissions) amounted to 305.0 thousand t-CO₂e, down 17% from the previous fiscal year's greenhouse gas emissions.

PT. Nikawa Textile Industry (Indonesia), Textiles business, has stopped using coal boilers and eliminated the use of coal as of November 2021, and three bases in Indonesia, including the company, gradually switched all electricity purchases to electricity derived from renewable energy sources, such as geothermal power, from mid-2022.

In FY2024, GHG emissions decreased further due to the transfer of the TMD Group, which was a consolidated subsidiary, and the expansion of PFCs and other gas abatement equipment and production cuts in the Micro Devices business.

Furthermore, Nisshinbo Automotive Manufacturing Inc. (USA) purchased carbon credits (Project Name: A-Gas V12, Project ID: ACR869) certified by the American Carbon Registry (ACR) and offset 2.9 thousand t-CO₂e.

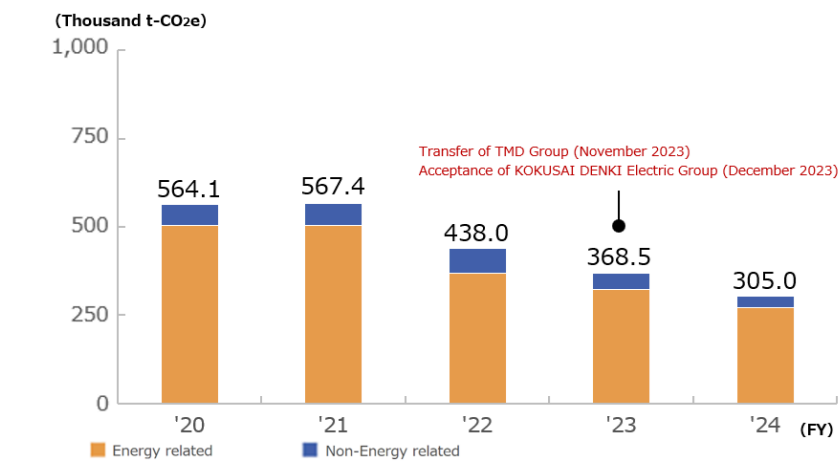
Perfluorocarbons (PFCs) composed 71% of non-energy related greenhouse gas emissions. The PFCs emissions were mainly from the semiconductor product manufacturing process in the Micro Devices business.

The Nisshinbo Group's actual greenhouse gas emissions (Scope 3) in FY2024 were approximately 1,305 thousand t-CO₂e, down 32% from the previous fiscal year's greenhouse gas emissions. This was mainly due to the transfer of the TMD Group on November 30, 2023.

Please refer to "Environmental Data" in "Sustainability Data" for details on Scope 3, which consists of 15 categories.

▶ Environmental Data

Trends in Net Greenhouse Gas Emissions (Scope1+Scope2)



*1 The company was excluded from the scope of consolidation because of the transfer of the TMD Group, which was a consolidated subsidiary, on November 30, 2023. Therefore, the TMD Group's data up to November 2023 is included in the scope of consolidation.

*2 On December 27, 2023, the company included the Kokusai Denki Electric Group within its scope of consolidation, and data aggregation will be conducted from FY2024.

*3 On November 28, 2024, Argonics GmbH and Argonav GmbH as subsidiaries in the wireless and communications business were included within the scope of consolidation but are not included in the data for FY2024.

Greenhouse Gas Emissions by Scope (Scope1+Scope2)

(Thousand t-CO₂e)

			2020	2021	2022	2023	2024
Greenhouse Gas Emissions	Scope1	Energyrelated	187.7	173.7	66.7	63.4	55.7
		Non-Energyrelated	59.0	64.2	67.9	45.9	33.6
		Energyrelated + Non-Energyrelated	246.7	237.9	134.6	109.3	89.3
	Scope2	Energyrelated	317.4	329.4	303.4	259.2	218.6
	Scope1 + Scope2	Gross GHG emissions	564.1	567.4	438.0	368.5	307.9*
		Amount of carbon offsets applied	—	—	—	—	2.9
		Net GHG emissions	564.1	567.4	438.0	368.5	305.0*

* Data on greenhouse gas emissions (Scope1+Scope2) are assured by a third party (Deloitte Tohmatsu Sustainability Co., Ltd.).

▶ Nisshinbo Group Greenhouse Gas Emissions Data 2024

[Calculation Standard]

The Nisshinbo Group has changed its calculation standards from FY2024.

Until FY2023, calculations were primarily based on the Act on Promotion of Global Warming Countermeasures (Japanese Law).

From FY2024 onward, calculations are primarily based on the GHG Protocol, with reference to the Act on Promotion of Global Warming Countermeasures.

[Calculation Method]

- Scope1:
Energy related Greenhouse Gas Emissions = Σ[Fuel Consumption × CO₂ Emission Factor^{*1}]

Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO₂ Emissions + Σ [Greenhouse Gas Emissions other than CO₂ × 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 1.870 t-CO₂/t in FY2024.

^{*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 × CO₂ Emission Factor^{*3}]

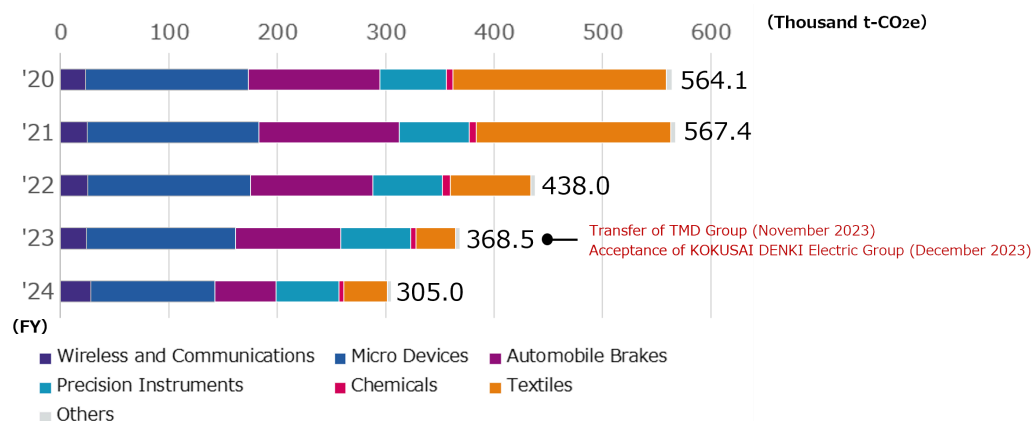
^{*3} Purchased electricity uses, in Japan, adjusted emission factors for each electric company based on the Act on Promotion of Global Warming Countermeasures, and in foreign countries, the emission factors for each electric company, and if unavailable, the relevant year country-specific emission data of IEA Emissions Factors. Data for FY2021 and earlier use country-specific emission factors for each year from "IEA Emissions Factors 2021". For purchased steam, the emission factor calculated by the purchasing company (0.0526 t-CO₂/GJ in FY2024) is used.

【Subject Organizations】

In FY2024, the Nisshinbo Group consists of 88 companies, including the Company and 87 consolidated subsidiaries. However, as noted in ^{*3} of the net greenhouse gas emissions trend, the data for ARGONICS GmbH and ARGONAV GmbH is not included in the FY2024 data.

In greenhouse gas emissions by business, the Micro Devices business accounted for 38% of total emissions. This was followed by the Precision Instruments business, which accounted for 19%.

Greenhouse Gas Emissions by Business (Scope1+Scope2)



^{*1} Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.

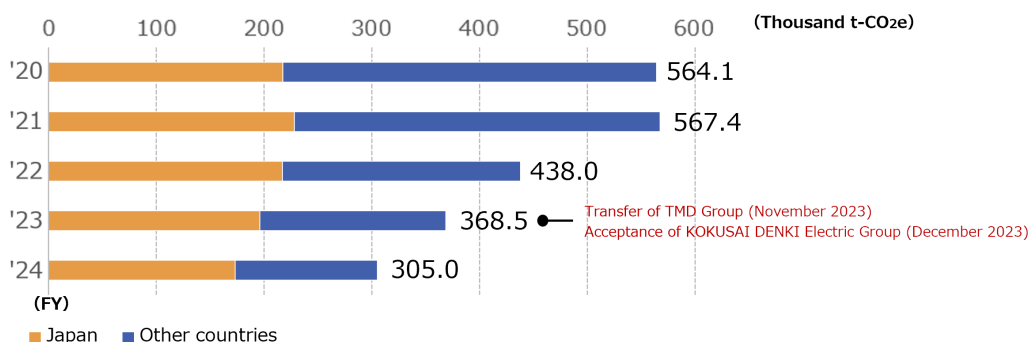
^{*2} On December 27, 2023, the Company included KOKUSAI DENKI Electric Group within its scope of consolidation, and data for the group is included from FY2024.

^{*3} On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.

► Environmental Data

Of the Nisshinbo Group's greenhouse gas emissions, the proportion in Japan accounts for 57%.

Greenhouse Gas Emissions in Japan and Overseas (Scope1+Scope2)



^{*1} Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.

^{*2} On December 27, 2023, the Company included KOKUSAI DENKI Electric Group within its scope of consolidation, and data for the group is included from FY2024.

*3 On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.

▶ Environmental Data

Renewable Energy

The Nisshinbo Group promotes the use of renewable energy, and in FY2024, 16% of the electricity used by the Group was derived from renewable energy.

■ Solar Power Generation (excluding PPA *)

Solar power generation equipment installed by the Nisshinbo Group remained steady, generating 6.8 thousand MWh of power in FY2024.

Solar Power Generation Capacity (FY2024)

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	1,750	2013	Electric power sales
KOKUSAI DENKI Electric Inc. Tokyo Plant	100	2013	Self-consumption
	4	2015	
Nisshinbo Precision Instrument & Machinery Hiroshima Corp.	1,000	2015	Electric power sales
	100	2024	Self-consumption
Nisshinbo Micro Device Inc. Kawagoe Works	19	2018	Self-consumption
Nisshinbo Micro Devices (Thailand) Co.,Ltd.	1,300	2022	Self-consumption
NISSHINBO SAERON (CHANGSHU) AUTOMOTIVE CO.,LTD.	71	2024	Self-consumption
Ueda Japan Radio Co., Ltd. Head Office & Main Factory	70	2024	Self-consumption
Total	5,404		

* PPA: Abbreviation for Power Purchase Agreement.

■ Purchase of Electricity Derived from Renewable Energy

The Nisshinbo Group is promoting the switch to electricity derived from renewable energy, and purchased approximately 98.9 thousand MWh of electricity derived from renewable energy in FY2024

The renewable energy-derived electricity purchased by the Company Group in FY2024 consists of electricity derived from geothermal power generation (71.6 thousand MWh), solar power generation (10.0 thousand MWh), wind power generation (9.0 thousand MWh), and hydroelectric power generation (8.2 thousand MWh).

Purchased Electricity from Renewable Energy Sources by Major Business Sites (FY2024)

Segment	Company / Plant	Retailer	Category	Purchase Amount (MWh)
Wireless and Communications	Japan Radio Co., Ltd. Nagano Plant	Chubu Electric Power Miraiz Company, Incorporated	Hydroelectric power	3,150
Wireless and Communications	Japan Radio Co., Ltd. Ueda Logistics Center	Chubu Electric Power Miraiz Company, Incorporated	Hydroelectric power	1,800
Wireless and Communications	Nagano Japan Radio Co., Ltd. Head Office & Factory	Chubu Electric Power Miraiz Company, Incorporated	Hydroelectric power	1,200
Wireless and Communications	Ueda Japan Radio Co., Ltd. Head Office & Main Factory	Chubu Electric Power Miraiz Company, Incorporated	Hydroelectric power	984
Wireless and Communications	GOYO ELECTRONICS CO., LTD Head Office & Tsurunumadai Factory	Tohoku Electric Power Co., Inc.	Hydroelectric power	229
Wireless and Communications	GOYO ELECTRONICS CO., LTD Sendai Factory	Tohoku Electric Power Co., Inc.	Hydroelectric power	62
Micro Devices	Nisshinbo Micro Devices Inc. Yashiro Plant	The Kansai Electric Power Company, Incorporated	Solar power	7,350
Automobile Brakes	Nisshinbo Brake Inc. Tatebayashi Plant	West Holdings Corporation	Solar power by PPA *	858
Automobile Brakes	Nisshinbo Automotive Manufacturing Inc.	Sterling Planet	wind power	9,012
Automobile Brakes	Nisshinbo Somboon Automotive Co., Ltd.	WEST International (Thailand) Co., Ltd.	Solar power by PPA *	1,441
Automobile Brakes	SAERON AUTOMOTIVE (YANTAI) CO., LTD.	Shandong Huaxi New Energy	Solar power by PPA *	360
Textiles	PT. Nisshinbo Indonesia	PT Perusahaan Listrik Negara (Persero)	Geothermal power	10,657
Textiles	PT. Nikawa Textile Industry	PT Perusahaan Listrik Negara (Persero)	Geothermal power	59,346
Textiles	PT. Naigai Shirts Indonesia	PT Perusahaan Listrik Negara (Persero)	Geothermal power	1,605
Nisshinbo Holdings Inc. and others	Nisshinbo Holdings Inc. Head Office	TEPCO Energy Partner, Incorporated	Solar power and hydroelectric power	817
Total				98,871

► Environmental Data

CDP Climate Change 2024 Assessment

Nisshinbo Holdings Inc. discloses environmental information through the CDP. In 2024, Nisshinbo Holdings Inc. responded to the Climate Change Questionnaire and received a B rating (Management Level). Nisshinbo Holdings Inc. will continue to actively address climate change and strengthen transparency and information disclosure in its environmental activities.

The CDP evaluates companies annually using a fair method based on such factors as disclosure comprehensiveness, recognition and management of environmental risks, and goal setting by assigning scores on an eight-point scale (A, A-, B, B-, C, C-, D, D-).

The CDP is an international environmental nonprofit organization established in the UK in 2000. It collaborates with more than 700 financial institutions with assets exceeding US\$142 trillion and operates a global environmental information disclosure system. Specifically, in response to requests from investors, companies, governments, and other entities around the world, the CDP sends questionnaires on environmental issues to companies, provides an information disclosure platform, and scores and analyzes the responses.

In 2024, more than 24,800 companies, which account for over 66% of global market capitalization, disclosed data through the CDP, including more than 2,100 companies in Japan, comprising over 70% of prime-listed companies. CDP scores are widely used in investment and procurement decisions through the CDP's website and reports to achieve net zero and a sustainable and resilient economy.



Selected as a "Zero Emissions Challenge Company" by METI

The following initiatives were highly evaluated, and each of the initiatives has been 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 approximately 600 companies that agreed to the aims of the Zero Emi Challenge are listed.



Participation in Keidanren's Challenge Zero

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

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

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

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

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



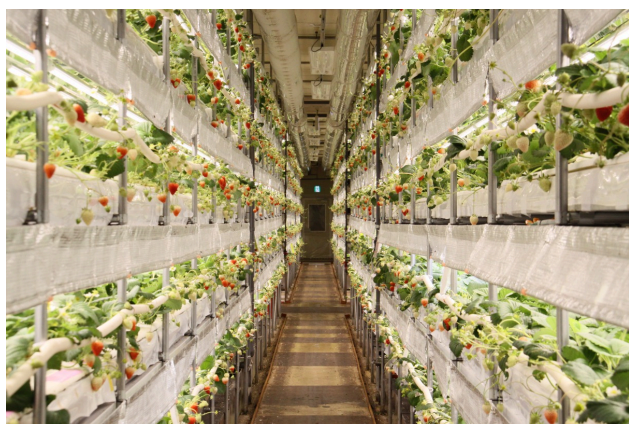
Specific Activities of the Group Companies

CO₂ Consumption in Plant Factories

Nisshinbo Holdings Inc. grows high-quality strawberries in a closed plant factory over a long period of time. Plant factories can provide strawberries with stable production and quality throughout the year, unaffected by temperature and weather conditions. This earned the Company a high reputation, particularly in the sweets industry, and also contributes to society by providing food safety and security.

In order to maximize photosynthesis in strawberries, the Company deliberately increases the concentration of carbon dioxide, which promotes strawberry growth and produces higher-quality fruit. In the period from January to December 2024, approximately 37 t of carbon dioxide was used for photosynthesis. By realizing sustainable agriculture, the Company is reducing its environmental impact and promoting initiatives to prevent global warming.

Furthermore, plant factory initiatives also contribute to the achievement of the SDGs (Sustainable Development Goals), and the Company is taking practical steps to achieve targets, such as Goal 13: Take concrete measures against climate change.



strawberry cultivation

Installation of Photovoltaic Equipment

Ueda Japan Radio Co., Ltd., installed a photovoltaic system on the folded-plate roof of Building No. 126 at the headquarters plant as a means of achieving its greenhouse gas emissions reduction targets.

Panel capacity is 104.5 kW (550 W x 190 panels), CS 69.5 kW (power 20 kW electric light 4.95 kW x 10 units) and expected annual power generation is 126,876 kWh. In the first six months after installation, 18.1 MWh of electricity was generated, and 8 t-CO₂ of greenhouse gas emissions were reduced.

A monitor displaying the amount of electricity generated has been installed at the entrance to Building 127 to attract the attention of employees and customers visiting the office. The visible state of the photovoltaic power generation equipment, an environmental measure, has had other effects besides power generation, such as improving the company's image externally, and internally, helping to raise employees' environmental awareness and interest in saving electricity. The company will continue its environmental activities through energy conservation in the future.



Photovoltaic equipment

Start of Hydropower-Derived Renewable Electricity

Goyo Electronics Co., Ltd., is promoting the reduction of greenhouse gas emissions through company-wide efforts to reduce electricity, the main energy used, with the aim of achieving carbon neutrality.

In addition to this, the introduction of renewable energy from June 2024 will further accelerate the reduction of greenhouse gas emissions. At the Tsurunamadai and Sendai plants, 10% of the electricity used was switched to electricity from renewable energy derived from hydropower (Yorisou, Renewable Energy: Tohoku Electric Power). This resulted in a reduction in greenhouse gas emissions of 291 MWh and 137 t-CO₂ in the amount of electricity from renewable energy sources for the period from June to December.

From April 2025, the proportion of electricity derived from renewable energy sources will be increased to 20%. The company will continue to contribute to the prevention of global warming and the achievement of carbon neutrality by introducing renewable energies in a phased manner.

Installation of PFCs and Other Gas Abatement Equipment

Nisshinbo Micro Devices Inc. uses greenhouse gases such as Perfluorocarbon gas (PFCs gas) in the manufacturing process of electronic device products.

Reducing emissions of PFCs gases is a key issue for the company in achieving carbon neutrality, and as a countermeasure, the company is introducing a detoxification system that decomposes PFCs gases.

The company installed one unit at the Kawagoe Plant in October 2024 and another at the Yashiro Plant in December 2024. At the Kawagoe Plant, combustion-type detoxification equipment was installed in the exhaust lines of three plasma CVD units that use a lot of C₃F₈ gas, which has a high global warming potential among PFCs gases.

At the Yashiro Plant, a plasma type detoxification system, which uses ultra-high temperature (nearly 2,000°C) plasma heat for decomposition and treatment, was adopted to increase the treatment capacity from dry type detoxification systems.

Greenhouse gas emissions were reduced by 5,880 t-CO₂ in terms of CO₂ from PFCs gas emissions at the Kawagoe Plant and by 3,615 t-CO₂ at the Yashiro Plant.



PFCs and other gas abatement equipment

Promotion of Measures to Reduce Greenhouse Gases

With activities to achieve carbon neutrality becoming more active worldwide, demand is growing from automobile manufacturers to reduce greenhouse gas emissions.

Nisshinbo Automotive Manufacturing Inc. in the United States set a target of reducing greenhouse gas emissions by 4.2% annually based on the actual CO₂ emissions for FY2019, and the company is actively promoting reduction activities. As part of these efforts, Nisshinbo Automotive Manufacturing has implemented carbon offsetting by purchasing 2,889 t-CO₂ of carbon credits while utilizing renewable energy. In FY2024, the company achieved a total reduction of approximately 4,500 t-CO₂ in greenhouse gas emissions.

Expansion of photovoltaic systems

In China, Nisshinbo Saeron (Changshu) Automotive Co., Ltd. installed solar power generation equipment on the roofs of its office building and guardroom, which has been in operation since October 2024.

The installation of photovoltaic power generation equipment is very popular in China. The company also considered installing solar power generation equipment and initially aimed to install it on the roofs of the factory building and the product warehouse, but as a result of investigations, the company decided against installation in these areas because of changes in Chinese building regulations. Subsequently, in order to contribute to achieving carbon neutrality, the company decided to change its plans and aim to install photovoltaic installations in limited spaces.

As a result, a photovoltaic system was installed, albeit with a small power output of 70 kW. Although the amount of electricity generated increases or decreases depending on the weather and sunshine hours, the system can generate enough electricity to power the company's daytime interior lighting. The amount of electricity generated can be checked at the entrance to the office building and when employees go to the canteen. In addition to the office building and the guardhouse, solar panels are also installed on each of the outside lights so that the power for the outside lights is also provided by solar energy.

The company will continue its efforts to achieve carbon neutrality in the future.



Expansion of Solar Power Generation Equipment for Self-Consumption

Nisshinbo Precision Instrument & Machinery Hiroshima Corp. expanded its solar power generation system for internal use in July 2024.

The 1,000 kW solar power generation system installed in 2015 for selling electricity has been expanded with the addition of a 100 kW solar power generation system for self-consumption (545 W modules × 272 panels, PCS 100 kW), which brings the total installed solar panel capacity to 1,100 kW. The annual power generation target is 1,100 MWh for power sales and 173 MWh for self-consumption, totaling 1,273 MWh.

Self-consumption power generation covers 5.7% of the company's total electricity consumption and provides almost all of the electricity needed on holidays with a high self-consumption rate of 95%. In addition, a 24-hour monitoring service provided by the construction company ensures that any problems can be addressed quickly.

Because of structural limitations, installing the equipment on the factory roof was not possible. Therefore, the equipment was installed on the slope near the property boundary. Consideration of a new power generation system for future expansion will be necessary because of the limited installation space. The company will continue to promote its activities while closely monitoring market trends for new solar panels.



Solar power generation equipment for self-consumption

Upgrading to non-fluorocarbon refrigeration units

Nisshinbo Do Brasil Industria Textil LTDA. is progressively replacing old refrigeration units that use CFC gas as a refrigerant with new ones that use non-CFC refrigerants.

The conventional refrigeration units used to control the temperature and humidity in the plant use CFC R22 as a refrigerant, and while in use, a small amount of this CFC gas is released into the atmosphere, which makes the equipment highly hazardous environmentally.

The refrigerant HFO-1233zd in the new chillers recently renewed is nonflammable, nontoxic, and has a global warming potential of 1, making it an extremely low environmental impact facility.

The company has six refrigeration units, including a spare unit, and completed the renewal of the second unit in 2024. The company will continue to renew old equipment and increase its corporate value in order to transform itself into a production plant that is sustainable in all aspects.



Renewal of air-conditioning systems for air-conditioning

PT. Naigai Shirts Indonesia is replacing the refrigerant in its air-conditioning units from CFC gas R22 to the environmentally friendly CFC R410A as part of its environmentally friendly initiatives. Since it is not possible to replace only the refrigerant, existing air-conditioning units are being replaced one by one with R410A-compatible equipment.

The use of R22 is internationally restricted as a refrigerant that can deplete the ozone layer. Therefore, the company aims to reduce its environmental impact and ensure sustainable operation by upgrading to new air conditioners that use R410A.

As of 2024, approximately 12% of the air conditioning systems in the company have already been replaced with new R410A-compliant air conditioners, and the remaining air conditioners are being replaced in due course.



R410A-compatible equipment

Energy Conservation



Basic Concept

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

【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 conservation equipment in new buildings and warehouses and the reduction of energy consumed by air conditioning

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote Reduction of the energy consumption per unit of sales.

Reduction of the energy consumption per unit of sales: Reduce by 15% or more compared to FY2014

As a result of systematic measures to manage reductions through the PDCA cycle, the Group's result in FY2024 was reduced by 39% compared to FY2014. In addition to steady progress in energy conservation measures in each business, the main factors were the transfer of the TMD Group, a subsidiary in the Automobile Brakes business that consumed a large amount of energy, and a reduction in production in the Micro Devices business.

■ Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan), which will be achieved in FY2027, the KPI values have been increased in line with the initiatives of the fifth period.

Reduction of the energy consumption per unit of sales: Reduce by 30% or more compared to FY2014

Please refer to "Environmental Management" for details regarding of the "3-Year Environmental Targets."

▶ Environmental Management

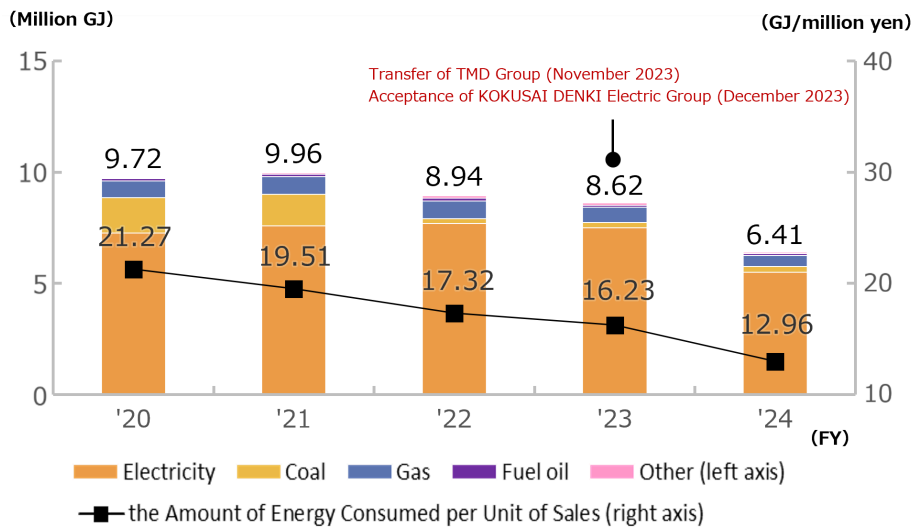
Sustainability Promotion Plan and KPIs

Energy Use by Type of Fuel

The Nisshinbo Group's energy usage in FY2024 amounted to 6.41 million GJ, down 26% year-on-year (YoY). Energy usage per unit of sales was 12.96 GJ/million yen, down 20% YoY. In addition to the steady progress of energy conservation measures in each business, the main factors were the transfer of the TMD Group, a subsidiary engaged in the Automobile Brakes business, which consumed a large amount of energy, and reduced production in the Micro Device business.

By type of fuel used, electricity accounted for 86% of the total, and gas accounted for 8%.

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



*1 Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.

*2 On December 27, 2023, the Company included KOKUSAI DENKI Electric Group within its scope of consolidation, and data for the group is included from FY2024.

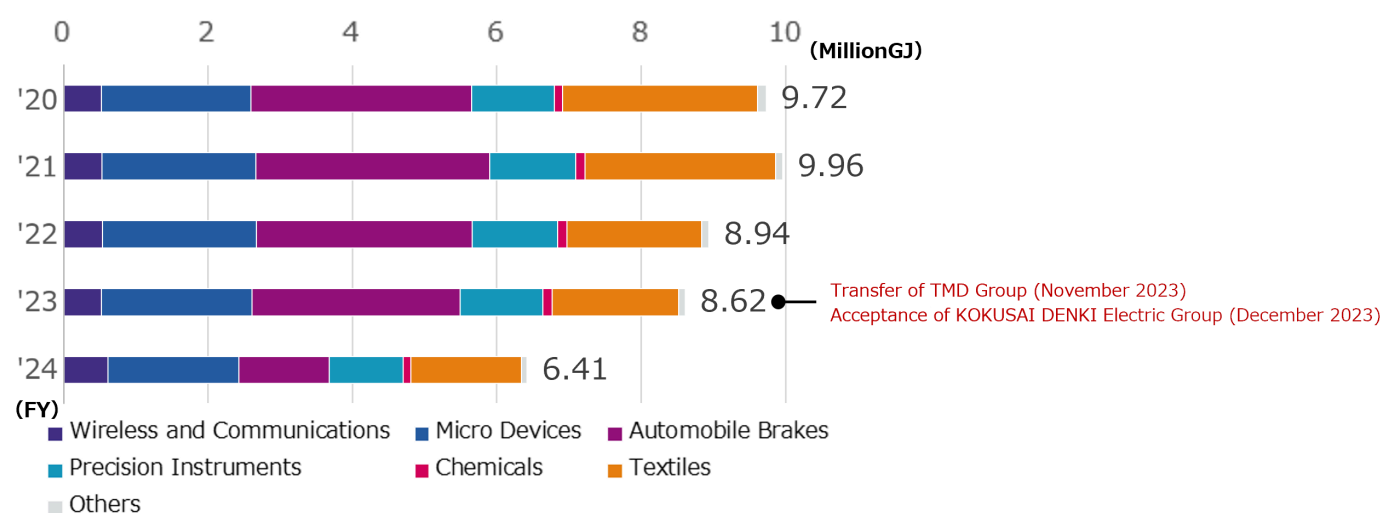
*3 On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.

Environmental Data

Amount of Energy Consumed by Business

The Micro Devices business accounts for the largest portion of energy consumed, at 1.82 million GJ down 13% YoY, followed by the Textiles business at 1.53 million GJ down 12% YoY.

Amount of Energy Consumed by Business



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Environmental Data

Energy Conservation Law-based Business Operator Classification Evaluation System

The purpose of the implementation of the Business Operator Classification Evaluation System is to classify all business operators that are required to submit regular reports under the Energy Conservation Law into four categories—S, A, B, and C—and then to enable operators to objectively assess the status of their energy conservation activities. The top-tier S class includes businesses that achieved an average reduction of 1% or more in energy intensity over a five-year period. These results are published annually on the website of the Agency for Natural Resources and Energy, and this evaluation covers reports submitted for the FY2020–2024 period.

The results of the FY2024 Energy Conservation Law Business Operator Classification Evaluation have been announced, and the following eight companies in the Nisshinbo Group received the highest rating of S.

Best S-Class

Nisshinbo Holdings, Inc.	Nisshinbo Micro Devices, Inc.
Nisshinbo Micro Devices AT, Inc.	Nisshinbo Micro Devices Fukuoka, Inc.
Nisshinbo Brake, Inc.	Nisshinbo Mechatronics, Inc.
Nanbu Kasei, Inc.	Nisshinbo Chemical, Inc.

Specific Activities of the Group Companies

LED Lighting Fixtures at Ueda Distribution Centre

Japan Radio Co., Ltd. is promoting the use of LED lighting fixtures at its Ueda Distribution Center with a plan to convert all lighting in the distribution center to LED over a five-year period starting in 2021.

In FY2024, the fourth year of the plan, 532 lighting fixtures on the second and fifth floors of the north building were converted to LED. The switch to LEDs is expected to reduce electricity consumption by 130 MWh per year.

By the end of 2024, work to convert 1,894 luminaires installed in the distribution centers to LEDs will have been completed, and 98.7% of the luminaires in the distribution centers will have been converted to LEDs. This means a reduction in electricity consumption of 439 MWh compared to before the switch to LEDs.

In 2025, the remaining 25 emergency lighting fixtures on the fourth floor of the north building and the exterior area will be converted to LED lighting fixtures. This will complete the conversion of the Ueda Distribution Center to LEDs as planned.



LED lighting fixtures

Energy-Saving Measures Through the Application of Heat Shielding and Thermal Insulation Paint on Outdoor Air-Conditioning Units

KOKUSAI DENKI Electric Inc. Tokyo Works applied coatings with heat shielding and insulation effects to 89 outdoor air-conditioning units, 445 m² of concrete floor surface, and refrigerant piping in the WW building as an energy-saving measure for air-conditioning units.

The first phase of the installation was carried out in April 2024 on one-quarter of the area. After confirming the effectiveness of the coating, the remaining three-quarters of the area was covered in December, completing the installation on all air-conditioning units on the roof of the WW building. This is expected to reduce the electricity consumption of the outdoor air-conditioning units by around 10%.

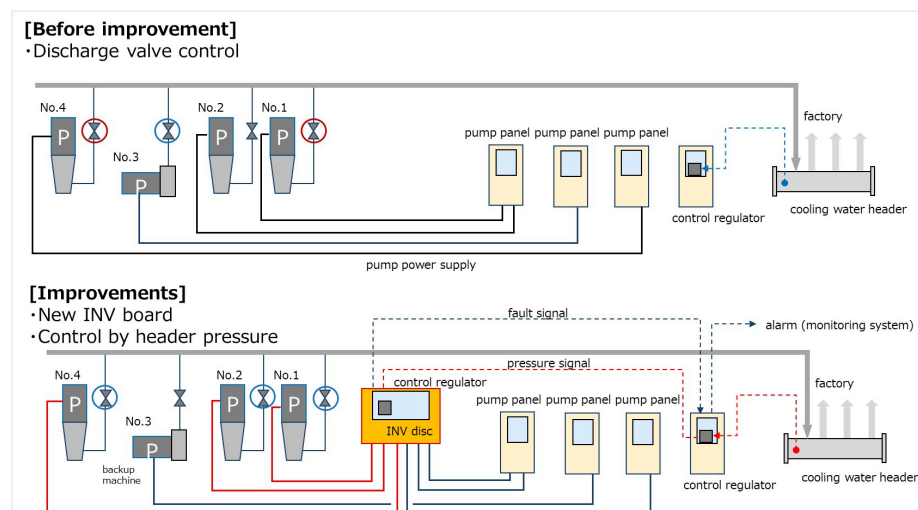


Air conditioning outdoor unit after heat shielding and insulation coating

Energy Savings Through Inverter Control of Production Facility Cooling Water Pumps

The Kawagoe Plant of Nisshinbo Microdevices Inc. is equipped with four pumps for transporting indirect cooling water for the production equipment in the clean room of Building 229. In the event of an abnormal shutdown or sudden pressure drop in these pumps, the pressure was previously adjusted using valves, and water was pumped at a higher pressure than normal to prevent pressure drops and fluctuations from affecting the production equipment, which then resulted in excessive power consumption.

As a solution to this problem, the pressure adjustment was changed from valves to inverter operation with constant monitoring and control of the water supply pressure, and the number of motor revolutions was controlled. As a result, constant pressure could be maintained, and a reduction of approximately 270 MWh (greenhouse gas emissions: 87.0 t-CO₂) per year is expected.



Production cooling water pump inverter conversion work

Reduction of City Gas Emissions by Changing Acid Wastewater Treatment Methods

At the Yashiro Plant of Nisshinbo Micro Devices Inc. acid wastewater discharged from the production line was treated with steam and discharged into the sewage system. By changing this steam treatment to chemical treatment, the steam used was reduced, resulting in a reduction of approximately 180,000 m³/year of city gas.

Acid wastewater discharged from the production line contained hydrogen peroxide, so it was treated together with alkaline wastewater by thermal decomposition using steam. However, by separating the treatment of acid wastewater containing hydrogen peroxide from alkaline wastewater and changing to chemical treatment, the use of steam was reduced, and the use of city gas to produce the steam was then also reduced. The reduced use of steam also led to a reduction in water consumption of approximately 2,000 m³/year.



Acid treatment equipment

Reduction of Electricity Consumption by Power and Production Equipment

Nisshinbo Micro Devices Fukuoka Co., Ltd. implemented the following energy conservation measures for its power and production equipment with the goal of reducing electricity consumption by at least 1% (2.55 MWh/year) compared to the previous fiscal year and by at least 15% (5,322 MWh/year) compared to FY2014 by the end of FY2024.

- ① Added an inverter control panel to the 37 kW IE3 motor of the ambient temperature cooling water supply pump equipment, which achieved a reduction of 79 MWh/year (greenhouse gas emissions: 30 t-CO₂/year) through frequency-controlled operation.
- ② Replaced the 30 kW motor with an IE3 (Top Runner) motor during the update of the RO high-pressure pump No. 2 in the pure water system, achieving an annual reduction of 7.5 MWh (greenhouse gas emissions: 2.9 t-CO₂/year).

- ③To prevent power consumption due to heat loss from the inlet during the waiting period for diffusion furnace processing, Nisshinbo Micro Devices Fukuoka implemented a measure to cover the furnace with end caps after storing quartz boats inside the furnace for 183 days per year, resulting in a reduction of approximately 7.3 MWh/year (greenhouse gas emissions: 2.8 t-CO₂/year).
- ④During production downtime, by adjusting the standby temperature of diffusion furnaces for equipment with long product waiting times, approximately 118 MWh/year (greenhouse gas emissions: 45 t-CO₂/year) was reduced.

Additionally, because of measures for the implementation of production downtime days resulting from a 21% reduction in production load compared to the previous fiscal year, the total electricity consumption for FY2024 was 25,477 MWh/year, a decrease of 10.0% compared to the previous fiscal year, amounting to 2,876 MWh/year (greenhouse gas emissions: 1,093 t-CO₂/year), and a reduction of 27.9% compared to FY2014, amounting to 9,838 MWh/year (greenhouse gas emissions: 3,738 t-CO₂/year). Nisshinbo Micro Devices Fukuoka Co., Ltd. will continue to implement energy-saving measures moving forward.



Room temperature cooling water pump panel after update



RO high pressure pump after update

Energy-Saving Measures in the Assembly Process

Nisshinbo Micro Devices, Thailand, installed central vacuum pumps to save energy in the vacuum generation system for the IC (integrated circuit) 1 assembly process.

By replacing 41 conventional small vacuum pumps and 90 vacuum ejectors with three high-efficiency inverter-type central vacuum pumps (two pumps are operated as normal operation), the company achieved energy savings in the vacuum generation system for the IC 1 assembly process.

The introduction of the central vacuum system in the IC 1 assembly process from June 2024 resulted in a reduction of 606 MWh (greenhouse gas emissions: 287 t-CO₂) in FY2024 over a six-month period.



Central vacuum pump

Energy Conservation Through Compressor Room Renovation

Saeron Automotive Corporation in South Korea has traditionally operated its compressor room continuously during the nighttime hours from December to February, which is winter, and on weekends.

This conventional operation method was inefficient in terms of energy consumption, but it was implemented as a necessary measure to protect the equipment. This was because cold air from outside was flowing into the room through unnecessary ducts installed in the roof structure of the compressor room, which posed the risk of freezing the pressure sensors and pipes inside the compressor equipment.

To address this issue, the company removed the unnecessary ducts to prevent cold air from entering from outside. In addition, to prevent the internal piping and sensors of the compressor from freezing, Saeron Automotive Corporation first installed oil and water removal filters and then strengthened the insulation of the pressure sensors. As a result, the risk of freezing was reduced.

The renovation of the compressor room reduced the unnecessary energy consumption and enabled Saeron Automotive Corporation to maintain stable equipment even in winter. The company will continue to identify and implement energy-saving measures.



Removal of unnecessary ducts



Oil and water removal filter

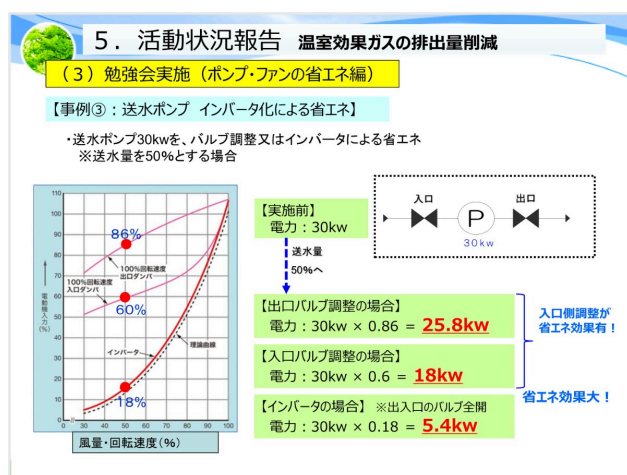
Cross-Cutting Environmental and Energy-Saving Activities at All Group Sites

Nisshinbo Mechatronics Inc. conducts cross-sectional activities on a monthly basis at all Group sites, including Nanbu Plastics Co., Ltd. The key theme of these activities is *energy-saving activities to reduce greenhouse gas emissions* with the aim of reducing annual greenhouse gas emissions by 1,000 t or more, and issues are formulated and information shared.

Energy-saving activities are being promoted with a focus on equipment common to all Group sites, such as changes to compressor pressure settings and the use of LED lighting.

In addition, an *Energy Efficiency and Conservation Manual*, which compiles examples of measures taken, is being deployed at all Group sites. The company also sponsors energy efficiency study sessions to promote activities while expanding the knowledge, improving the skills, and sharing information on energy efficiency and conservation with the personnel in charge at all Group sites.

As a result of these activities, in FY2024, a total of 275 energy-saving measures were implemented annually at all Group sites, which reduced greenhouse gas emissions by 1,084 t per year (2,384 MWh per year reduction in electricity consumption). We will continue to implement energy-saving, renewable energy and electrification measures at all Group sites and promote greenhouse gas reduction activities.



Energy conservation cross-sectional activity monthly meeting materials

Energy Conservation Through Introduction of Central Mist Filter Equipment and Air Conditioning Equipment in Processing Areas

Nisshinbo-Continental Precision Machining (Yangzhou) Co., Ltd. in China is updating the mist collector equipment installed on each processing machine in response to increasingly stringent environmental requirements in China.

In updating its existing equipment, the company installed a central mist filter system to eliminate the mist collector system filters and connected the central mist filter system to the VOCs system piping for direct discharge. As a result, Nisshinbo-Continental Precision Machining (Yangzhou) reduced annual electricity consumption by 107.7 MWh in FY2024.

In addition, the company upgraded the energy-saving equipment in the air-conditioning system of one of its factories, changing it from energy efficiency level 3 to level 1. As a result, Nisshinbo-Continental Precision Machining (Yangzhou) reduced its annual electricity consumption by 526.9 MWh in FY2024.

These initiatives resulted in total energy savings of 634.6 MWh/year (annual reduction of 304.6 t-CO₂). Nisshinbo-Continental Precision Machining (Yangzhou) will continue to respond to domestic demands for environmental consideration and strive to operate its factories in an environmentally friendly manner.



Energy-saving retrofitted air conditioning equipment

Energy Reduction Through Kaizen Activities

Nisshinbo Chemical Inc., Tokushima Plant, manufactures the resin additive Carbojilite™. As part of the FY2024 Kaizen activities, under the theme "Improving Productivity and Business Processes," the company conducted activities focused on reducing energy consumption in the manufacturing process of Carbojilite™.

Nisshinbo Chemical looked into ways to shorten the manufacturing cycle time for oil-based products and reduced the process time by revising the end temperature of the cooling process for one product. In 2024, the company achieved energy savings of 2.1 MWh.

In the cleaning of manufacturing equipment after the production of Carbojilite™, the cleaning solvent is heated, and the residual components in the equipment are dissolved over a specified period of time before the cleaning solvent is cooled. Previously, a significant amount of energy was used for heating and cooling the cleaning solvent.

In response, Nisshinbo Chemical optimized the cleaning conditions for each product through Kaizen activities, which eliminated the need for heating and cooling of cleaning solvents in the cleaning process for four product types and reduced the cleaning process time for ten product types. In FY2024, the company achieved energy savings of 9.9 MWh for the former and 0.9 MWh for the latter.

Furthermore, by reducing the delivery pressure of the cooling liquid pump that circulates inside the manufacturing equipment, Nisshinbo Chemical achieved a reduction of 10.8 MWh in energy consumption in FY2024. Through these Kaizen activities, the company achieved a total energy reduction of 23.7 MWh in FY2024.

Promoting Life Cycle Assessment (LCA)



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.

【Main measures】

- ① Improved convenience by making the same LCA software available in Japan and overseas
- ② Promoting the development and expansion of operators by holding LCA software utilization seminars
- ③ Reduction of chemical substances and waste emissions based on product LCA results
- ④ Introduction of LCA from the product development stage and application of it for the development of environmentally friendly products

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote Life Cycle Assessment (LCA).

* 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.

Promote Life Cycle Assessment (LCA): 60% or more of total sales

As a result of systematic promotion, the percentage of sales accounted for by the Group's FY2024 reached 51%. This was due to the inclusion of the KOKUSAI DENKI Electric Group, which began operations in FY2024, within the scope of the initiative.

■ Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan) with FY2027 as the target year, we raised the KPI values based on the initiatives of the 5th term as milestones for achieving the medium-term environmental targets.

Promote Life Cycle Assessment (LCA): 70% or more of total sales

Please refer to "Environmental Management" for details regarding the "3-Year Environmental Targets."

▶ Environmental Management

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

- ▶ Sustainability Promotion Plan and KPIs

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.

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.

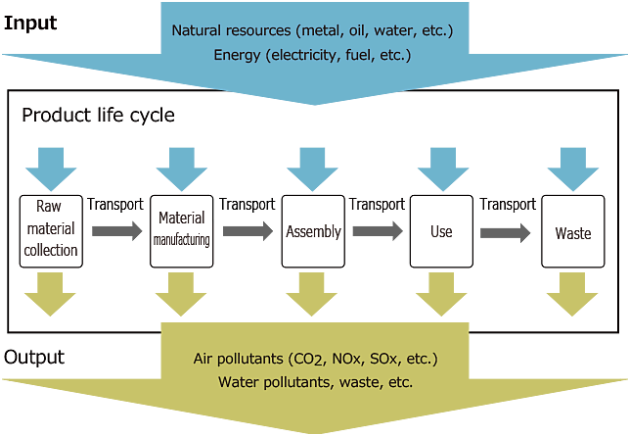


Image of Life Cycle Assessment

Specific Activities of the Group Companies

Life Cycle Assessment of RC Radar

Japan Radio Co., Ltd. carried out a life cycle assessment of the RC Radar Handy Search (NJJ-200K), which is manufactured and sold by JRC Mobility Inc.

RC radar is a nondestructive exploration device that uses electromagnetic waves to quickly probe the interior of concrete structures. This makes it possible to check the thickness of buried objects and members and cavities on-site.

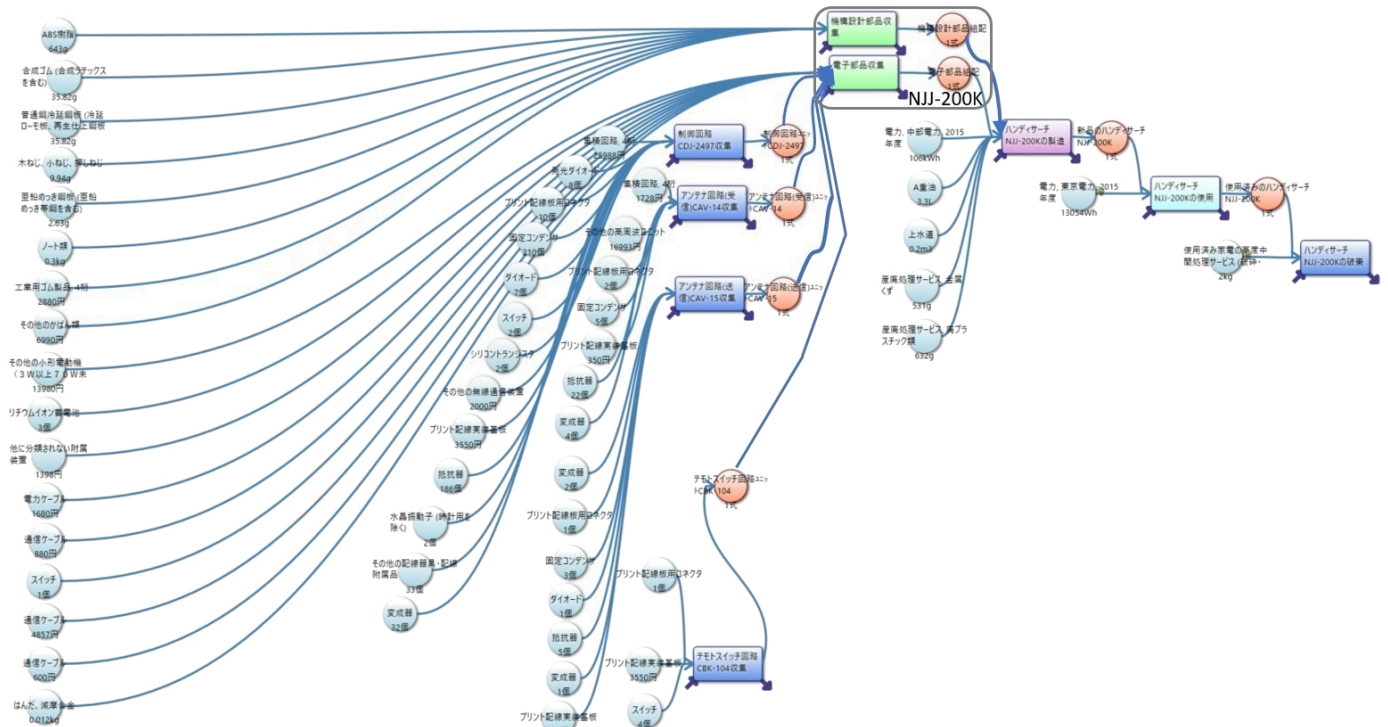
The calculations were based on the assumption that the electricity and fuel used in the manufacturing phase by the production department are proportionally distributed on a monetary basis, and that the product is fully recharged 90 times a year during the usage phase with a product life of eight years.

The life cycle GHG emissions were 327 kg-CO₂, 77% (253 kg-CO₂) from the parts collection phase, 20% (65 kg-CO₂) from the manufacturing phase, and 3% (8 kg-CO₂) from the use phase.

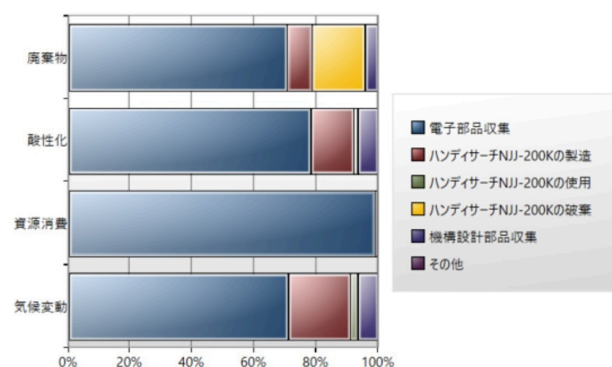
The reason why greenhouse gas emissions account for such a small proportion of the usage phase is that the company's RC radars are compact and energy-efficient and can be used for seven hours on a single charge, which allows a full day at the measurement site.



Handy Search



System diagram (Handy Search)



LCA analysis results (Handy Search)

Life Cycle Assessment (LCA) Education

As there are only five people with experience in conducting life cycle assessments (LCA) within the design department at Goyo Electronics Co., Ltd. LCA training was conducted in November 2024 for ten engineers in the Design Department.

The training includes the use of the tool while introducing past case studies. The engineers in the Design Department who have taken part in the training will teach each designer while implementing LCA during on-the-job training with a plan to increase the number of people with LCA implementation experience to 17 by FY2025. As a result of this plan, approximately 50% of the company's designers will have LCA implementation experience.

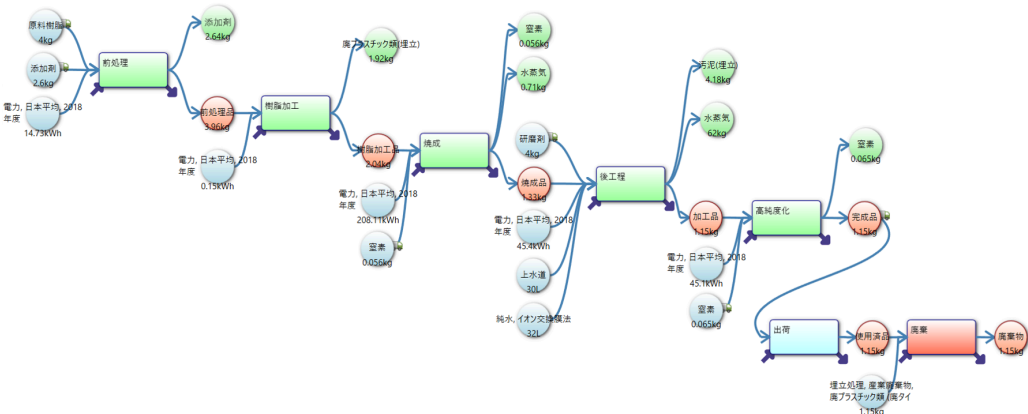
The company set a target of more than 70% of its products applying LCA by FY2027. The number of personnel with LCA implementation experience will gradually expand with the aim of 80% of personnel with LCA implementation experience by FY2027.

By actively using LCA in the development stage, designers will be able to understand the environmental impact of their products over the life cycle, which will then lead to the development of products with the introduction of technologies and materials to reduce the impact.

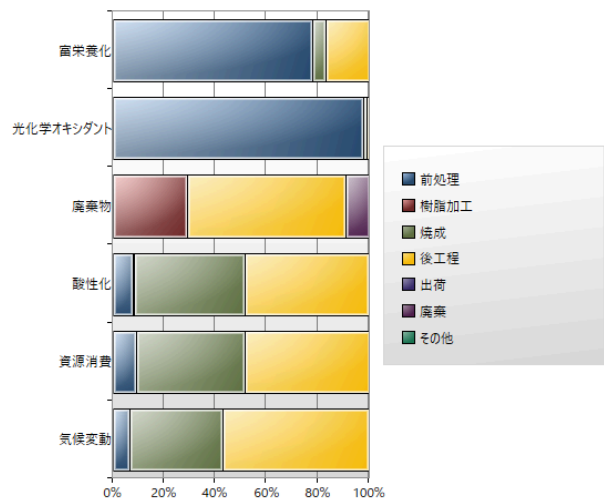
Utilization of Life Cycle Assessment (LCA)

Nisshinbo Chemical Inc. has been conducting life cycle assessments (LCA) on coated products among its carbon products. In FY2024, the company expanded the scope of the LCA to include three categories: coated products, plate products, and adhesives. The purpose of this assessment was to confirm the current state of environmental impact associated with the production of carbon products.

This enabled the company to visualize environmental impacts of greenhouse gas emissions. The company can now see where to focus its efforts in each product manufacturing process to reduce environmental impacts, such as greenhouse gas emissions, thorough waste separation, and energy consumption.



System diagram (Carbon plate products)



LCA analysis results (Carbon plate products)

Life Cycle Assessment (LCA) of Powdered CARBODILITE

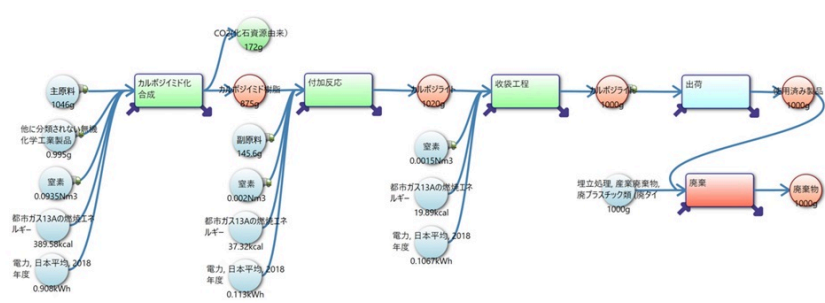
Nisshinbo Chemical Inc., Tokushima Plant, manufactures and sells powdered CARBODILITE as an additive for improving the hydrolysis resistance of biodegradable plastics.

In 2024, the company conducted a life cycle assessment (LCA) on powdered CARBODILITE by performing an inventory analysis* covering everything from raw material procurement to product disposal and manufacturing equipment cleaning. This enabled the company to quantify greenhouse gas emissions and identify hot spots with high environmental impact.

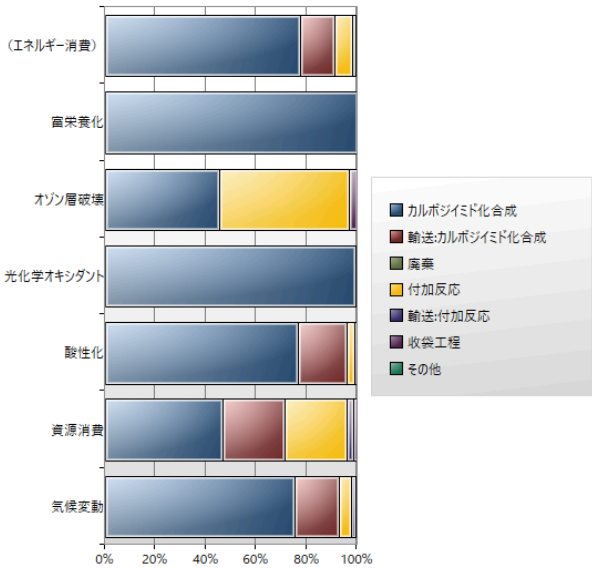
As a result, Nisshinbo Chemical found that the manufacture and transportation of the main raw materials had a significant environmental impact. It was, therefore, determined that reducing the environmental impact could be achieved by replacing the main raw materials with ones that emit less greenhouse

gases. Nisshinbo Chemical will utilize the LCA results to promote activities aimed at reducing environmental impact.

* Inventory analysis: Part of life cycle assessment, this is the process of collecting data on inputs and outputs throughout the life cycle of a product or service.



System diagram (powdered CARBODILITE)



LCA analysis results (powdered CARBODILITE)

Comparison of Life Cycle Assessment (LCA) of Spun Yarns

Nisshinbo Do Brasil Industria Textil LTDA. carried out a Life Cycle Assessment (LCA) of the conventional spun yarn (ring yarn), which is its main product, and the spun yarn produced by the innovative spinning machine (VORTEX yarn), for which capital investment is being made, and the amount of energy used. The reduction effect was verified by calculating the amount of energy used.

As a result, the company found that the VORTEX yarn produced by the innovative spinning machine, which shortens the spinning process, uses approximately 30% less energy during production compared to conventional ring yarn.

The company has been using this innovative spinning machine since 2014 and has been upgrading from conventional equipment while increasing sales. While the market share of textile products using ring yarn produced on conventional spinning machines is still overwhelmingly high, the company is working with customers to actively develop products and expand sales of VORTEX yarn.

By reducing the impact of textile products on the global environment from the raw material—the yarn, the company is contributing to the realization of a sustainable society.



Ring spinning machine



VORTEX yarn spinning machine

Resource Conservation



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.

【Main measures】

- ① Proper disposal of industrial waste through ISO 14001 activities while ensuring proper waste disposal governance
- ② Reduce waste emissions by promoting the 3Rs (Reduce^{*1}, Reuse^{*2}, Recycle^{*3})
- ③ Promoting reuse and reduction of packaging materials used
- ④ 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

*1 Reduce: Reduce waste by using items carefully

*2 Reuse: Use repeatedly what is available.

*3 Recycle: Reuse garbage as a resource.

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote improvement of recycling rate.

Improvement of recycling rate: Increase the recycling rate to 90% or more.

As a result of systematic measures to manage reductions through the PDCA cycle, the Group's recycling rate in FY2024 was 92%. This was mainly due to the transfer of the TMD Group, a consolidated subsidiary, which had a low recycling rate.

■ Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan) with FY2027 as the target year, we raised the KPI values based on the initiatives of the 5th term as milestones for achieving the medium-term environmental targets.

Improvement of recycling rate: Increase the recycling rate to 93% or more.

Please refer to "Environmental Management" for details regarding of the "3-Year Environmental Targets."

▶ Environmental Management

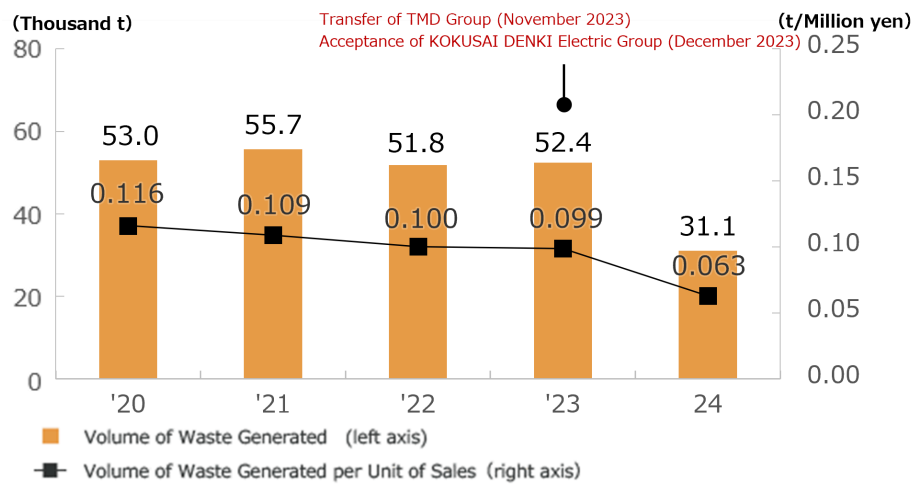
Sustainability Promotion Plan and KPIs

Volume of Waste Generated

The Nisshinbo Group generated (including recycled waste) 31.1 thousand tons of waste in FY2024, a significant decrease of 41% from the previous fiscal year. The amount of waste generated per unit of sales was 0.063 t/million yen, a significant decrease of 36% from the previous fiscal year. Decreased due to the transfer of TMD Group, which was a consolidated subsidiary.

The Nisshinbo Group recycling rate of FY2024 was 92% (an increase of 4% recycling rate in the previous fiscal year). The recycling rate improved as a result of the transfer of the TMD Group, which was a subsidiary engaged in the Automobile Brakes business.

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



*1 Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.

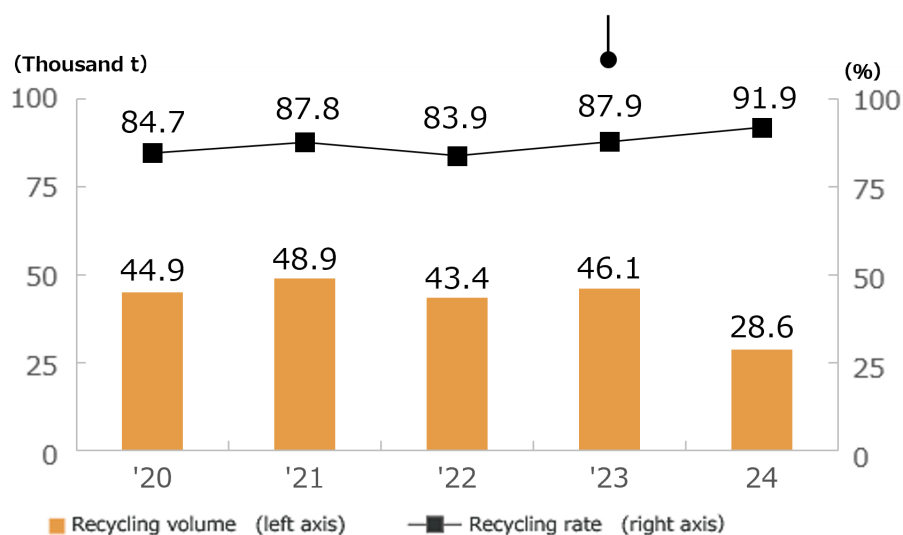
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Environmental Data

Trends in the Recycling Volume and Recycling Rates

Transfer of TMD Group (November 2023)
Acceptance of KOKUSAI DENKI Electric Group (December 2023)



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Environmental Data

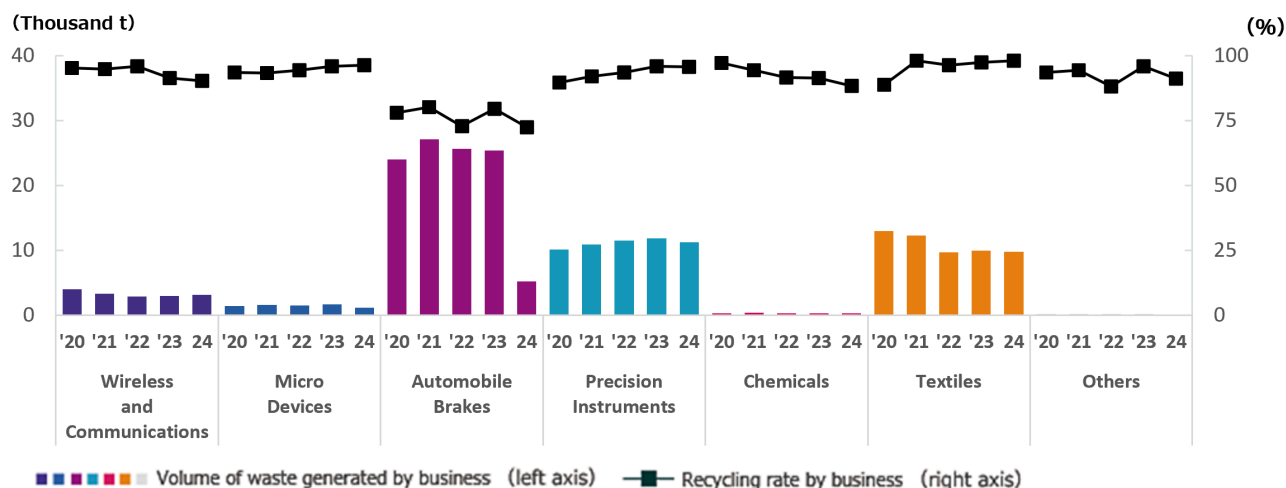
Trends in Volume of Waste Generated by Business and Recycling Rate by Business

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.

Waste generated by business segment (including recycled waste) accounts for 36% of the total for the Precision Instruments business of which 96% is recycled.

In terms of recycling rates by business, the treatment of the abrasive powder from brake friction material at overseas sites in the Automobile Brakes business is an issue, and reuse methods and recycling destinations are being investigated.

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



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► 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 FY2024, 32 locations achieved zero emissions.

Sites that have Achieved Zero Emissions

Nisshinbo Holdings Inc. R&D Center	Japan Radio Co., Ltd. Nagano Plant
Japan Radio Co., Ltd. Kanto Logistics Center	Japan Radio Co., Ltd. Ueda Logistics Center
Nippon Wireless Co., Ltd. Sanada Warehouse	Nippon Wireless Co., Ltd. Tatsumi Office
Japan Radio Co., Ltd. Hokkaido Branch	Nippon Wireless Co., Ltd. Shizuoka Sales Office
Nippon Wireless Glass Co., Ltd.	JRC System Service Co., Ltd. Kyushu Branch
Nagano Japan Radio Co., Ltd. Head Office & Factory	Ueda Japan Radio Co., Ltd. Head Office & Main Factory
JRC Tokki Co., Ltd. Main Plant	NJ Components Co., Ltd. Sanyo Office
Nisshinbo Micro Device Inc. Kawagoe Plant	Nisshinbo Micro Device Inc. Yashiro Plant
Nisshinbo Micro Devices Fukuoka Co., Ltd.	Nisshinbo Brake Inc. Tatebayashi Plant
Nisshinbo Mechatronics Inc. Miai Machinery Plant	Nisshinbo Mechatronics Inc. Hamakita Seiki Plant
Nisshinbo Mechatronics India Pvt. Ltd.	NISSHINBO COMPREHENSIVE PRECISION MACHINING (GURGAON) PRIVATE LIMITED
Nambu Kasei Co., Ltd. Head Office	Nanbu Plastics Co., Ltd. Susono Plant
Nanbu Plastics Co., Ltd. Oigawa Works	Kyushu Nanbu Plastics Co., Ltd.
Nisshinbo Chemical Inc. Chiba Plant	Nisshinbo Chemical Inc. Tokushima Plant

Specific Activities of the Group Companies

Implementation of End-of-Life Battery Recycling

HYS Engineering Service Inc. is working to recycle used batteries. Until now, all but some of the used batteries (Pb, Li-ion and Ni-MH) sold to customers nationwide and taken back for replacement have been treated as industrial waste, but from the second half of FY2022, the entire company has started considering measures with the aim of recycling used batteries.

After formulating internal rules and concluding contracts with recycling treatment operators, a system has been established at branches and sales offices west of the Kanto-Koshinetsu region to secure the volume of materials through a patrol system for recycling treatment as valuable materials.

In addition, by adjusting the route of rounds, it is also possible to collect waste at the branches and sales offices, as well as at suppliers. The actual recycling volume was approximately 4 t in FY2022, 39 t in FY2023, 41 t in FY2024, and 32 t in the first quarter of FY2025.

As a maintenance service company, HYS Engineering Service Inc. will continue to promote these initiatives while also looking to expand the recycling of items other than used batteries in order to reduce waste emissions.



Recycling used batteries

Reuse of Waste Plastic

Nisshinbo Mechatronics Inc. promotes the recycling of waste plastics as an effective use of resources.

In the manufacturing process of injection-molded products, many resins containing reinforcement materials, such as glass fibers, are used as materials. In-process defective products and unwanted resin parts generated during the molding process are separated by type and crushed for reuse as raw materials.

An additional crusher was installed in FY2024, enabling 102 t to be recycled per year, with the addition of another crusher in FY2025 expected to further increase the amount of material recycled.

In parallel with these activities, Nisshinbo Mechatronics Inc. is working for production activities that reduce waste by improving molds to minimize unnecessary resin during the molding process and promoting *kaizen* in the production process.



Crushing machine

Recycling of Waste Plastic by Increasing the Number of Repellet Machines

Toms Manufacturing Corporation in the Philippines has purchased one used repellet machine and will have a fleet of three from 2024, thereby promoting the use of recycled materials.

Repellet refers to the crushing and melting of waste plastics, such as the runners generated during production to raw materials, which are then reused as recycled materials. In FY2024, 281 t/year of waste plastic was reused (13 t more than in FY2023). The amount of reused plastic is increasing, albeit gradually, every year.

The company will continue to promote recycling activities with the aim of achieving sustainable operations.



Repellet machines

Promoting Paperless Reporting

Nisshin Environmental Planning Inc. analyses specimens requested by customers, prepares a report as a deliverable of the analysis results, and delivers the report with a seal.

In order to promote an environmentally friendly paperless system, Nisshin Environmental Planning Inc. has been proposing to customers to issue reports with electronic signatures using e-metrology, and the number of reports issued using e-metrology was 273 in FY2021, 725 in FY2022, 805 in FY2023 and 661 in FY2024 (equivalent to 9,750 sheets of paper).

The current annual paper consumption is approximately 330,000 sheets (in FY2024), so the reduction effect is still limited; however, e-metrology also has the advantage of reducing paper and document storage space, as well as reducing dispatch time and delivery times through delivery by e-mail.

Since electronic deliverables, such as e-metrology, are recognized and have become more widespread because of the social trend towards resource conservation, it is expected that the company and many other companies and institutions in the analysis industry, where paper has traditionally been the

[illegible]

Continuation of Certification as a 3R Practice Business

These efforts resulted in the company being accredited by Tokushima Prefecture as a "Tokushima Prefecture-accredited 3R model business site" in March 2017. This is a system to certify establishments in Tokushima Prefecture that are actively working to promote the 3R of waste reduction, recycling, and re-use of recyclable resources and are achieving significant results. The company undergoes a renewal review every three years and is certified until March 2026.

Pre-consumer - Recycling and Biomass Feedstock

Certification is only a passing point. We will continue to implement environmentally friendly and sustainable initiatives, such as pre-consumer recycling (reuse of unused products) of non-standardized products generated in the manufacturing process, and the use of biomass materials.



GRS certification



OK biobased (class 1) certification

Unwanted Shirt Collection Campaign

NISSHINTOA IWAO INC. has been a member of Upcycle, a general incorporated association, since its establishment in 2023, in which companies from across industries work together to develop new initiatives that extend beyond the boundaries of conventional recycling.

As of 2024, 48 companies and organizations are participating in Upcycle. The aim is to promote the improvement of recycling rates for resources and food residues and to create new value.

The first project, TSUMUGI, launched at the time of its establishment, is an initiative to transform used paper resources and thinned wood from forest maintenance into paper yarn. In July, the project was exhibited at Japan Expo in Paris.

In 2024, as the second phase of the project, the Enz Koji project was launched to upcycle food byproducts as *koji* using the solid culture technology of member companies. Under this project, *koji* is made from food byproducts and the dregs that would normally be discarded, and bread made from this *koji* is sold in limited quantities at Nescafe's Harajuku shop.

In April 2025, a directly managed Tsumugi shop was opened in Aizu Wakamatsu City, where, in addition to product sales, the company offers weaving experiences on a loom and spinning yarn and hands-on content, such as herb dyeing and Aizu molds.



Japan Expo



Enz Koji's "Polyphenol-rich bread"

Water Resource Conservation



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.

【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

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote reduction of water usage per unit of sales.

Reduction of water usage per unit of sales: Reduce by 65% or more compared to FY2014

As a result of systematic measures to manage reductions through the PDCA cycle, the Group's reduction of water usage in FY2024 was reduced by 78% compared to FY2014. The main reasons for the reduction were the transfer of the TMD Group, which was a consolidated subsidiary, and reduced production in the Textiles business.

■ Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan) with FY2027 as the target year, we raised the KPI values based on the initiatives of the 5th term as milestones for achieving the medium-term environmental targets.

Reduction of water usage per unit of sales: Reduce by 77% or more compared to FY2014

Please refer to "Environmental Management" for details regarding of the "3-Year Environmental Targets."

► Environmental Management

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

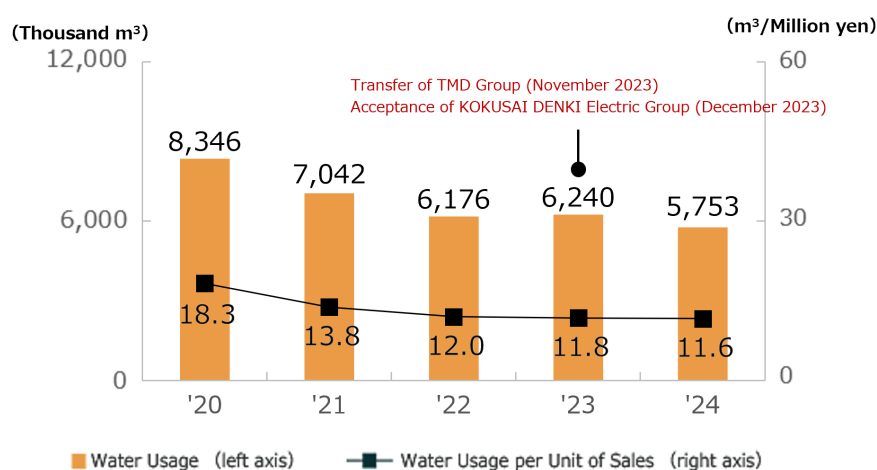
► Sustainability Promotion Plan and KPIs

Use of Water Resources

The Nisshinbo Group's water consumption in FY2024 was 5,753 thousand m³, a decrease of 8% from the previous fiscal year. Water consumption per sales was 11.6 m³/million yen, a decrease of 1% from the previous fiscal year. The transfer of the TMD Group, which was a subsidiary in the brake business, resulted in a significant decrease in water consumption for the Company's group.

The amount of water recycled in FY2024 was 848 thousand m³, a 1% increase from the previous fiscal year.

Water Usage and Water Usage per Unit of Sales

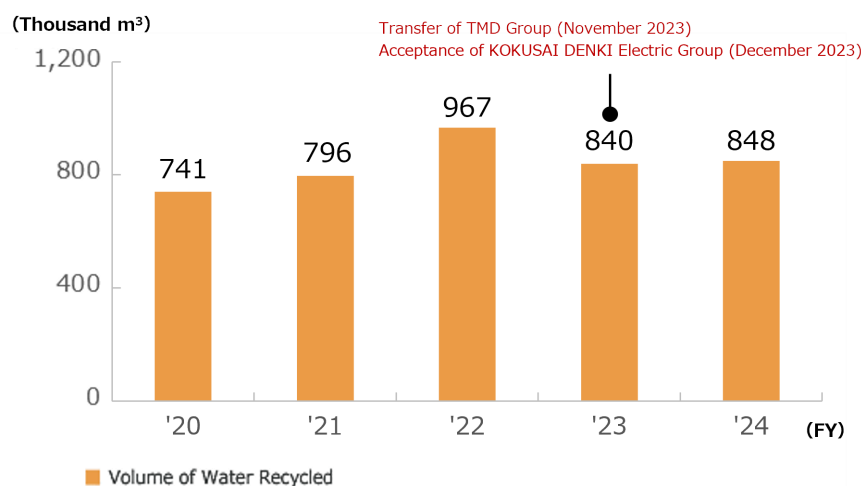


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Trends of Water Recycled

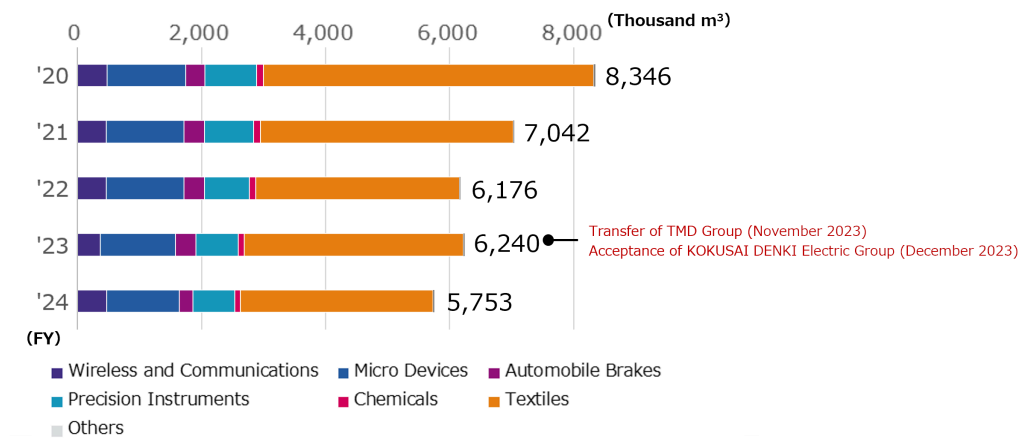


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Trends in Volume of Water Usage by Business



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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).

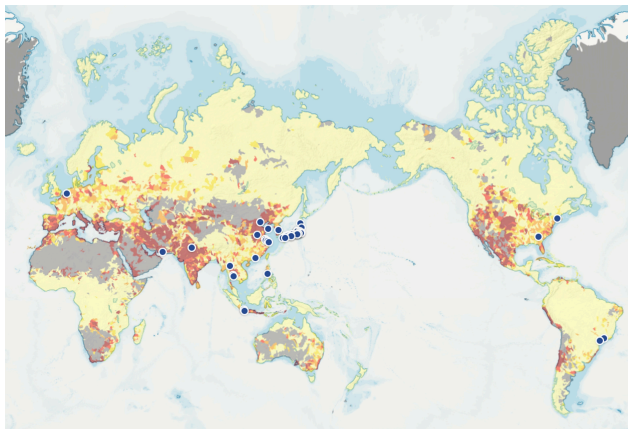
As a result of the AQUEDUCT assessment, six of the Group's business sites (Nisshinbo Mechatronics India Private Limited in India, NISSHINBO COMPREHENSIVE PRECISION MACHINING (GURGAON) PRIVATE LIMITED, and Saeron Automotive (Beijing) Co., Ltd. and Saeron Automotive (Yantai) Co., Ltd. in China, and PT. 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 suppliers in Textiles business, and Chinese suppliers, etc. 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.

Furthermore, in the nature-related risk analysis under the TNFD, Nisshinbo evaluated whether the Group's direct operations and corporate activities in the upstream value chain are located in sensitive areas with regard to water risks in relation to identified material issues.

* 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 2024 Evaluation

Nisshinbo Holdings Inc. discloses environmental information through the CDP. In 2024, Nisshinbo Holdings Inc. responded to the Water Questionnaire and received a B rating (Management Level). The Group will continue to actively address climate change and strengthen transparency and information disclosure in its environmental activities.

The CDP evaluates companies annually using a fair method based on such factors as disclosure comprehensiveness, recognition and management of environmental risks, and goal setting by assigning scores on an eight-point scale (A, A-, B, B-, C, C-, D, D-).

The CDP is an international environmental nonprofit organization established in the UK in 2000. It collaborates with more than 700 financial institutions with assets exceeding US\$142 trillion and operates a global environmental information disclosure system. Specifically, in response to requests from investors, companies, governments, and other entities around the world, the CDP sends questionnaires on environmental issues to companies, provides an information disclosure platform, and scores and analyzes the responses.

In 2024, more than 24,800 companies, which account for over 66% of global market capitalization, disclosed data through the CDP, including more than 2,100 companies in Japan, comprising over 70% of prime-listed companies. CDP scores are widely used in investment and procurement decisions through the CDP's website and reports to achieve net zero and a sustainable and resilient economy.



Specific Activities of the Group Companies

Reduction in Groundwater Use

Nagano Japan Radio Co., Ltd. has been working to reduce groundwater consumption by switching from water-cooled to air-cooled air conditioners when updating air conditioners since 2014.

The company's annual groundwater consumption in FY2022 was 315,000 m³, but as a result of the replacement of 18 units in FY2023, groundwater consumption in FY2023 was approximately 204,000 m³, a reduction of approximately 35% (111,000 m³) compared to FY2022.

In addition to this, in FY2024, 12 water-cooled air-conditioners were replaced with air-cooled air-conditioners, reducing groundwater consumption by 40,000 m³/year; in FY2025, the company plans to replace three of the remaining 11 water-cooled air-conditioners it owns.



Air-cooled air conditioner

Optimization of Feed Water in the Scrubbers

Sanyo Office of NJ Components Co., Ltd., focused on the ferrite manufacturing process, which accounts for approximately 70% of the water use at the same works, and conducted a survey of the water used by each piece of equipment. As a result, the survey found that the volume of water supplied to the scrubber equipment in the raw material process was extremely high.

The water supply was controlled by a manual valve, which meant that the water flow varied significantly depending on the valve opening. An investigation found that the water supply to the scrubber exceeded the required amount.

As a result, the company reduced water usage by 512 m³/month. By FY2025, the company expects to achieve a reduction of 6,144 m³ in water usage.



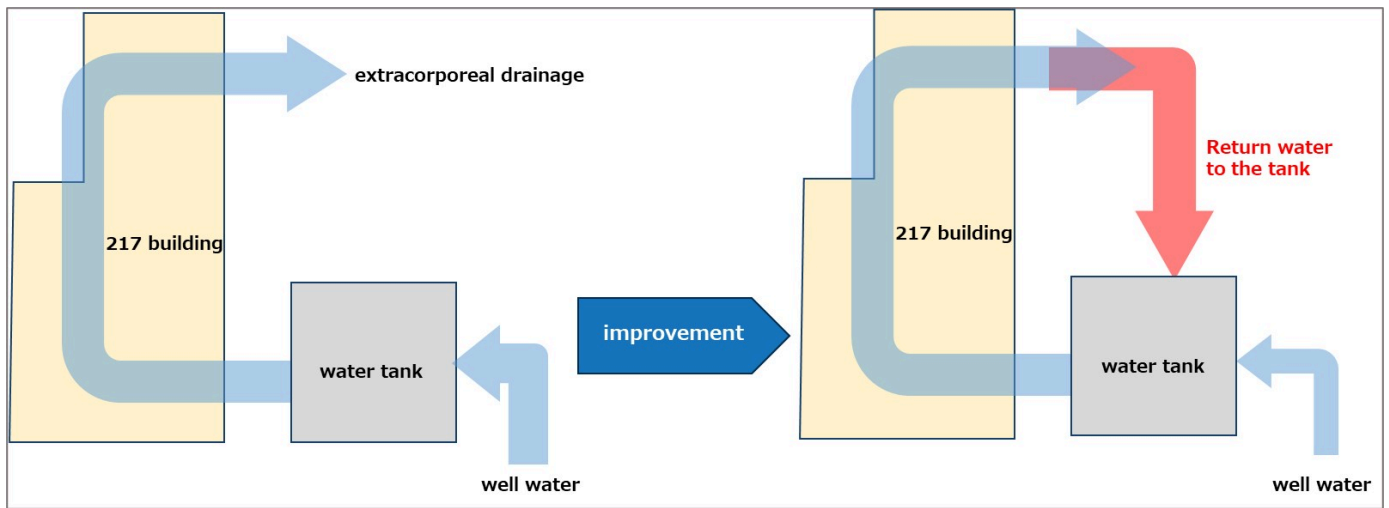
Flow meter added to supply pipe

Effective use of water resources by circulating cooling water

At the Kawagoe Plant of Nisshinbo Micro Devices Inc. indirect cooling water for production equipment in Building 217 was conventionally supplied from well water (groundwater) and drained outside the plant after use.

The system of cooling water heated by production equipment and supplying it again to production equipment is costly. For this reason, well water was used for cost considerations, but from the perspective of environmental protection (reduction of water consumption), the wastewater was returned to the receiving water tank and reused.

This resulted in a reduction of approximately 40,000 m³/year in wastewater and a reduction in the amount of water pumped. In addition, reducing the amount of water pumped has led to a reduction of approximately 6,500 kWh in electricity consumption by the pumping pumps.

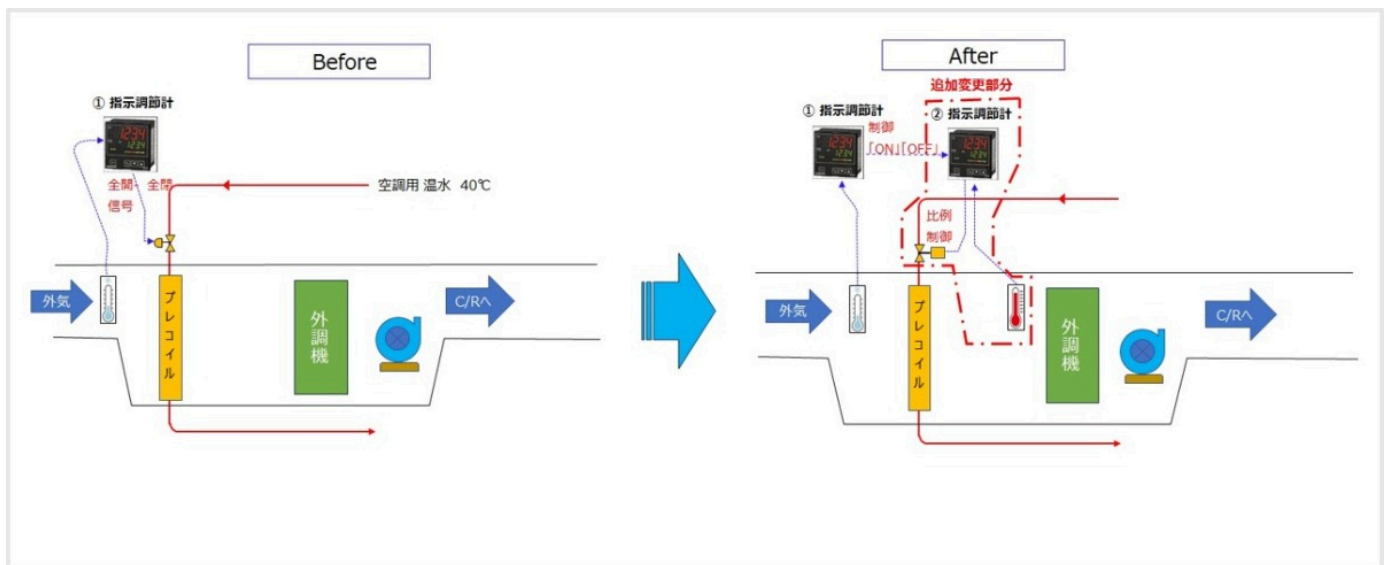


Effective use of water resources through cooling water recovery

Water Savings Achieved by Changing the Hot Water Control of the External Adjustment Unit Pre-Coil

At the Yashiro Plant of Nisshinbo Micro Devices Inc., changes were made to the preheating coil control of clean room air conditioners, resulting in a reduction of 536 m³/year in water consumption.

The pre-coil that was installed upstream of the outdoor unit prevented freezing of the outdoor unit by circulating warm water when the outdoor temperature dropped. Previously, warm water was continuously circulated until the outdoor temperature rose. However, by monitoring the temperature downstream of the pre-coil and controlling the amount of warm water circulated according to that temperature, the company reduced the amount of excess warm water. In addition, by reducing the amount of hot water used, the company reduced the amount of city gas used to produce hot water by 33,000 m³/year.



Pre-coil control modification



Energy and Water Savings Through Review of Water Pump Settings

At the Miai Machinery Plant of Nisshinbo Mechatronics Inc. the drinking water supplied by Okazaki City is stored in a dedicated water tank and pumped by water pumps to the buildings where it is used.

In order to reduce water consumption and save energy, the settings of the two water pumps for the buildings have been revised to 2024. By changing the head (pressure) setting from 63 m to 53 m, a total of 1,042 m³ of water consumption was reduced, and a total of 1,859 kWh/year of electricity consumption was saved.

The reviewed measures will be horizontally rolled out to all Group sites, leading to a reduction in water consumption per sales through water conservation and a reduction in greenhouse gas emissions through energy conservation with the aim of achieving the targets of the Nisshinbo Group Sustainability Promotion Plan.



Water pumps

Initiatives to Reduce Water Consumption

The Fujieda Plant of Nisshinbo Textile Inc. uses a large volume of cooling water for the production of nonwovens and for air conditioning the plant. In the past, in order to ensure water supply to the nonwoven production line, excessive water was supplied even during line stoppages.

As an initiative to reduce water consumption, in May 2023, a water level monitoring sensor was installed in the water supply pool, and the equipment was modified so that the pool water level could be automatically controlled by an automatic water supply valve. As a result, excessive water supply during line stoppages was curbed; as a result, water consumption at the plant in FY2024 was 2,034,000 m³, an 11% (258,000 m³) reduction compared to FY2023. The company will continue to make effective use of water resources through *kaizen* activities.



Water level monitoring sensor

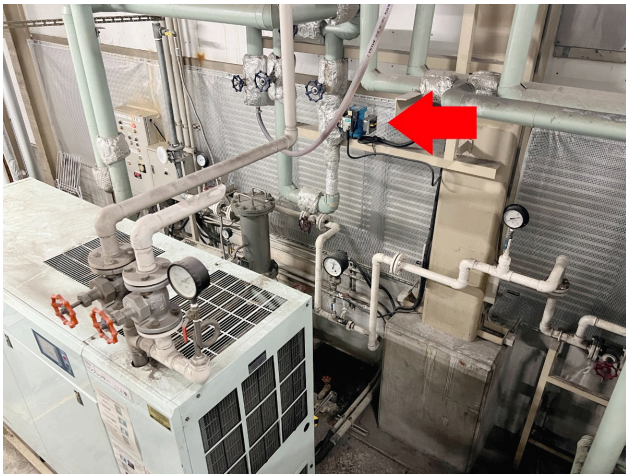
Water Conservation Measures Through Changes in Settings and Control Methods and Reuse

The Tokushima Plant of Nisshinbo Textile Inc. implemented water conservation measures in two manufacturing departments.

The first measure was by the Mobilon Production Division to maintain a constant temperature in the manufacturing room throughout the year to ensure product quality. In order to operate the equipment efficiently even in the high temperatures of summer, cooling water is sprayed onto the heat exchanger (aluminum fins) of the outdoor unit. In response, the company reduced water consumption by adjusting the temperature settings for water discharge.

The second measure was by the elastomer production department, which used water for cooling control in compressors, coolers, crushers, and extrusion molding machines among its equipment. Water was supplied continuously, but the automatic valves were added to the water supply pipes so that water was supplied only when necessary, such as during operation and cooling. Furthermore, in some facilities, cooling water that was previously drained once was reused as cooling water for other facilities.

As a result of these measures, the company reduced its annual water usage by 70,000 m³ in FY2024. The company will continue its efforts to make effective use of limited water resources.



Automatic valve with water supply piping

Chemical Substance Management



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.

【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.

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets (to be achieved by FY2024)

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote the reduction of the volume of PRTR substances emissions per unit of sales.

Reduction of the volume of PRTR substances emissions per unit of sales: Reduce by 30% or more compared to FY2014.

As a result of systematic measures to manage reductions through the PDCA cycle, the Group's Reduction of the volume of PRTR substances emissions per unit of sales in FY2024 was reduced by 41% compared to FY2014. The main reason for the reduction was a decrease in PRTR substances emissions following the transfer of the TMD Group, which was a consolidated subsidiary.

■ Assessment of the 6th Three-Year Environmental Targets (to be achieved by FY2027)

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan) with FY2027 as the target year, we raised the KPI values based on the initiatives of the 5th term as milestones for achieving the medium-term environmental targets.

Reduction of the volume of PRTR substances emissions per unit of sales: Reduce by 30% or more compared to FY2014.

Please refer to "Environmental Management" for details regarding of the "3-Year Environmental Targets."

▸ Environmental Management

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▸ Sustainability Promotion Plan and KPIs

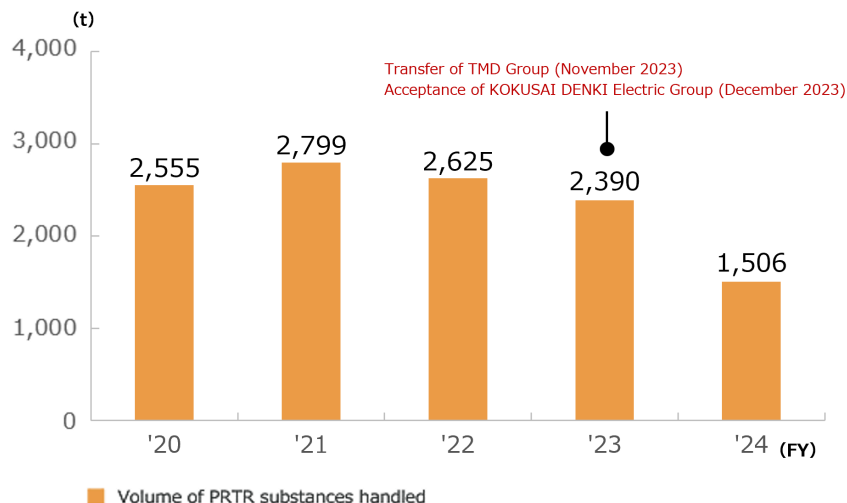
Volume of Chemical Substances Handled

In FY2024, The volume of substances subject to PRTR handled by the Nisshinbo Group was 1,506 t, down 37% year-on-year (YoY). The transfer of the TMD Group, which was a subsidiary engaged in the Automobile Brakes business, resulted in a decrease in the volume of antimony and the handled compounds.

The main substances handled among the PRTR-listed substances are isocyanates, which are raw materials for spandex elastomers, and hexamethylenetetramine, which is a raw material for brake friction materials.

The Chemicals business accounted for 55% of the overall volume of chemical substances handled by the Group.

Trends in the Volume of PRTR Substances Handled

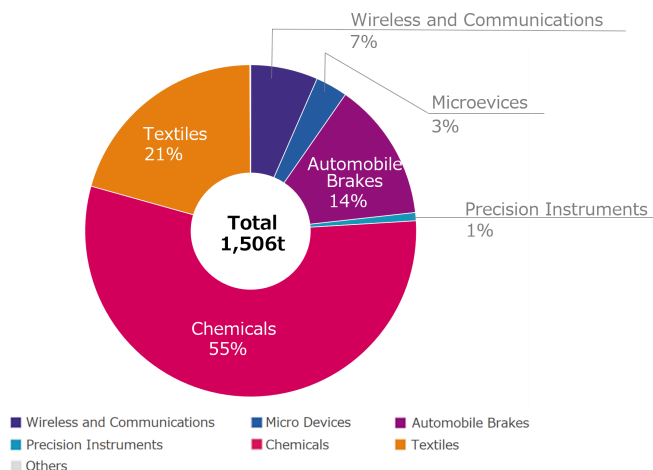


*1 Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.

*2 On December 27, 2023, the Company included KOKUSAI DENKI Electric Group within its scope of consolidation, and data for the group is included from FY2024.

*3 On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.

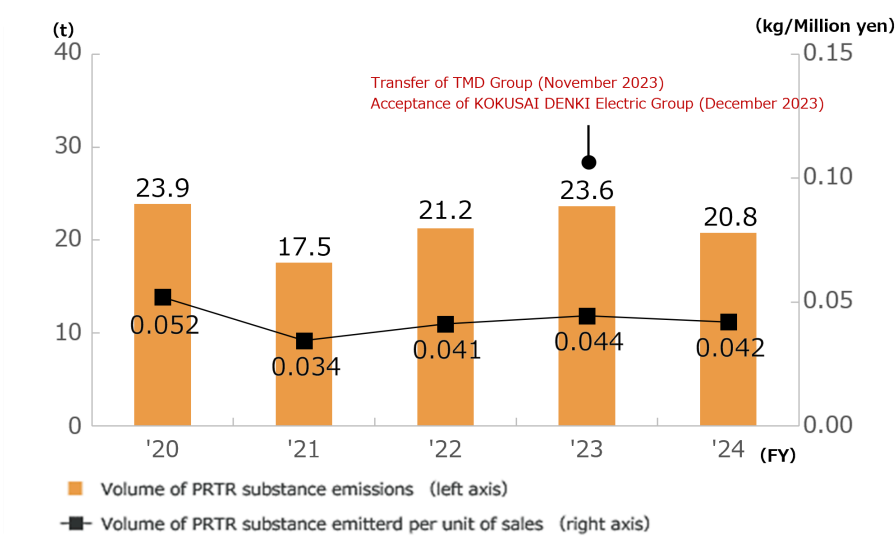
Volume of PRTR Substances Handled by Business



Volume of Chemical Substance Emissions

In FY2024, the Nisshinbo Group's volume of PRTR substance emissions totaled 20.8 t, down 12% year on year. Volume of PRTR substance emissions per unit of sales was 0.042 kg/million yen, down 6% year on year. The main reason for the reduction was a decrease in PRTR substances emissions following the transfer of the TMD Group, which was a consolidated subsidiary.

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



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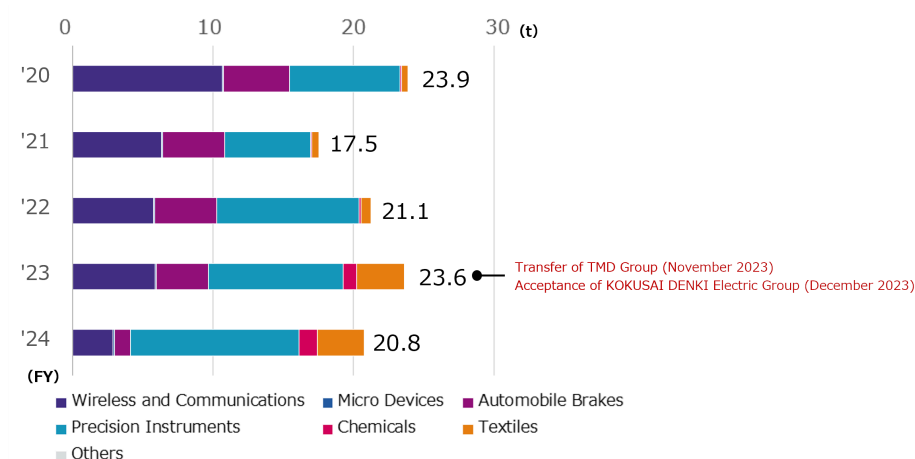
Emission Breakdown by Chemical Substance

Chemical Substance	Discharge Amount(t)	Ratio
Toluene	6.9	33.4%
Xylene	2.8	13.6%
Ethylbenzene	2.0	9.8%
Trimethylbenzene	1.4	6.9%
1-Bromopropane	1.4	6.8%
N-methyl-2-pyrrolidone	1.0	4.7%
Others	5.1	24.8%

Toluene accounted for the highest proportion of emitted chemical substances, at 33% of the total.

By business, the proportion of the Precision Instruments business releasing toluene, xylene, and ethylbenzene was 58% of the total.

Volume of PRTR Substances Emitted by Business



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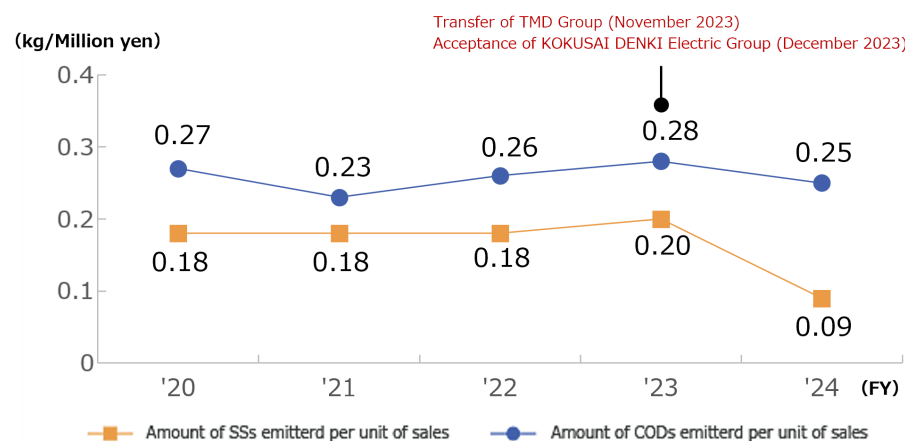
Environmental Data

Purification of Wastewater

In FY2024, the Nisshinbo Group's volume of suspended substances (SSs) emissions per unit of sales totaled 0.09 kg/million yen, down 55% year on year. The volume of CODs* emissions per unit of sales was 0.25 kg/million yen, down 9% year on year. The main factors in the decrease were the transfer of the TMD Group and the reduction in production of the Micro Devices business.

* 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



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Environmental Data

Atmospheric Releases

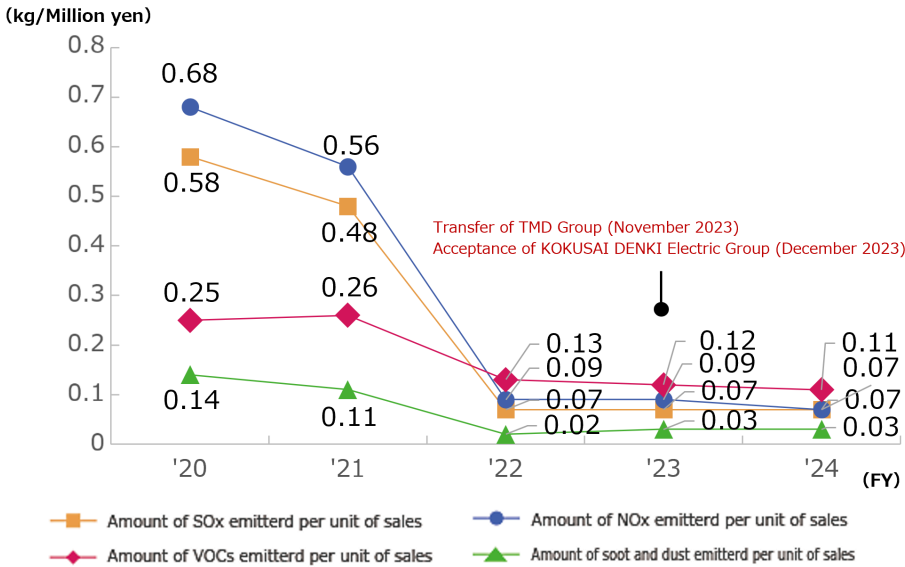
In FY2024, the Nisshinbo Group's sulfuric oxides (SOx) emissions per unit of sales was 0.07 kg/million yen, down 1% YoY. Nitrogen oxides (NOx) emissions per unit of sales was 0.07 kg/million yen, down 16% YoY. Volatile organic compounds (VOCs*) emissions per unit of sales was 0.11 kg/million yen, down 5%

YoY. Soot and dust emissions per unit of sales was 0.03 kg/million yen, unchanged down 16% YoY. The transfer of the TMD Group, which was a subsidiary in the Automobile Brakes business, resulted in an overall reduction of emissions into the atmosphere.

PT. Nikawa Textile Industry (Indonesia), the Textiles business, stopped using coal boilers in November 2021 and eliminated the use of coal, resulting in a significant decrease in SOx and NOx emissions for the Group from FY2022.

* 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



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Environmental Data

Specific Activities of the Group Companies

Emergency response training for a chemical spill

Every year, Nisshinbo Holdings Inc. conducts emergency response drills for chemical substance leaks as part of its disaster prevention training program jointly with the Toke Plant of Nisshinbo Chemical Inc.

In FY2024, drills were conducted in November on the assumption of a chemical leak due to the toppling of a one-dozen can of methanol, a chemical stored indoors at the Toke Plant, after a large-scale earthquake (intensity 6+).

Through training for a chemical leak linked to emergency drills, Nisshinbo Holdings Inc. will continue to maintain a system in which all employees who handle chemical substances can take the appropriate action in the event of an emergency.



Control of chemicals handled

To prevent accidents, health hazards and environmental pollution caused by chemical substances, JRC Tokki Co., Ltd. uses the results of risk assessments to implement measures to reduce exposure, such as shortening working hours and considering alternatives. In addition, the management officer, who wears protective equipment, plays a central role in selecting appropriate protective equipment according to the working environment and conditions in order to ensure the safety and security of the workers.

With regard to the chemical substances hand, led by the company, JRC Tokki Co., Ltd. regularly works with suppliers to consider changing to substances with lower hazard risks (e.g. explosives, flammability, carcinogenicity and acute toxicity).

So far, alternatives have been introduced for cleaning agents that do not contain specified chemical substances and paints that are not PRTR-compliant. JRC Tokki Co., Ltd. will continue to strive for the proper handling of chemical substances in accordance with laws and regulations.

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Chemical Spill Disaster Drill

Nagano Japan Radio Co., Ltd. provided the following training in anticipation of chemical substances flowing into rivers.

- ① The company installed a shutoff plate in anticipation of abnormal pH values in the discharge water due to equipment malfunction or failure.
- ② To prevent river water from flowing in during typhoons and other rainfall, and to prevent large amounts of rainwater from entering drainage treatment facilities, the company installed waterproof sheets and stacked water bags.

This training was a very meaningful opportunity to reaffirm the importance of the company's responsibilities and of protecting stakeholders, as well as continuing business activities.

The company will continue to comply with regulations and will strive to conduct business under the necessary monitoring and management systems in order to continue business activities.



Chemical spill disaster drill

Emergency Drill Assuming Chemical Spill

The Tsurunumadai and Sendai Plants of GOYO ELECTRONICS CO., LTD. conduct annual emergency drills designed to minimize the environmental impact of a chemical spill caused by natural disasters or accidents.

At the Sendai Plant, personnel received training to prevent kerosene from flowing into storm drains if a plastic container filled with kerosene were accidentally knocked over while being transported from a hazardous materials storage facility.

On the day of training, two employees who had previous training experience guided two employees who were participating in the training for the first time. They provided the training with reference to the procedure manual. Since a quick response is necessary in the event of an actual spill, the training made the personnel realize the importance of receiving regular training and acquiring the necessary skills to respond promptly in the event of an emergency.

The company will continue to provide regular training to ensure that everyone is familiar with the proper procedures and is prepared to respond to emergencies.



Emergency drill

Reflow Furnace Cleaning Solution Changed to Environmentally Friendly Water-Based Cleaning Agent

GOYO ELECTRONICS CO., LTD. used isopropyl alcohol (IPA) as a cleaning agent to remove flux adhering to the reflow furnaces (heating furnaces) used for soldering electronic components to printed circuit boards. The company conducted a review of its equipment cleaning agents from the perspective of preventing air pollution caused by VOC* emissions during hand wiping and immersion cleaning, as well as preventing organic solvent poisoning. As a result, the company switched to an environmentally friendly water-based flux cleaning agent starting in August 2024. This change resulted in the company reducing IPA emissions by 0.1 tons compared to the previous year.

Going forward, the company will switch to environmentally friendly water-based flux cleaning agents as a replacement for the IPA used to clean flux adhering to chains and transport claws in automatic soldering equipment, similar to the replacement of cleaning agents used to clean flux adhering to reflow furnaces. The company will also work to reduce VOC emissions and improve the working environment.

* Volatile Organic Compounds (VOCs): Volatile organic compounds, such as toluene

Conducting Emergency Response Training for Hydrochloric Acid Leaks

Nisshinbo Micro Devices AT Co., Ltd. provided environmental emergency response training in collaboration with the Facilities Department and Kyushu Bldg. Services Co., Ltd., which is responsible for facility maintenance and monitoring, to address potential leakage accidents (such as heavy oil, chemicals, and acid/alkali wastewater) that may occur in utility facilities. In 2024, the company provided emergency response training based on the scenario where the liquid level gauge of the hydrochloric acid tank used in the ion exchange resin regeneration solution for the pure water production system malfunctioned, which resulted in a hydrochloric acid leak.

Hydrochloric acid generates gas, so personnel must wear a gas mask equipped with an acid-absorbing filter, chemical-resistant coveralls, chemical-resistant gloves, and protective footwear. In the event of a leak, measures must be prioritized to prevent the substance from escaping outside the facility by blocking nearby drains with sandbags to prevent the substance from flowing into them. After that, workers wearing protective gear will perform the leak stopping operations (closing valves). When closing the valve, water is sprayed from the windward side using a hose to suppress the release of gas. After practical training, classroom instruction on the dangers of chemicals is also provided to ensure that all relevant personnel have the correct knowledge.



Emergency response training



Chemicals education provided

Nisshinbo Saeron (Changshu) Automotive Co., Ltd in China provides annual chemical substance training to prevent environmental risks caused by chemical substance spills.

The aim of this training is to make sure that employees fully understand the correct handling of chemical substances and the related hazards so that they can carry out their work safely. The training covers a wide range of topics, including basic knowledge of chemical substances, hazard assessment, how to read SDS (safety data sheets), the meaning of labels, and instructions on how to respond in an emergency.

In addition, hazardous waste and hazardous material leakage training is provided every April to ensure that all relevant personnel can respond appropriately to emergency situations.

These drills simulate real-life scenarios, review response procedures in the event of a leakage incident, and train participants to respond quickly and appropriately. This helps to raise employee safety awareness and minimize environmental risks.

The company also carries out regular risk assessments on the handling of chemicals to identify potential hazards in advance and to take action. This prevents environmental pollution from chemical spills and leaks and ensures the health and safety of employees.



Training

Chemical Risk Assessment

Nisshinbo Mechatronics Inc. conducts risk assessments on all new chemical substances before use.

When handling new chemical substances, an assessment must be made using a chemical substance risk assessment sheet. This assessment is reviewed by the Risk Assessment Committee and approved by the health and safety manager, chemical substance management officer, and safety and health committee chair before the substance can be used in the workplace. During this process, depending on the level of harm to workers and the impact on the environment, on-site inspections may be conducted, and instructions for corrective actions or measures may be issued.

In addition, every year, all business divisions check the latest SDS (product safety data sheets) and, if the information has been revised, conduct risk assessments and evaluate hazards as necessary.

Through these activities, the company is promoting the creation of a safe and hygienic workplace environment.

Conducting Chemical Spill Response Drills

PT. Standard Indonesia Industry provides regular B3 substance leak response training every year. B3 substances refer to hazardous substances and dangerous chemicals that are harmful to human health and have a negative impact on the environment. All companies that use B3 substances must fully understand the B3 substance leak procedures and ensure that employees will handle them appropriately.

In November 2024, approximately 15 people, including representatives from the Production, Production Management, and Quality Assurance departments, as well as 3B substance handlers, participated in training provided under the guidance of a hazardous materials management supervisor. The training covered the handling of B3 substance spills and outdoor drainage leaks.

This was an opportunity to reaffirm the importance of confirming and practicing procedures for responding to hazardous material leaks. In their daily operations, company personnel strive to minimize all risks by properly managing hazardous materials and wearing protective equipment.



Oil spill response training



Training for handling leaks from outdoor drainage channels

Reduction in the Amount of PRTR-Listed Cleaning Agents Used

Nisshinbo Chemical Inc. Tokushima Plant manufactures resin additives called CARBODILITE™. Since the company uses PRTR*-listed substances as the raw materials for its products and as cleaning solvents for manufacturing equipment, the company set a target for the FY2024 to reduce emissions of PRTR-listed substances used in the cleaning process as part of its continuous improvement activities.

In post-production cleaning of manufacturing equipment, the company repeatedly verified the amount of cleaning solvent used and the condition of the manufacturing equipment after cleaning, and as a result, the company reduced the amount used per cleaning by 20% compared to the previous method.

As a result of implementation beginning in April 2024, the company achieved a reduction of 0.119 t per year in PRTR substance emissions in FY2024. The company will continue to promote environmentally friendly business operations.

Accelerating Global Sales Expansion of Water-Based Crosslinking Agents

Globally, paints, coatings, adhesives, and other products that use organic solvent-based resins, such as toluene, are subject to stricter chemical substance management regulations and VOC (volatile organic compound) regulations because of concerns about environmental issues and occupational safety and health. As a result, there is a growing trend toward replacing these products with water-based resins, which are safer and more environmentally friendly. Furthermore, in the manufacturing processes that use water-based resins, the development of environmentally friendly technologies aimed at reducing processing temperatures and shortening processing times in the drying process is accelerating with the goal of reducing carbon dioxide emissions and energy consumption.

The CARBODILITE™ water-based crosslinking agent from Nisshinbo Chemical Inc. enables the realization of high performance that could not be achieved with water-based resins alone. Additionally, by leveraging the low-temperature reactivity and quick-drying characteristics of its products, the company is making a significant contribution to the development of new technologies and the widespread adoption of products aimed at addressing global environmental issues.

The company will continue to actively promote the expansion of water-based crosslinking agents in the global market and contribute to solving global environmental issues.

Oil Spill Prevention Training

Nisshinbo Textile Inc. Tokushima Plant provided chemical substance leakage prevention training in November 2024.

The plant manufactures polyurethane products and uses many chemical substances as raw materials. In order to receive and store these new raw materials, there are outdoor tank facilities, but the plant is located adjacent to the Imagire River, a tributary of the Yoshino River, which means there is a risk that chemical leaks could cause a major environmental problem. Therefore, liquid barriers, oil-water separators, and shutoff gates are installed around the chemical tank equipment and drainage routes to prevent leakage to the outside.

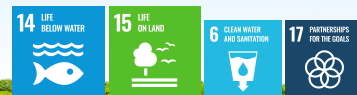
At this time, the company conducted drills for two scenarios: one involving a magnitude 6.5 earthquake that caused cracks in outdoor liquid containment walls, resulting in chemical leaks, and another involving a fire in the indoor facilities. In the chemical spill scenario, the company confirmed the procedure for recovering chemicals by surrounding cracks in the liquid barrier with sandbags and using absorbent sheets and dippers.

Preventing chemical spills is essential, but it is also important to be prepared for emergencies. During the training, the company reviewed each person's roles and procedures and reconfirmed how the company would work together to respond to emergencies.



Leak prevention training

Activities for Environmental and Biodiversity Conservation



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.

【Main measures】

- ① Participation in biodiversity conservation activities (satochi-satoyama conservation, forest conservation, marine conservation, etc.) conducted in protected areas
- ② Protection and conservation activities for threatened species
- ③ Activities in collaboration with local communities, local governments, NPOs and NGOs, universities, local companies, supply chains, and other organizations
- ④ Environmental beautification activities around the business sites

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

▶ Promotion System

Specific Initiatives of The Nisshinbo Group

■ Assessment of the 5th Three-Year Environmental Targets

The Nisshinbo Group established the 5th Three-Year Environmental Goals (5th Sustainability Promotion Plan) with the fiscal year ending FY2024 as the target year, setting the promotion of environmental management as a priority activity and establishing the following KPIs to promote the reinforcement of the maintenance of biodiversity.

Activities inside and outside Japan at more than 5 new sites

In strengthening the biodiversity conservation activities, Nisshinbo launched nine new biodiversity conservation activities in Japan and overseas, including activities to protect and nurture endangered species, activities to eradicate alien species with the aim of protecting rare organisms, and activities to conserve natural habitats, thereby achieving the target.

■ Assessment of the 6th Three-Year Environmental Targets

In the 6th Three-Year Environmental Targets (6th Sustainability Promotion Plan) with FY2027 as the target year, we reviewed the content based on the initiatives of the 5th term as milestones for achieving the medium-term environmental targets.

Reinforcement of the maintenance of biodiversity: Activities that contribute to achieving the goals of the Kunming-Montreal global biodiversity framework, more than 5 new activities

Please refer to "Environmental Management" for details regarding of the "3-Year Environmental Targets."

▸ Environmental Management

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▸ Sustainability Promotion Plan and KPIs

Outline of TNFD Response

The Nisshinbo Group believes that it is important to capture business opportunities and respond appropriately to the potential risks arising from nature-related issues. Therefore, starting in FY2024, the Nisshinbo Group will conduct risk assessments in accordance with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

Through risk assessments based on the TNFD, the Group will identify the potential risks and opportunities posed by nature-related issues for the Group in the future and use this information in the formulation of business strategies to develop more flexible and robust strategies and enhance resilience to future risks.

The Nisshinbo Group identified its dependencies on and impacts of key nature-related issues, as well as associated risks, and then conducted an analysis in the following steps for six businesses—Wireless and Communications, Automobile Brakes, Chemicals, Micro Devices, Precision Instruments, and Textiles—starting in FY2024.

As the first step in assessing natural risks, the Nisshinbo Group evaluated the dependence on and impact of the business on nature using the nature risk assessment tool ENCORE*. Next, the Nisshinbo Group selected the raw materials to be analyzed and conducted a risk survey and assessment of the entire value chain related to the business. Based on the results of this assessment, the Nisshinbo Group identified key issues related to natural risks. Nisshinbo analyzed areas surrounding its manufacturing sites and upstream in the corporate value chain where there are potential risks related to the identified key issues.

* ENCORE: A tool developed by the international financial industry association NCFA and the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCSC) to enable the results of the various existing tools related to nature-related risks to be evaluated collectively.

Please refer to "Information Disclosure Based on TNFD Recommendations" for details regarding of the "Evaluation results of nature-related risks."

▸ Information Disclosure Based on TNFD Recommendations

CDP Forest 2024 Assessment

Nisshinbo Holdings Inc. discloses environmental information through the CDP. In 2024, Nisshinbo Holdings Inc. responded to the Forest Questionnaire and received a C rating (Recognition Level). The Group will continue to actively address biodiversity conservation measures and strengthen transparency and information disclosure in its environmental activities.

The CDP evaluates companies annually using a fair method based on such factors as disclosure comprehensiveness, recognition and management of environmental risks, and goal setting by assigning scores on an eight-point scale (A, A-, B, B-, C, C-, D, D-).

The CDP is an international environmental nonprofit organization established in the UK in 2000. It collaborates with more than 700 financial institutions with assets exceeding US\$142 trillion and operates a global environmental information disclosure system. Specifically, in response to requests from investors, companies, governments, and other entities around the world, the CDP sends questionnaires on environmental issues to companies, provides an information disclosure platform, and scores and analyzes the responses.

In 2024, more than 24,800 companies, which account for over 66% of global market capitalization, disclosed data through the CDP, including more than 2,100 companies in Japan, comprising over 70% of prime-listed companies. CDP scores are widely used in investment and procurement decisions through the CDP's website and reports to achieve net zero and a sustainable and resilient economy.



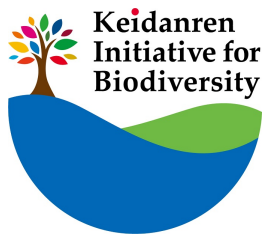
Endorsement of the "Keidanren Declaration on Biodiversity and Action Guidelines"

The Nisshinbo Group supports the Keidanren Declaration for Biodiversity and Guideline and participates in the Keidanren Initiative for Biodiversity Conservation. As of November 30, 2024, 356 companies and organizations participated in this initiative, and the Nisshinbo Group is also featured. Keidanren outlined a concrete plan of action to achieve nature positivity (nature conservation and restoration) by 2030 and aim for a society that coexists with nature. Through this plan, Keidanren aims to promote biodiversity conservation activities and contribute to the achievement of the Kunming-Montreal Global Biodiversity Framework* and the SDGs.

* Kunming-Montreal Global Biodiversity Framework: An international framework that aims to achieve a world in harmony with nature by 2050 and to halt and reverse biodiversity loss by 2030.

Please refer to the URL below for details of the Keidanren Initiative for Biodiversity Conservation.

https://www.keidanren-biodiversity.jp/logo_en.php 



Keidanren Declaration on Biodiversity

Endorsement of the "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.

Nisshinbo launched biodiversity conservation activities in FY2015, and as of the end of FY2024, the Group conducted 13 cases of biodiversity conservation activities in Japan, and 5 cases overseas.

Please refer to the following URL for the Action Guidelines for the Japan Business and Biodiversity Partnership.

<https://www.env.go.jp/press/files/jp/15694.pdf> 

地球のいのち、つないでいこう



生物多様性を育む社会をめざして

Activities to Conserve Biodiversity

The Nisshinbo Group started biodiversity conservation activities in FY2015 and expanded the scope of activities by participating in biodiversity conservation activities (activities of satochi-satoyama conservation, forest conservation, and marine conservation) conducted in protected areas by protecting threatened species and conducting conservation activities in collaboration with regional and local governments, NGOs and NPOs, universities, local companies, and supply chain entities. As of the end of FY2024, activities were underway in 13 projects in Japan and 5 in other countries.

13 activities in Japan

Company, Business Site	Related Kunming-Montreal Biodiversity Framework Targets Details of Preservation Wildlife Being Protected
Japan Radio Co., Ltd.	Target 7: Pollution prevention Activities: Feasibility study of marine plastic litter collection and monitoring function in collaboration with Tokyo University of Marine Science and Technology Wildlife being protected: Marine life in Tokyo Bay and the other waters around Japan  Collection and monitoring of marine plastic litter
Nagano Japan Radio Co., Ltd. Head Office & Factory	Target 2: Restoration of ecosystems Activities: Afforestation and preservation of a forest near business sites, the "Forest of Nagano Japan Radio" (Matsushiro-cho, Nagano Prefecture, 0.4ha) Wildlife being protected: Ecosystems and endemic species cultivated in Japanese larch forests (species to be protected not specified)  Afforestation and preservation activities
Ueda Japan Radio Co., Ltd.	Target 2: Restoration of ecosystems Activities: Tree planting and conservation in SGEC* certified forests managed by the Josho Shinrin Ninsho Kyogikai (Nagano Prefecture) Wildlife being protected: Ecosystems and endemic species cultivated in Japanese larch forests (species to be protected not specified)  Afforestation and preservation activities * SGEC: Sustainable Green Ecosystem Council. The Sustainable Green Ecosystem Council is a general incorporated association that manages and operates a forest certification system to realize sustainable forest management in Japan.
Nisshinbo Micro Device Inc. Head Office and Kawagoe Works	Target 7: Pollution prevention Activities: Preservation of the Shingashigawa River waterfront environment near business sites (Fujimino, Saitama Prefecture) Wildlife being protected: Flora and fauna near the Shingashigawa River (species to be protected not specified)  Waterside environmental conservation activities
Nisshinbo Micro Devices AT Co., Ltd.	Target 2: Restoration of ecosystems Activities: Efforts to restore Kashibaru Marsh vegetation around the middle of the Showa period Wildlife being protected: Flora and fauna inhabiting Kashibaru Marsh  Environmental conservation activities in marshlands
Nisshinbo Brake Inc. Tatebayashi Plant	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Protection and cultivation activities for the Onibusu (Japanese water lily) at Hebinuma Marsh Wildlife being protected: Onibusu (Gunma Prefecture, Endangered Species IA)  Conservation activities

Nisshinbo Brake Inc. Tatebayashi Plant	Target 6: Invasive alien species control Activities: Cleaning up Morinji Marsh Wetland Wildlife being eradicated: <i>Iris pseudacorus</i>, <i>Iris giganticaerulea</i> Wildlife being protected: Rabbit ear Iris	 Cleaning up Morinji Marsh Wetland
Nisshinbo Mechatronics Inc. Miai Machinery Plant NJ Components Co., Ltd. Okazaki Plant	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Habitat creation for dragonfly varieties at the on-premises Masuda Park Wildlife being protected: Dragonflies (anticipated arrival and breeding of the Asian Bluetail, the lesser emperor and other dragonflies)	 Extermination of alien water lilies
Nisshinbo Precision Instrument & Machinery Hiroshima Corp.	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Preservation of the mountain and water environment, including forests, streams, and ponds, and cultivation in Ikoimori Park (Mt. Ryuoh, Higashihiroshima City, Hiroshima Prefecture) Wildlife being protected: Ecosystems and endemic species cultivated in the Forest of Rest and Mt. Ryuoh (species to be protected not specified)	 Scene of the forest conservation activities
Nisshinbo Holdings Inc. R&D Center Nisshinbo Chemical Inc. Toke Development Center	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Surveys, protection and propagation of valuable species living in the surrounding forest (Onodai, Midori-ku, Chiba) Wildlife being protected: <i>Cephalanthera falcata</i> (Thunb.) Blume (Ministry of the Environment: Threatened category II)	 Protection of <i>Cephalanthera falcata</i> (Thunb.) Blume
Nisshinbo Holdings Inc. R&D Center Nisshinbo Chemical Inc. Toke Development Center Nisshinbo Chemical Inc. Asahi Plant	Target 4: Conservation of species and genes, coexistence with wildlife Activities: As a Chiba Prefecture Himekomatsu System Preservation Supporter, cultivation and conservation activities on business premises. Wildlife being protected: Japanese White Pine (Chiba Prefecture Most Important Protected Species A)	 Tree planting and conservation activities
Nisshinbo Textile Inc. Fujieda Plant	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Preservation of water quality at a pond on the plant site Wildlife being protected: Japanese rice fish (Ministry of the Environment: Threatened category II)	 Pond for preserving Japanese rice fish
Nisshinbo Textile Inc., and Nisshinbo Holdings Inc., and Nisshinbo Chemical Inc. Tokushima Plant	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Propagation of fish fry donated by Tokushima Prefecture in fire protection water tanks and release into the river several years later	

Nisshinbo Textile Inc. Yoshinogawa Plant	Wildlife being protected: The golden venus chub (Tokushima Prefecture: Threatened category IA; Ministry of the Environment: Threatened category IB)	 The golden venus chub
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5 Overseas Activities

Company, Business Site	Related Kunming-Montreal Biodiversity Framework Targets Details of Preservation Wildlife Being Protected	
Nisshinbo Micro Devices (Thailand) Co., Ltd. (Thailand)	Target 2 : Restoration of ecosystems Activities: Tree planting and dam making in forest areas upstream of the Khun Nam Rive Wildlife being protected: Animals and plants around the Khun Nam River (Wildlife Being Protected not specified)	 Building a weir
Nisshinbo Somboon Automotive Co., Ltd. (Thailand)	Target 2: Restoration of ecosystems Activities: Mangrove plantations in the Plase Basin, Rayong Prefecture, Activities Wildlife being protected: Conservation of the ecosystem of crabs, shrimps, shellfish, etc. that inhabit mangroves	 Mangrove reforestation activities
Nisshinbo Saeron (Changshu) Automotive Co., Ltd. (China)	Target 2: Restoration of ecosystems Activities: Protection of habitats of endangered species through cleanup activities Wildlife being protected: Endangered species living in Yushan National Forest Park (Jiangsu Province)	 Cleanup activities
Nisshinbo Saeron (Changshu) Automotive Co., Ltd. (China)	Target 4: Conservation of species and genes, coexistence with wildlife Target 6: Invasive alien species control Activities: Eradication of invasive species in the wetlands of Changshu City and cleanup activities along the Yangtze River (protection of rare species) Wildlife being eradicated: Canadian goldenrod, Erigeron annuus Wildlife being protected: Chinese paddlefish (IUCN CR endangered species), Yangtze River snubfin dolphin (IUCN EN endangered species), Ebisu-gori (Listed as a Class II Protected Species in China's National List of Endangered Wild Animals)	 Alien species eradication activities
PT. Nikawa Textile Industry (Indonesia)	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Environmental conservation activities at business sites Wildlife being protected: Cycas Javana (Indonesian endangered species EN)	

		Tree planting and conservation activities
Nisshinbo Do Brasil Industria Textil LTDA. (Brasil)	Target 4: Conservation of species and genes, coexistence with wildlife Activities: Environmental conservation activities at business sites Wildlife being protected: Brazilwood, Paraná Pine (both endangered species EN)	 Tree planting and conservation activities

Specific Activities of the Group Companies

Participation in Yamagata Prefecture's Hometown River Protection Project

Yamagata Prefecture launched the Yamagata Prefecture Hometown River Protection Project in FY2015, which aims to improve the river environment through collaborative river maintenance activities between the government, residents, and businesses.

Japan Radio Co., Ltd. has been extensively developing river-related businesses, such as river information systems and dam control systems in Yamagata Prefecture. With its long-standing ties to the region, the company will participate in this activity from FY2024.

In October 2024, Japan Radio Co., Ltd. participated in a litter cleanup activity along an 800-meter stretch of the Uchikawa River in Tsuruoka City, Yamagata Prefecture (from the area near Tenchi Bridge to the area near Sakamoto Bridge), and worked to beautify the river.

Since this was the first activity of its kind, some employees commented that it was very difficult, but there were also many positive comments, such as "I'm glad we did it." Currently, this is a small-scale activity held once a year with 10 participants, but in the future, the company plans to increase the number of participants and the frequency of the activity to further expand its efforts to contribute to the community and preserve biodiversity through river beautification.



River beautification activities



Employees who participated in the activity

Eradication of Invasive Alien Species, Burr Cucumber

Ueda Japan Radio Co., Ltd. is conducting weed control activities aimed at eradicating the invasive alien species burr cucumber, which inhabits the green area below the cliff at its headquarters factory. This marks the 11th year of the activity, and weed control is carried out twice a year: in June before the reproductive period of the burr cucumber and in early September before the seeds fall. The weed control area is approximately 1,800 square meters.

In June, the burr cucumber and other weeds are soft and easy to cut, but there is a lot of grass, so it takes time. In September, burr cucumber vines and other weeds dry out and become hard, which makes them difficult to cut, but the employees of the company are working hard while prioritizing safety.

The burr cucumber, a designated invasive alien species, is considered a noxious weed even in its native habitat. Because of its prolific reproductive capacity, it disrupts ecosystems and adversely affects native flora and fauna.

SDG Goal 15, "Life on land," sets targets for preventing the proliferation of invasive species and reducing their impact on ecosystems. To continue managing the cliff-side green space in a sustainable manner, the company will continue to carry out ongoing eradication activities that target specific invasive species.



Weeding activity carried out at the green space below the cliff



Employees who participated in the activity

Protection of The Rare Plant Species Red Heart Lily

The Tokyo office of KOKUSAI DENKI Electric Inc. installed protective fencing and signage in August 2024 to protect the red heart lily, a rare plant species, growing on its premises.

The red heart lily is designated as Endangered II on the Tokyo metropolitan government's Red List, and its survival is threatened by the loss of its natural habitat due to urban development and the deterioration of forests.

A plant of the Amaryllidaceae family, the red heart lily produces leaves similar to those of the *Narcissus* in spring, then sheds its leaves, and in August extends flower stalks 30–50 cm in length and blooms. The plant grows in clusters on plateaus, hillsides, lower slopes of mountains, and within forests.

The red heart lily at the Tokyo office blooms with bright orange flowers around early August every year, and the company will continue to monitor its growth and carry out conservation activities.



Protective fence and sign for the protection of Red heart lily



Red heart lily

Participation in Tree Planting Volunteer Activities

As part of the social contribution and ecosystem conservation activities of GOYO ELECTRONICS CO., LTD., four employees participated in a tree-planting volunteer program organized by an NPO in October 2024.

This volunteer activity took place in Ootakehira, Happo Town, located within the Shirakami-Sanchi World Natural Heritage Site. Under clear skies, approximately 100 participants from companies, organizations, and universities both within and outside the prefecture gathered to plant 285 beech saplings. Guided by the motto "Shirakami, Mountain Forest, Sea Forest: Creating Two Forests," they worked together to create a high-quality environment for future generations by each planting saplings with their own hopes and aspirations.

On the day of the event, the participants took a hybrid train to the site and enjoyed the rich natural environment of Akita Prefecture while participating in volunteer activities that promoted ecosystem conservation. After the tree planting, they relaxed at a nearby hot spring facility and enjoyed a fulfilling day. Based on the experience with this year's environmental activities, the company will increase the number of participants in FY2025 and work to revitalize environmental activities.



Tree planting volunteers

Participation in New Biodiversity Conservation Activities

The Tatebayashi Plant of Nisshinbo Brakes Inc. launched two new biodiversity conservation activities starting in FY2024.

The first is the protection and cultivation of the endangered prickly water lily species in Hebinuma Marsh. In Januma Marsh, the prickly water lily, designated an endangered species by Gunma Prefecture, is being protected and cultivated, and a variety of plants and insects inhabit and grow in the adjacent Yonchu Forest. However, in recent years, many valuable species have been lost because of the invasion of naturalized plants, making it important to preserve the prickly water lily and its surrounding environment. Therefore, in 2024, a total of 22 employees participated in the Yonchu no Mori and Hebinuma Wetland Conservation Activity organized by Tatebayashi City, where volunteers mowed grass, picked up dead branches and trash, and worked to preserve the environment of the Hebinuma Wetland.

The second project is the eradication of invasive species, such as Japanese knotweed, in the Morinji Marsh Wetland. The Morinji Marsh Wetland is home to rare plants, such as the Japanese iris. However, in recent years, the proliferation of invasive species, such as Japanese knotweed, has become a serious problem that hinders the growth of native species. Therefore, eradicating invasive species is important, and in 2024, 11 employees participated in the Morinji Marsh Wetland Cleanup and Japanese Water Lily Eradication Activity organized by the Morinji Marsh Nature Conservation Society and the Tatebayashi City Board of Education to eradicate invasive species.

The company will continue to contribute to the conservation of biodiversity through such activities as protecting endangered species and eradicating invasive species.



Biodiversity Conservation Activities in Kuncheng Lake (Changshu City, China)

In 2024, Nisshinbo Saeron (Changshu) Automotive Co., Ltd. in China conducted its first biodiversity conservation activity at Kuncheng Lake. The activity involved confirming the habitat environment around the bird sanctuary and picking up trash from the ground, among other initiatives.

During the activity, eight participants observed the vegetation and water quality around the bird sanctuary and contributed to beautifying the environment by picking up trash. They also surveyed the bird population to help protect rare species.

Through this activity, company employees increased their awareness of environmental protection and deepened their understanding of the importance of biodiversity. The company will continue to actively sponsor such activities and work with the local community to improve the ecological environment.



Employees participating in biodiversity conservation activities at Kuncheng Lake

Masuda Park Biotope Activities

The Miai Machinery Plant of Nisshinbo Mechatronics Inc. has been conducting biotope activities as part of its biodiversity conservation efforts since March 2017.

This activity aims to preserve and create habitats for dragonflies in Masuda Park on campus and to protect rare animals and plants (Hime-taikouchi and Nihon-kawa-mozuku).

By implementing such measures as selecting American crayfish, which are natural enemies of the dragonfly larvae, and removing invasive water lilies that are causing water quality deterioration in ponds, the company will help to conserve the five dragonfly species currently confirmed as of 2024. In addition, to protect the Hime-taikouchi (a member of the Taikouchi family) and the Nihon-kawamozuku (a member of the Kawamozuku family), the company ensures their habitats by implementing such wetland maintenance measures as grass cutting at different times.

Biotope activities are conducted at least twice a year by employees and their families. In FY2024, a total of 42 people participated.



Participants in Masuda Park Biotope Activities

Continue Breeding Endangered Species

The Tokushima Plant of Nisshinbo Chemical Inc. participates on the Tokushima Prefecture Kawabatomoro Breeding and Release Liaison Committee and is working to breed the Kawabatomoro, an endangered species.

In August 2004, the freshwater fish kawabatomoro, which had been thought to be extinct in Tokushima Prefecture, was rediscovered. Kawabatomoro inhabits agricultural waterways and reservoirs in Honshu west of Shizuoka Prefecture, Shikoku, and Kyushu, and in Shikoku, it is found only in Tokushima and Kagawa prefectures.

The company received 86 kawabatomoro fish from the Tokushima Plant of Nisshinbo Textile Inc., with which it has an agreement with Tokushima Prefecture, in 2020 and began counting the number of fry born. Since then, the kawabatomoro has been breeding steadily, but there have been difficulties, such as a lack of oxygen in the aquarium and typhoons and heavy rains, which have caused a sharp decline in the number of fry born.

In FY2024, the company drained the aquarium water in April for a thorough cleaning and changed the frequency of artificial plant replacement from once a year to twice a year to increase reproduction rates. As a result, the number of juvenile fish born in FY2024 increased by 46% compared to the previous year, with 422 juvenile fish confirmed, bringing the current total to 2,050. The company will continue its breeding efforts to contribute to species conservation.

River Cleanup Activity on The Setogawa River (Fujieda City, Shizuoka Prefecture)

The Fujieda Plant of Nisshinbo Textile Inc. has been participating in annual cleanup and beautification activities along the Seto River in response to a call from the Fujieda City Environmental Conservation Council* (Fujikankyo). In FY2024, the 20th event was held in October, with 62 members of Fujikankyo participating. Three employees from the company participated in the cleanup, working along the riverbank of the Seto River, a natural area beloved by local residents.

The Setogawa River, which flows through Fujieda City, has its upper reaches in the mountainous areas where artificial forests of cedar and cypress trees are located, along with the remaining natural forests of oak and chestnut trees for preserving a rich natural environment. The river basin is the easternmost habitat of the Japanese white-eye, Japanese bush warbler, and Japanese bush cricket. This river is rich in nature with 55 species of fish, including akaza, known locally as Takizawa bamba and akamba, nine species of such crustaceans as shrimp and crab, approximately 120 species of birds, 14 species of amphibians, and 13 species of reptiles.

The company will continue to work to keep the area clean and beautiful in order to protect this precious natural environment.

* Fujieda City Environmental Conservation Council: A council led by Fujieda City in cooperation with 19 companies and one organization within the city that engages in social contribution activities related to the environment.



Employees participating in cleaning activities along the Setogawa River

Conservation Activities for Endangered Species (Brazilwood and Paraná pine)

At the Itapecinga factory of Nisshinbo Do Brasil Industria Textil LTDA., the company is engaged in conservation activities for a total of 27 Brazilwood and Paraná pines (both endangered species EN) that grow on the premises. With the support of an environmental services company, they conduct environmental education activities for the employees, along with habitat conservation, tree health checks, and pest control.

The name "Brazil" comes from the Pau-Brasil tree, which was abundant in the region when it was discovered by the Portuguese in 1500. The red pigment extracted from this tree was used as a dye for fabrics and other materials. However, at that time in Europe, red was considered a noble color and was highly prized, so this tree was cut down in large quantities. In addition, because of its hard wood, it was often used to make musical instruments, and is particularly highly valued as a material for violin and cello bows.

The history of the Paraná pine tree dates back to the Mesozoic era, when dinosaurs roamed the earth. In Brazil, it grows wild in large numbers in the southern state of Paraná. Its hard, dense wood is used for construction and shipbuilding, and its pine nuts have been an important food source for indigenous peoples since ancient times. However, because of large-scale logging, agricultural development, and urbanization, the number of trees growing in their natural habitat has declined significantly.

By conserving these valuable endangered species within the factory grounds, the company will play a part in preserving biodiversity.

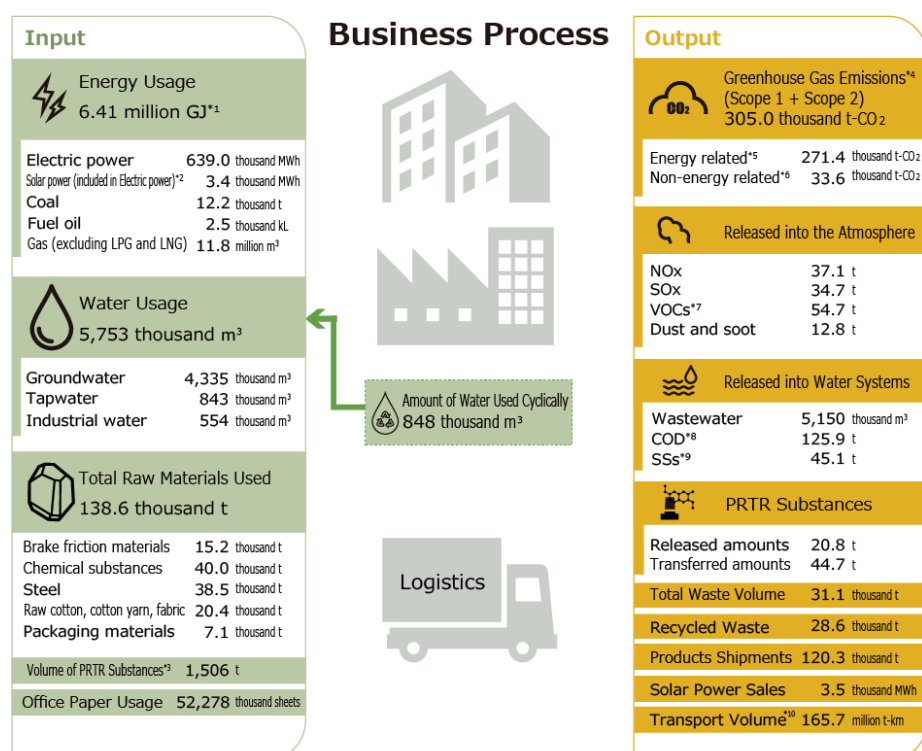


Endangered species living on the premises

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 for Principal Companies



[Subject Organizations]

On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data. The data collection for FY2024 covers 86 companies, excluding ARGONICS GmbH and ARGONAV GmbH.

^{*1} Gigajoule (GJ): A unit of energy measurement. 1GJ=10⁹J=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 emissions are reported after applying carbon credits. Nisshinbo Automotive Manufacturing Inc. (USA) purchased carbon credits and offset 2.9 thousand t-CO₂e. Calculation Method is below:

• Scope1 :

Energy-related Greenhouse Gas Emissions = $\Sigma [\text{Fuel Consumption} \times \text{CO}_2 \text{ Emission Factor}^{*4-1}]$

Non-Energy-related Greenhouse Gas Emissions = Non-Energy-related CO₂ Emissions + $\Sigma [\text{Greenhouse Gas Emissions other than CO}_2 \times \text{Global warming potential}^{*4-2}]$

^{*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 1.870 t-CO₂/t in FY2024.

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

• Scope2 :

Energy-related GHG emissions = $\Sigma [\text{purchased electricity and purchased steam volume} \times \text{CO}_2 \text{ emission factor}^{*4-3}]$

^{*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, country-specific emission factors published for the year in question from "IEA Emissions Factors" are used. Purchased steam uses an emission factor calculated by the purchasing company (0.0526 t-CO₂/GJ in FY2024).

^{*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 Transportation volume: Total of land, sea, and air transport volumes

Please refer to "Environmental Data" for details on our environmental data.

▶ Environmental Data

Respect for Human Rights



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 Action Guidelines is "Respect for Human Rights." Furthermore, the Group takes seriously its responsibility to protect human rights as a corporation and thus established the Nisshinbo Group Human Rights Statement, which expresses the desire to respect human rights in words as the Group's management stance.

The Nisshinbo Group believes that human rights consist of *the right of people to live fulfilling lives based on their own diverse choices*. Companies have a responsibility to protect human rights and guarantee that people have the opportunity to make choices that will enable them to pursue their own happiness. By providing products, technologies, and services that protect people's safe and secure living environment, the Group aims to realize the well-being of society in which people, including Nisshinbo Group, and especially children who will live in the future, can lead happy and fulfilling lives.

▶ [Nisshinbo Group Human Rights Statement](#)

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Under the leadership of the Managing Officer in charge of the Corporate Strategy Department, the Human Rights Group now leads activities aimed at realizing a society where human rights are respected.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management* and receives progress reports from the Managing Officers in charge of the Corporate Strategy Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ [Promotion System for Sustainability Activity](#)

Specific Initiatives of the Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote respect for human rights as a priority activity and achieve the goals of *promoting human rights awareness-raising activities and promoting business and human rights activities*.

- ① **Rate of implementation of Group Human Rights Training, 100% (In Japan), Implementation of human rights awareness-raising activities (In overseas)**

② Develop human rights policy, introduce and promote Human Rights Due Diligence in fields with high human rights risks

In accordance with the 5th Sustainability Promotion Plan, the Nisshinbo Group established a Human Rights Policy in August 2023. As a foundation for human rights due diligence activities, the Group conducted a survey targeting 81 companies both domestically and internationally to assess the status of human rights-related systems and policies within the Nisshinbo Group. In addition, with the aim of ensuring 100% implementation of human rights training (with different themes each fiscal year) and promoting awareness and understanding of the human rights statement, in FY2023, Nisshinbo created a video message from the president explaining the background and rationale behind the formulation of the human rights policy and the Group's goals and distributed it throughout the company. In FY2024, The Nisshinbo Group also created explanatory videos aimed at promoting a better understanding of business and human rights and then distributed the videos throughout the company. As part of other initiatives related to human rights due diligence, Nisshinbo worked to strengthen human rights-related systems and remedial measures at domestic and overseas group companies. Additionally, the company revised its Sustainable Procurement Basic Policy in accordance with the human rights statement and is disseminating and implementing it alongside the Sustainable Procurement Guidelines.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on respect for human rights as a priority activity and will set the following two goals to achieve *promoting human rights awareness-raising activities* and *promoting business and human rights activities*. The Nisshinbo Group will promote these initiatives with a focus on human rights due diligence activities.

- ① Rate of implementation of Group Human Rights Training, 100% (In Japan), Implementation of human rights awareness-raising activities (In overseas)
- ② Ongoing human rights due diligence activities (Identification of human rights risks and appropriate responses)

Specifically, starting in FY2025, the Nisshinbo Group will identify human rights risks and consider and implement appropriate measures for each risk. The Group will continue to focus on awareness-raising activities of group human rights training, training to deepen the understanding of different human rights issues, and training to prevent harassment.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

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 established a human rights policy for 2023 and is promoting human rights due diligence initiatives.

Through its focus on human rights due diligence activities, the Nisshinbo Group aims to raise awareness among all employees of their responsibility to fulfill the company's responsibility to contribute to the realization of a society that respects human rights.

▶ Human Rights Due Diligence Initiative

Compliance with Human Rights Laws and Regulations

Based on the Guiding Principles on Business and Human Rights, the Nisshinbo Group will appropriately comply with human rights-related laws and regulations of each country, 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.

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. A unique feature of Nisshinbo is that the scope of

recruitment has been expanded to include overseas group companies, resulting in the receipt of human rights messages written in a variety of different languages.

In FY2024, a total of 3,789 entries were received for the human rights awareness slogan contest, including 3,994 from group employees in Japan and overseas and 205 from their families. Of those, approximately 1,139 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.

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. Each business site will appoint personnel who meet the requirements for handling consultations as consultation desk staff. Newly appointed personnel will attend the Harassment Consultation Desk New Staff Training to acquire consultation skills. In order to make consultation response more effective, we also offer training mainly through role-playing as a follow-up. The Nisshinbo Group is working to standardize the consultation skills of its frontline staff by requiring all personnel in charge of customer service throughout the Group to attend training sessions.

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.

Starting in 2024, Nisshinbo added workshops on how to write emails and communicate with subordinates to the "How to Reprimand" training program. These workshops encourage managers to review the wording they use in emails and instructions without realizing it and consider how to communicate appropriately without demotivating subordinates.

Specific Activities of the Group Companies

Harassment Training by Legal Advisor

JRC Tokki Co., Ltd. provides annual compliance training as part of its regular compliance program. At the end of every year, the company provides all employees with the video training session titled "Harassment Prevention Training" led by its legal counsel. The content covers the definition of power harassment, an explanation of the six types of power harassment, examples of notable harassment for the year, case studies based on court precedents, and other topics centered on the basics of harassment. The training concludes with a discussion on how to eliminate power harassment.

A post-training quiz and survey revealed that participants demonstrated an understanding and satisfaction with the training, which confirmed its effectiveness. Going forward, JRC Tokki Co., Ltd. will continue to monitor the various forms of harassment, provide continuing education, and strive to eliminate harassment so as to build a healthier workplace culture.

Communicating Messages from Management Regarding Respect for Human Rights

JRC System Services Co., Ltd. recognizes that respect for human rights is a prerequisite for the continued existence of companies and businesses. Through the provision of products and services that safeguard safe, secure living environments, the company supports the foundations of people's lives, engages in human rights due diligence, and continues its business activities with a focus on respecting, protecting, and promoting human rights. In addition to the president's greeting and management policy on the company's website, the company disseminates a message from the president on respect for human rights to both internal and external stakeholders in conjunction with World Human Rights Day on December 10.

Furthermore, JRC System Services Co., Ltd. places great importance on ensuring a healthy and productive workplace environment where employees are respected. All employees are encouraged to be aware of the prevention of power harassment, and the president and executives communicate messages to all employees to ensure a safe working environment.

Going forward, JRC System Services Co., Ltd. will continue to actively communicate messages regarding human rights respect from the management team.

Promoting Understanding of Human Rights Through In-House Training

Nisshinbo Micro Devices Inc. implemented activities to further promote the understanding and implementation of Nisshinbo Group policies, in addition to Group-wide initiatives related respecting human rights, through training and measures unique to the Nisshinbo Micro Devices Group.

As part of these activities to promote understanding, the company conducted Nisshinbo Group human rights training for all employees, as well as human rights due diligence training for new employees and harassment training for newly appointed managers. Furthermore, the company conducted training that used a learning management system with the aim of deepening all employees' understanding of business and human rights as part of the group's unique training programs.

Nisshinbo Micro Devices Inc. also implemented the awareness-raising activities of creating and publishing videos on the results of human rights slogans and awards and re-communicating the human rights policy. Going forward, the company will continue to promote efforts to enhance the understanding of human rights throughout the company.

Efforts to prohibit discrimination and respect human rights

Nisshinbo Automotive Manufacturing Inc. of the United States conducts annual training for all employees on diversity and inclusion, discrimination, and harassment. In addition, the company regularly updates its anti-discrimination policy and recruitment guidelines to encourage respect for human rights.

The company created an environment where employees can consult their immediate supervisors, managers, or human resource personnel regarding matters of concern or issues that arise among supervisors, subordinates, and colleagues in the workplace. This policy makes employees responsible for respecting the human rights and dignity of their colleagues. Employees strive to respect each other and protect human rights.

During new employee training, Nisshinbo Automotive Manufacturing Inc. provides human rights training and shows a video from the president of Nisshinbo Brake Inc. explaining the company's human rights initiatives.

Harassment prevention training at overseas offices

Nisshinbo Mechatronics India Private Limited conducted an educational program on sexual harassment in the workplace for women led by an external instructor. The training covered topics that defined sexual harassment and explained the process for filing complaints and inquiries about sexual harassment. This was not a one-time training program but is conducted on a regular basis. Through ongoing training, Nisshinbo Mechatronics India is working to raise employee awareness and create a safe, secure workplace environment. In FY2024, the company provided training for approximately 100 employees in three sessions.

At PT. Standard Indonesia Industry, during new employee orientation, in addition to general orientation training, the company provided education on the various forms of harassment prevention. In the training on labor regulations and the code of conduct, the company included sections on harassment, distributed a handbook on labor regulations and the code of conduct, and provided additional education.



Sexual Harassment Education by External Lecturers (India)



Harassment prevention education (Indonesia)

Implementation of harassment training for managers

Nisshinbo Chemical Inc. implemented harassment training for management and supervisors in January 2024 in response to the Ministry of Health, Labour and Welfare designation of December as Workplace Harassment Eradication Month. A total of 43 participants attended the training at the Tokushima Plant.

In addition to reviewing anger management, the training covered appropriate language and expressions for supervisors. Participants brought examples of phrases they had spoken or received in emails when they were angry or scolded at work, and in pairs, the participants discussed how they felt when they heard those phrases and how they could rephrase them.

Going forward, Nisshinbo Chemical Inc. will continue to provide regular training for managers and work toward eliminating harassment.

Regular audits for Social Accountability 8000 certification

PT. Naigai Shirts Indonesia conducted a regular audit for SA8000* in May 2024 by BV (Bureau Veritas Certification), confirming that its human rights policies were being implemented. The company obtained SA8000 certification in January 2023.

In response to growing concerns about human rights and labor issues, obtaining SA8000 certification has become an important requirement for some European and American companies, making it increasingly significant.

The audit covered a wide range of areas, including employee interviews, the number of employees per restroom, and work schedules (hours). The certification period is three years with a final audit conducted in the third year to renew certification.

* SA8000 (Social Accountability 8000): an international standard published by Social Accountability International (SAI), a US NGO, based on the Universal Declaration of Human Rights, ILO conventions, and other international human rights and labor-related national laws and is aimed at ensuring the exercise of all employees' rights and their protection.



Social Accountability International 8000

Introduction of a reporting system utilizing QR codes

Nisshinbo Do Brasil Industria Textil LTDA posted QR codes for reporting incidents in a variety of locations within the factory (toilets, breakrooms, cafeterias, etc.) and then established a system for employees to easily report incidents (harassment, compliance issues, fights, theft, accidents, etc.) from their mobile phones. In FY2024, the company received five reports.

Key features of this QR code-based reporting system include: ① Lowering the barriers employees felt when reporting incidents, and ② strategically placing the QR codes in locations where they can be easily scanned without drawing attention from others.

Upon receiving a report, the responsible manager in the General Affairs Department responds promptly. These managers undergo harassment and compliance training and are selected from a carefully chosen and limited group of employees. Additionally, a system has been established to facilitate easy contact with legal counsel.

This system enables the early detection and prevention of internal issues, which contribute to a comfortable, safe, and secure working environment for employees.



Posting of QR codes for reporting incidents

Human Resource Management and Development



Basic Concept

The Nisshinbo Group is engaged in a wide range of businesses, and each company implements its own human resources strategy. However, as a common goal for the entire Group, the Company has formulated a long-term human resources strategy called the Long-Term Vision. The Nisshinbo Group has set the following vision for its employees in 2030: "All employees enjoy change and boldly pursue high goals." Nisshinbo believes that this mindset and actions will create *continuous value through the practice of Change and Challenge*, leading to the realization of business strategies, profit generation, and social contribution through business activities (For the creation of the future of Earth and People). To achieve these goals, the Nisshinbo Group is advancing initiatives in five categories.

(1) Empowerment:

The Nisshinbo Group will formulate human resource strategies and human resource portfolios tailored to each company and develop human resources required by the organization while improving work engagement. The mindset and behavior that the Group expects from employees is self-directed growth.

(2) Inclusion:

The Nisshinbo Group will create an organization and culture that promotes the active participation of diverse human resources by integrating diverse values to create value, enhancing the level of agreement with its philosophy and policies, and increasing organizational engagement.

(3) Support:

The Nisshinbo Group supports the active participation of diverse human resources through such initiatives as effective talent matching and support for diverse work styles.

(4) System (Human Resources System):

The Nisshinbo Group will establish a well-balanced human resources system that encourages its employees to enjoy change and boldly pursue high goals.

(5) HR Function & Data (HR Structure & HR Data):

The Nisshinbo Group will strengthen HRBP functions and promote the strategic use of HR data.

The success or failure of a business depends on its human resources. The Nisshinbo Group will boldly implement measures to maximize the value of its human resources for the sustainable growth of the Group.

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Talent & D&I Development Department has been established with three groups (Human Resources Development Group, Diversity & Inclusion Promotion Group, and Human Resources and General Affairs Group) under its jurisdiction. In addition to monthly Human Resources Responsibility Officer (HRO) meetings, the company convenes two annual meetings bringing together human resources personnel from all group companies nationwide (Group Human Resources Policy Meeting and Group Human Resources Strategy Meeting) to discuss cross-functional human resources policies and challenges.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management* and receives progress reports from the Managing Officers in charge of the Talent & D&I Development Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of the Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote human resource acquisition and training as a priority activity and achieve the goals of *training of management candidates necessary for business promotion* and *strengthen mid-career recruitment to improve the age structure of human resources*.

- ① **Increase the rate of participants in the Successor Program in senior management posts. (executive officers and above)**
- ② **Strengthen mid-career recruitment to improve the age structure of human resources.**

As a result of implementing activities through the PDCA cycle, the status of all core companies as of December 31, 2024, was as follows: ① 52.0% of employees participated in the successor program, and ② 44.3% of employees were hired through career recruitment.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

The 6th Sustainability Promotion Plan, which targets FY2027, sets the following targets for human resources acquisition and development as priority activities in order to develop the management candidates necessary for business promotion.

Successor candidate readiness rate for each operating company director-equivalent position, 100%

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Recruitment, Retention, and Support for 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 reinforcing the number of career hires in addition to new graduates. 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 and plan measures to increase flexibility in terms of work location and hours.

In addition, to prevent young employees from leaving the company, the Group opens the Learning Management System to them from the initial job offer stage based on the onboarding concept, and have interviews with HR personnel, the Group established a mentor system for first-year employees, 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. In addition, Follow-up group training is held in the first, second, and third years of employment, and follow-up new employee training and career training are provided to ensure that employees remain with the company.

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

■ Career Support

The Nisshinbo Group is working to maximize human resource value by increasing the number of self-motivated employees while establishing systems that allow each employee to maximize their strengths and expertise and creating a mutually beneficial relationship between the organization and its employees.

① Career development support from supervisors

In addition to personnel evaluation interviews by supervisors, regular interviews using career sheets are conducted to support career development.

② Effective talent matching

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 Self-awareness and Mindset Development

The Nisshinbo Group conducts training programs aimed at helping employees understand the impact of environmental changes on their careers and consider new ways of working and learning in the future. The Group also provides systems to support employee skill development, such as a learning management system, and self-development support programs.

Human Resource Training

■ Nisshinbo Group Training Model by Participant Category

Target employees	Group Management Talent	Management Talent	Business Skill		Others	Career Training
	Leadership Development	Management Skill	Interpersonal Skills	Problem-Solving Skills		
Management	Advance External Dispatch					
Division Manager	Executive External Dispatch Practical Workshop	New Division Manager Training for Group companies Group Company Executive Training				
Section Manager	Middle External Dispatch Business Strengthening Workshop	New Section Manager Training for Group Companies Evaluator Training				
Assistant Manager	Basic Future Visionary Leader Development Training	Feedback Human Resource Management Training Business Strategy and Marketing Training Accounting and Finance Training		Critical Thinking Training SAT	Pre-Overseas Assignment Training	Career Training for the 50s Age Group Career Training for the 30s Age Group
Lead-level employees			Coaching			
General Employee	Innovation Leadership Development Training		Assertive Communication Training	Logical Thinking Training EMT Digital Technology Utilization Training for Kaizen	New Employee Training	
Professional Talent						
Specialized Training in Fields like Marketing Programs						
All Levels						
human rightsDiversity & InclusionComplianceDigital LiteracyL-ClickCorrespondence EducationSubsidy for TOEIC/CASEC Test FeesUnlimited Access to E-Learning						

■ Digital Human Resource Development

The Learning Management System, introduced in 2021, prepares digital-related courses as standard content, allowing employees to learn at their leisure. In 2023, the number of digital-related e-learning courses was expanded from 5 to 21.

In 2020, the same content was updated and systematized as digital literacy training. The program provides a forum for sharing good examples of internal digital-related activities and discussing business improvement plans and new digital business ideas using digital technology across workplaces.

In addition, the Nisshinbo Group began training in 2023 aimed at developing human resources who can use the digital technology to solve problems in each workplace, and in FY2024, Nisshinbo conducted "Training on the Utilization of Digital Technology for Kaizen."

Through these activities, employees are acquiring knowledge about a variety of problem-solving approaches and ways of thinking necessary for utilizing technology.

■ Development of management candidates necessary for business promotion

Implementation of a selective leadership development program

The Nisshinbo Group set the ideal profile for its employees as *co-creative leaders* who lead the creation of customer value, and the company is implementing a selective leadership development program.

① Advanced (Managing Officer level) and executive (Department Manager level) programs

The Advanced (Managing Officer level) program includes management lectures and practical training courses to help participants acquire management knowledge, the appropriate mindset, and role-specific behaviors.

The Executive (Department Manager level) program includes management lectures and practical training courses, as well as technical management graduate school (MOT) courses and practical workshops to cultivate management talent with both technical knowledge and management skills.

These programs are conducted annually to create a list of candidates for key positions based on the Group's global job grade system, and the grade, candidate list, and program participation are linked.

② Middle (Section Manager level) and Basic (Next-Generation Leader level) Programs

At lower levels, Nisshinbo implements the Middle and Basic programs based on company recommendations.

For the Middle (Manager level) program, Nisshinbo conducts management programs, financial leadership programs, and marketing programs through external assignments, and internally, Nisshinbo conducts business strengthening workshops.

For the Basic (Next-Generation Leader level) program, the company implements leadership programs.

Globalization of Human Resources

To promote the globalization of human resources, the Nisshinbo Group has provided 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

Efforts to Broaden Employee Knowledge—Participation in University-Sponsored DX/GX Courses

GOYO ELECTRONICS CO., LTD. participated in a university course organized and offered by the Recurrent Education Center of Akita University as part of its Recurrent Education* Program.

A total of 15 employees from the DX and GX departments of the company participated in the course from October to November 2024. The courses focused on digital transformation (DX), which involves transforming business models using digital technology, and green transformation (GX), which involves transitioning to clean energy as an alternative to fossil fuels. Participants acquired knowledge about the latest topics in each field and how to effectively utilize DX and GX to address challenges in their local communities. Participants commented that they were able to study the characteristics and challenges of the latest technologies and what is required to reduce the environmental impact, as well as the literacy necessary to utilize the latest technologies. This provided new insights for the promotion of DX and GX in the future. The company will continue to actively collaborate with universities and local governments to provide ongoing educational opportunities and participate in initiatives aimed at revitalizing the community.

* Recurrent education : Working adults continuing to hone the skills required for their jobs through continuing education courses and programs.

Digitalization Promotion Activities

Nisshinbo Mechatronics Inc. convenes a presentation meeting once every four months as part of its digitalization promotion activities, which is led by the Digital Promotion Section of the Quality Assurance Department.

The presentation meeting is attended by companies from the Nisshinbo Group, and currently more than six companies and 70 people participate. The meeting provides an opportunity to promote digitalization within each company by sharing information and introducing examples of automation achieved through digitalization.

Additionally, Nisshinbo Mechatronics Inc. focuses on the development of digital talent by sending a total of eight employees per year to a six-month Digital Talent Development Program conducted by an external institution. Through this program, the company is advancing the digitalization of daily operations while also working to cultivate digital talent.

When selecting participants for this program, Nisshinbo Mechatronics Inc. prioritizes individual motivation and initiative with the expectation that employees will play a leading role in promoting DX in their respective workplaces after completing the program.

Support for Autonomous Career Development

Nisshinbo Micro Devices Inc. sends employees in their 30s and 50s to career development training programs hosted by Nisshinbo Holdings Inc. to help each employee regularly reflect on their careers and find fulfillment in their work. Additionally, employees in their 20s participate in career development training as part of new employee training and third-year training for college graduates.

Furthermore, as a mechanism for fostering autonomy (early development and integration into the workforce) among new employees, Nisshinbo Micro Devices has a *pair leader system*. For one year, a pair leader is appointed as a close senior colleague, and through on-the-job training, the pair leader provides one-on-one guidance to new employees. New employees set goals, consult their pair leaders for support, and advance their work while reflecting on their progress to foster their own career growth.

Additionally, the company offers a self-development support program (up to 200,000 yen per year with half covered by the company). To actively support employees who wish to grow and adapt to reskilling, the company increased the maximum assistance amount in 2023. This program is used for such activities as obtaining certifications, pursuing graduate studies, and participating in different training programs to enhance individual skills.



Pair Leader Training

Human Resource Development and Safety Education

Nisshinbo Automotive Manufacturing Inc. in the United States provides monthly e-learning courses as part of its human resources development and safety measures.

In addition, the Human Resources Department provided training courses on labor management and essential skills for leading teams to all leaders in all departments. The Human Resources Department provided training in key areas aimed at improving logical thinking and communication skills.

Furthermore, training has been provided for anger management, building trust among employees, and appropriate ways to respond to employees to facilitate smooth daily operations.

For safety, Nisshinbo Automotive Manufacturing Inc. implemented initiatives to enhance employee safety awareness through education on the hazards of machinery and raw materials, proper work methods, health risks, encouraging the reporting of near-miss incidents, hazard prediction (training to predict danger) education, and the 5S principles (sorting, straightening, sweeping, cleaning, and sustaining cleanliness).

Measures to Prevent Young Talent from Leaving the Company

Nanbu Plastics Co., Ltd. has provided group training for young employees since 2022 as a measure to prevent the departure of young talent. The training focuses on improving communication skills and sharing the work values of young employees with management.

Participants provided such feedback as, "I found the training helpful in improving my communication skills," "My personal values became clearer," and "It was a valuable experience to discuss with peers and management."

Starting in 2024, in addition to the above training, the company will implement regular performance reviews by HR department personnel. The target participants are new graduates in their second and fifth years, as well as career hires under 25 years of age at the time of recruitment.

Nanbu Plastics Co., Ltd. conducts interviews to gather information on current job responsibilities, career sheet content, changes in health, challenges faced, and feedback about the company. This helps the company identify the concerns of young employees early on and provide feedback to their departments. Regarding requests for transfers from employees, Nanbu Plastics Co., Ltd. strives to accommodate employees as much as possible by using this information as a reference for personnel transfers.

Implementation of Nisshinbo Group Group Training in China

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

In FY2024, five group training sessions were held in the first half of the fiscal year. For managers, Nisshinbo Business Management (Shanghai) Co., Ltd. conducted Management Practice Strengthening Training and Corporate Cost Know-how Training aimed at improving business execution and strategic capabilities.

Nisshinbo Business Management (Shanghai) Co., Ltd. also provided training in such areas as logical thinking and presentation skills for employees below the management level. In addition, the company explained its corporate philosophy and introduced the history of the company, its products, and its future goals in order to foster a sense of unity within the Nisshinbo Group.

Meanwhile, the e-learning course covered a wide range of topics from basic Excel and Word skills to data analysis skills and environmental, health, and safety (EHS) skills. The company also continued multiple courses aimed at improving English proficiency, which were launched in FY2023.

Going forward, Nisshinbo Business Management (Shanghai) Co., Ltd. will continue its efforts not only to enhance the effectiveness of training but also to introduce the challenges and directions the group should address.



Group training session

Promoting Diversity and Inclusion



Basic Concept

"Always change!" — The Nisshinbo Group aims to create an organization where everyone can thrive and be themselves by making it normal to update values and behaviors. To achieve this, the Group is working on three areas: 1) the state of the organization, 2) the state of individuals, and 3) the environment and systems. To monitor progress, the Group conducts engagement surveys, analyzes the results based on scores and free-form comments, and continuously improves the organizational culture.

1. State of the organization

Within the Nisshinbo Group, the Company aims to foster a culture that respects diversity and encourages challenges based on psychological safety. To achieve this, the Group set as key priorities the *building of open and fair relationships* and the *exercise of leadership that leverages diverse individuals*.

① Building of open and fair relationships

Since 2021, the Nisshinbo Group has continuously disseminated messages from top management and provided training on psychological safety to ensure that everyone from new employees to senior management correctly understands and practices psychological safety. In organizations with high psychological safety, a variety of different opinions are collected regardless of age or length of service, which then enables deeper and more constructive discussions and ultimately strengthens the organization as a whole. With this in mind, Nisshinbo will implement measures that enable each individual to consider the kind of organization they want to be a part of, understand it intuitively, and translate it into action.

② Exercise of leadership that leverages diverse individuals

The Nisshinbo Group provided management training on diverse management to managers at all group companies in Japan and training on unconscious bias at some companies. Nisshinbo will expand its training program on unconscious bias to all group companies in Japan in the future.

Eliminating gender gaps

Since 2023, Nisshinbo conducted a Women's Leadership Development Program to nurture candidates for management positions and the next generation of leaders. The company also confirms the promotion recommendations of training participants and conducts interviews with supervisors. Through these initiatives, Nisshinbo believes that increasing the number of female role models will enable the next generation of women to play a more active role, ultimately eliminating gender gaps.

Nisshinbo will monitor the status of these organizations through engagement surveys and use the results to improve the corporate culture and create a better organization.

2. Individual status

The Nisshinbo Group believes that when each individual feels a sense of fulfillment and satisfaction in their work and is able to work autonomously while expressing their individuality and strengths, such a mindset serves as a driving force to enhance the vitality of the entire organization. That is why the Nisshinbo Group set the priority issues of *cultivating the ability of each individual to accept diversity*.

As values regarding work become more diverse, Nisshinbo will create a system that motivates employees to enable both individual and organizational growth, thereby realizing an environment where each individual can work with a high level of engagement and enthusiasm.

① Cultivating the ability of each individual to accept diversity

In order to foster the ability to accept diversity, the Nisshinbo Group wants to increase the number of people who are aware of unconscious biases through dialogues with those around them. The company provided training on management that leverages diverse individuals for managers at all group companies in Japan and provided additional training on unconscious biases at some companies. In the future, Nisshinbo will expand training on unconscious biases to all group companies in Japan.

3. Environment and systems

An environment and systems that support diversity are essential for realizing diversity. The Nisshinbo Group has worked to introduce a flextime system and revise its paid leave system to allow employees to take leave in one-hour increments; however, there is still a reluctance among male employees to take childcare leave. Therefore, the Nisshinbo Group will further review work styles and improve systems with the aim of realizing a more diverse range of work styles.

① Promoting the use of childcare leave by male employees

The Nisshinbo Group created a guidebook that clearly explains the childcare leave system and posted it on its portal site. In addition, the Group compiled interviews with employees who have taken childcare leave into a document and is working to create an atmosphere that makes it easier to take childcare leave.

② Support for balancing work and caregiving

The Nisshinbo Group will also focus on supporting employees who care for family members. In 2024, the Group will sponsor seminars on caregiving for all managers at all group companies in Japan and will also offer optional seminars for other employees. Through these awareness-raising activities and the establishment of a variety of systems, Nisshinbo supports employees who care for family members.

The Nisshinbo Group aims to create an organization where a diverse range of talent can fully utilize their abilities and thrive. To achieve this, the Group will remove barriers one by one and continue to build an environment where everyone can work comfortably.

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Talent & D&I Development Department has been established with three groups (Human Resources Development Group, Diversity & Inclusion Promotion Group, and Human Resources and General Affairs Group) under its jurisdiction. In addition to monthly Human Resources Responsibility Officer (HRO) meetings, the company convenes two annual meetings bringing together human resources personnel from all group companies nationwide (Group Human Resources Policy Meeting and Group Human Resources Strategy Meeting) to discuss cross-functional human resources policies and challenges.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management* and receives progress reports from the Managing Officers in charge of the Talent & D&I Development Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Specific Initiatives of The Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following five items as targets and KPIs to promote diversity as a priority activity and achieve the goals of *Group-wide D&I penetration initiatives*, *Securing diverse human resources*, and *Promoting diverse human resources*.

- ① **Communicating the top management message and implementing measures that contribute to the success of diverse human resources.**
- ② **Ratio of female recruitment to total recruits.**
- ③ **Rate of managers hired as mid-career employees to total managers, 11%.**
- ④ **Rate of female managers to total managers, 6%.**
- ⑤ **Rate of training on psychological safety, 100%.**

PDCA was implemented while carrying out each measure. Regarding ①, after conducting an engagement survey, the Nisshinbo Group provided feedback on the results from top management and implemented organizational culture improvement activities that will be ongoing. The Company advanced initiatives to address gender gaps and promote diversity and inclusion. Regarding ②, the Company achieved the target for the proportion of women in new graduate hiring, but the target for the proportion of women in managerial roles among career hires was not met. Regarding ③, ④, and ⑤, the Group achieved the targets.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will focus on promoting diversity and will set the following two goals to achieve *promoting diverse human resources* and *creating a comfortable workplace environment for employees*.

- ① **Rate of managers hired as mid-career employees to total managers, 20% or more.**
- ② **Rate of female managers to total managers, 10% or more.**

In order to attract and utilize a diverse range of human resources regardless of attributes, Nisshinbo will first focus on initiatives to ensure diversity (recruitment) and promote the advancement of women, which is a representative indicator of diversity (elimination of gender gaps).

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Eliminating gender gaps (Promotion of Women's Activities)

■ Implementation of a Female Leadership Development Program

In order to identify issues related to promoting the participation of women in the workplace, Nisshinbo conducted interviews with female employees and their supervisors. The following three issues were raised: ①gaining experience and individual training, ②providing role models and part models, and ③ enhancing internal networks to connect women.

The Company is promoting initiatives to provide early training and opportunities to gain experience in order to address these issues. Specifically, Nisshinbo launched a Women's Leadership Development Program in 2023 for female managers, the next generation of managers, and veteran employees in their 40s and 50s who are in a position to mentor junior employees. After the program, the Company conducted surveys of supervisors on changes in the behavior of participants, reviewed promotion recommendations, and interviewed supervisors to confirm the effectiveness of the program.

■ Implementation of training for managers

Going forward, Nisshinbo will introduce training for managers to raise awareness of unconscious bias and enable the managers to respond appropriately, as well as training to strengthen management skills for utilizing diverse human resources.

In addition, Nisshinbo is promoting overall initiatives to create a sustainable environment, including the development of systems that enable diverse human resources to play an active role, health promotion measures, and activities to improve the corporate culture.

The Company believes that these initiatives will increase the number of role models, expand the opportunities for women of the next generation, and ultimately contribute to the elimination of the gender gap.

■ General business owner action plan based on the law for the promotion of women's activity

Please refer to "Commitment to Initiatives" for details regarding of the general business owner action plan based on the law for the promotion of women's activity.

▶ Commitment to Initiatives

■ Certified As "Eruboshi" As A Company That Promotes Women's Activities

Please refer to "External Ratings and Evaluation" for details regarding of "Eruboshi" certification as a company promoting women's advancement.

▶ External Ratings and Evaluation

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

Please refer to "Commitment to Initiatives" for details regarding of Act on Advancement of Measures to Support Raising Next-Generation Children-General Action Plan.

▶ Commitment to Initiatives

■ Kurumin Certification as a Childcare Support Company

Please refer to "External Ratings and Evaluation" for details regarding of "Kurumin" certification as a childcare support company.

▶ External Ratings and Evaluation

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. From FY2024, Nisshinbo Holdings Inc. will introduce an evaluation system similar to that used for general employees, and provide appropriate feedback and reflect it in compensation as part of our efforts to provide a rewarding work environment.

As a measure to support the active participation of senior employees, the Nisshinbo Group provides training for managers and general employees with the aim of helping them consider and prepare for employment after retirement. 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

Initiatives to Promote Women's Participation in the Workplace

Japan Radio Glass Co., Ltd. began hiring women in its glass molding workplace, which had been almost entirely male, starting in 2021, and has since hired seven women. The retention rate is high, and the proportion of women in the glass molding workplace has now risen to 29%.

Previously, the company refrained from hiring women with no prior experience in glass molding because of the physical demands of the work. However, the company continues to hire women, expecting improvements in product quality due to their meticulousness, diligence, and ability to build good relationships with other staff members, as well as enhanced productivity through collaborative work.

The company also renovated the restrooms and expanded break rooms to create a more comfortable working environment for female employees.



Female employees working in the glass molding workplace

Supporting the Active Participation of Senior Citizens

Japan Radio Glass Co., Ltd. was one of the first companies in the Japan Radio Group to introduce the mandatory retirement age of 65 and has implemented this policy since its inception. In April 2024, the company was recognized as a Senior Active Promotion Declaration Company Plus by Saitama Prefecture because it set the upper age limit for continued employment at 70 years or older. As of 2024, six part-time employees aged 70 or older actively contribute to the company. The majority of senior employees play key roles as core members of the production team.

In addition, the company considers the smooth transfer of skills from veteran to younger employees to be one of its management challenges. Senior employees are entrusted with the important task of passing on traditional skills to the next generation.

The company is also focused on creating a workplace environment where senior employees can continue to remain active. Because this is a generation with increased health risks, the company ensures workplace safety by eliminating steps and other hazards while allowing senior employees to contribute to production.

Having senior employees who work energetically and with enthusiasm in each workplace serves as a role model for younger employees and contributes to organizational revitalization.



The active participation of senior employees

Work Experience Program for High School Students with Disabilities

HYS Engineering Services Inc. accepted one first-year high school student with disabilities who was attending a Tokyo Metropolitan Special Support School for on-the-job training and on-site internships in February 2024, and two second-year students in June 2024.

The program was conducted by the Shared Services Department of the company, which consolidates and manages the indirect business operations for the International Electric Group. During the program, the students had the opportunity to experience three types of work: factory equipment management, operations at the factory canteen and mailroom, and welfare affairs using computers.

This was the first time the company had hosted such an internship program, so there was some trial and error in terms of communication and guidance. However, the school offered high praise to the company for providing students with the opportunity to experience a variety of tasks, leading to a second round of internships in June.

The company hopes this internship program will help high school students discover their career aptitudes as they prepare to enter the workforce.



Workplace experience overview

Achieved the Highest Level of Erboshi Certification

Nisshinbo Micro Devices Inc. achieved the highest level of certification (Level 3) under the Eruboshi Certification program established by the Ministry of Health, Labour and Welfare, which recognizes companies that promote the active participation of women in the workplace. The company met all evaluation criteria set by the ministry across all categories, including recruitment, continuous employment, work arrangements for working hours, proportion of women in management positions, and diverse career paths.

In addition to providing training for female leaders and training on women's health issues, promoting psychological safety and human rights due diligence activities as part of the respect for diversity, and conducting diversity and inclusion training, the company is working to create a workplace where everyone can demonstrate enthusiasm through the development of human resource systems that support a work-life balance, autonomous career development, and diverse work styles.

Going forward, Nisshinbo Micro Devices Inc. will continue to promote and support a work-life balance and strive to create a workplace environment where everyone can work comfortably according to their life stage, leverage their abilities, and thrive.



Achieved the third-level certification under the Eruboshi Certification program

Participation in the Sai no Kuni Women Researchers and Engineers Network

Nisshinbo Micro Devices Inc. is participating as a private-sector research institution in the Saitama Prefecture Women Researchers and Engineers Network, which is coordinated by Saitama University, a national university corporation, and primarily comprises companies, research institutions, and universities within Saitama Prefecture.

The purpose of this network is to promote a working environment conducive to female researchers and engineers, advance the active participation of women, and foster the development of the next generation of researchers and engineers. To achieve these goals, the network sponsors a variety of activities, including seminars aimed at promoting diversity across the entire Saitama Prefecture region, with the aim of further advancing and revitalizing research and technological development through diverse perspectives and ideas while collaborating with participating organizations.

The company actively participates in training programs and events organized by the Saitama Prefecture Women Researchers and Engineers Network, and female managers participate in symposiums and roundtable discussions.

From now on, Nisshinbo Micro Devices Inc. will continue to deepen its collaboration with both internal and external stakeholders and actively contribute to the activities of the Saitama Prefecture Women Researchers and Engineers Network and the promotion of diversity in the Saitama Prefecture region.



Symposium scene

Diversity-promoting human resource development

Nisshinbo Automotive Manufacturing Inc. in the United States continues to secure a diverse workforce, including employees with disabilities and those from all ethnic and cultural backgrounds. The company supports this initiative by emphasizing the relationship between diversity, fairness, and inclusiveness and business performance.

In June 2024, Nisshinbo Automotive Manufacturing Inc. conducted diversity and inclusion training. The aim of the training was to create an environment where all differences of race, nationality, age, gender, disability, values, and religion were accepted, and where each individual could leverage their unique strengths to maximize performance.

Through these training programs, Nisshinbo Automotive Manufacturing Inc. is raising employee awareness and cultivating talent who can contribute to the company's growth.

Obtained Monisu Certification

Nisshinbo Precision Instrument & Machinery Hiroshima Corporation is promoting the employment of people with disabilities and ensuring stable employment by implementing the barrier-free measures of installing ramps and handrails in its facilities while taking into consideration the specific needs of individuals with disabilities.

Additionally, managers and other administrative staff must attend training sessions conducted by the Public Employment Security Office (Hello Work) to enhance their understanding of disabilities. They can then consult employees with disabilities to adjust job responsibilities and workloads and tailor tasks to their individual needs.

Furthermore, the company established flexible working arrangements, including time-based annual paid leave and other special leave, for all employees, including those with disabilities, in its employment regulations. Nisshinbo Precision Instrument & Machinery Hiroshima is also working to create a comfortable workplace that includes health management and promotes individualized working styles to foster a supportive environment and encourage employee retention.

As a result of these efforts, the company obtained Monisu Certification in February 2024, which recognizes small and medium-sized businesses with outstanding disability employment practices. While the legal employment rate for people with disabilities in private companies is 2.5%, the company's rate was 8.1% as of June 1, 2024. Furthermore, the retention rate was 100%^{*} as of April 4, 2025.

^{*} Retention rate of employees with disabilities hired over the past three years after six months of employment.

Initiatives for employing people with disabilities

Nanbu Plastics Co., Ltd. has been recognized for its efforts in employing people with disabilities and was awarded the Shizuoka Prefectural Governor's Award for Excellence in Employment of Persons with Disabilities at the 2024 Shizuoka Prefecture Conference on Promoting Employment of Persons with Disabilities at the Shizuoka Prefectural Government Office in September 2024.

In October of the same year, the company also participated as a lecturing company at the 2024 Fiscal Year Disability Employment Promotion Seminar and Company Visit (Third Session), where it delivered a presentation and hosted facility tours for participating companies.

Furthermore, the company is engaged in the following activities:

① Telework with supervision at a telework office

The company uses the Telework Office Fujieda Station Front (Shizuoka Prefecture) where support staff are stationed to assist with health management, enabling three employees with disabilities to work remotely and use their skills. The support staff helps maintain the psychological safety of the employees, allowing them to work steadily.

② Acceptance of workplace internships from special support schools

With a view to employment after graduation, Nanbu Plastics accepts workplace internships from students in the high school department of a nearby special needs school. Participating students learn the basic attitudes and behaviors for working after graduation and understand the characteristics of their disabilities, while the company can confirm the characteristics and abilities of the students before hiring them, which is effective in facilitating smooth employment after graduation.

③ Placement of disability employment and lifestyle counselors

Employees obtained certification as employment counselors for people with disabilities and serve as the point of contact for consultations on employment and other matters by building a support system to enable employees with disabilities to work long term.



Workplace training



Shizuoka Prefecture Governor's Commendation Ceremony

Strengthening the creation of a system that takes into consideration diverse characteristics

The Osaka branch of Nisshinbo Textile Inc. has been participating in the Workplace Experience Matching Event for Individuals with Mental and Developmental Disabilities hosted by Osaka Prefecture since 2020 and has accepted individuals with disabilities for workplace experience programs every year.

The event attracts a diverse group of participants, including those seeking employment, those looking to find a job or role that suits their skills, and others with different aspirations and motivations. Participants in the workplace experience program provided positive feedback, such as "The manuals included photos, making them easy to understand," "I gained a clearer vision of what working here would be like," and "I was able to identify my strengths."

Those who joined the company after the workplace experience program reported that having the opportunity to learn about the workplace environment and tasks beforehand helped reduce anxiety and stress upon starting work, which gave them confidence.

Going forward, Nisshinbo Textile Inc. will continue to strive to create a workplace environment where it is easy to work and to strengthen systems to accommodate diverse characteristics.

WELL Conference

Nisshinbo Urban Development Co., Ltd., is committed to creating a workplace where female employees can thrive and grow. To this end, the company established the WELL Meeting, a monthly discussion forum where female employees (as of 2024: one in their 50s, three in their 40s, one in their 30s, and two in their 20s) gather to discuss topics related to this initiative.

Women from different generations, life stages, and job roles gather to exchange opinions and discuss a variety of related themes, such as "What makes a workplace where women can continue to work comfortably?" and "What does career development look like for me?" Through these discussions, participants have become more aware of unconscious biases and gained new perspectives.

Additionally, this initiative fostered a shift in mindset toward creating a workplace where everyone can work comfortably, which then led to proposals and recommendations for revising policies and regulations. The company will continue to advance initiatives that contribute to building an environment where everyone can thrive and grow.

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 people and diversity of values. 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

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Talent & D&I Development Department has been established with three groups (Human Resources Development Group, Diversity & Inclusion Promotion Group, and Human Resources and General Affairs Group) under its jurisdiction. In addition to monthly Human Resources Responsibility Officer (HRO) meetings, the company convenes two annual meetings bringing together human resources personnel from all group companies nationwide (Group Human Resources Policy Meeting and Group Human Resources Strategy Meeting) to discuss cross-functional human resources policies and challenges.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management^{*} and receives progress reports from the Managing Officers in charge of the Talent & D&I Development Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of the Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote diversity as a priority activity and achieve the goals of *creating a comfortable workplace environment for employees*.

- ① Rate of taking annual paid leave, 70% or more.
- ② Rate of male employees taking childcare leave, 30% or more of eligible male employees.

As a result of the efforts to promote diverse work styles and prevent long working hours and excessive workloads through the PDCA cycle, Nisshinbo has been made progress in its activities. In 2024 (single year), the status of Nisshinbo Holdings Inc. was as follows: ① Annual paid leave utilization rate: 64.9%; ② No male employees took childcare leave.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on promoting diversity as a priority activity. To achieve the goal of *creating a comfortable workplace environment for employees*, Nisshinbo will promote the creation of a more comfortable and rewarding work environment with the following goals.

Rate of male employees taking childcare leave, 100% of eligible male employees.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Promoting Diverse Work Styles

■ Various systems for working styles suited to different stages of life

Nisshinbo Holdings Inc. has established various systems to enable employees with diverse backgrounds to work productively and energetically, we also have a teleworking system, staggered work hours, flextime system, and hourly paid annual leave.

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

	Childcare	Nursing care	Injury or sickness	Other
Holiday	Half-day, hour-based annual paid leave			
	Accumulated annual paid leave			
	Childcare leave	Care leave		Discovery holiday
	Maternity leave			
Leave of absence	Leave for medical treatment (during pregnancy and after childbirth)			
	Maternity leave			
	Childcare leave	Care leave	leave of absence for injury or illness	Volunteer leave
Work	Teleworking system			
	Flexible working hours			
	Staggered working hours			
	Short-time work system		Mental health trial work	
Other	Reemployment system for former employees (childcare, nursing care, spouse's transfer)			
	Job conversion system			

■ Promoting Male Employees to Take Childcare Leave

In addition, Nisshinbo Group is working to create a corporate culture that encourages employees to take childcare leave regardless of gender by providing individual information on childcare leave and various in-house systems to male employees who are expecting a child.

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.

Please refer to "Commitment to Initiatives" for details regarding of Act on Advancement of Measures to Support Raising Next-Generation Children-General Action Plan.

▶ Commitment to Initiatives

■ Assisting Workers in Balancing Work and Nursing Care

The Nisshinbo Group is focusing on supporting work-life balance for caregivers. In 2024, the Group will sponsor seminars on caregiving for all managers at all group companies in Japan and will offer optional seminars for other employees. Through such awareness-raising activities and the establishment of various systems, the Group will continue to support work-life balance for caregivers.

Nisshinbo aims to create an organization where diverse talents can fully utilize their skills and abilities and thrive. To achieve this, the Company will remove barriers one by one and work to create an environment where everyone can work comfortably. Nisshinbo Holdings Inc. and other group companies are promoting initiatives to support the balancing of work and nursing care.

Please refer to "Commitment to Initiatives" for details regarding of assisting workers in balancing work and nursing care.

▶ Commitment to Initiatives

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

Childcare and nursing care support, benefits during medical treatment

HYS Engineering Service Inc. operates the following four systems to support childcare and nursing care as well as medical treatment.

- ① Childcare and work balance support allowance (up to 50,000 yen per child per year)
- ② Nursing care leave allowance (up to 300,000 yen per month)
- ③ Medical treatment allowance (up to 60% of standard daily remuneration per day)
- ④ Infertility Treatment Leave (up to 60% of wages paid)

In FY2024, ② and ④ were not utilized since no employees took leave under these programs, while ① was utilized by 12 employees and ③ by 4 employees.

The Childcare and Work Balance Support Grant (①) is provided from the perspective of fostering the next generation and to reimburse the actual expenses incurred by company employees who are dual-income or single parents for childcare-related costs (such as childcare facility fees) while working. This benefit is available for children up to the third grade of elementary school.

③ Sickness and injury allowance is provided to employees who have taken leave for a personal illness or injury to support their livelihood. The allowance is paid even after the health insurance association's sickness allowance has been exhausted and can be received until the end of the leave period, which is three years from the start of the leave. This helps alleviate financial concerns and allows employees to focus on treatment.

Participated in a cancer seminar featuring cancer survivors

HYS Engineering Service Inc. participated in online training organized by Hitachi Insurance Services Ltd., which is the insurance agency for the company's insurance plans.

In July 2024, the seminar "Cancer Seminar: Young and Working-Age Individuals with Cancer – Employment and Financial Matters" was held, where speakers shared their experiences with cancer, including balancing work and treatment, financial considerations, and living with side effects. Additionally, in November 2024, the seminar titled "Cancer Seminar: Living, Working, and Sharing My Experience with Cancer – After Having Both Breasts Removed" was held. This event featured presentations not only on the experiences of employees who became patients but also on the challenges faced by family members and those supporting patients. Approximately 30 employees participated in both seminars combined.

Introduction of the Green Area

Kokusai Denki Electric Linear S/A in Brazil introduced the *Green Area*. The Green Area is a special multipurpose area where employees can spend free time, such as lunch or coffee breaks. This area is used for company events and social events (such as carnival, Easter, and June festivals, which are seasonal events in Brazil).

Since its launch, this initiative received positive feedback from employees with reports of enhanced communication between teams, increased productivity, and a stronger sense of belonging. High participation rates in events further strengthened the collaborative relationships among employees in their work.



Events in the Green Area



Events in the Green Area

Efforts to create an open workplace environment

Nisshinbo Mechatronics Inc. convenes regular meetings of the Organizational Culture Improvement Committee, which is mainly composed of young employees, to promote efforts to create an open workplace environment.

Committee members take the lead in gathering feedback from employees, identifying key issues, and determining appropriate measures to address the identified issues. For example, the company launched a greeting campaign to promote communication and held informal discussions with department heads to exchange opinions.

Concurrently, management holds discussions on improving the organizational culture and then establishes action guidelines for managers to follow. These guidelines include *promoting understanding of company policies* and *ensuring an environment where employees can freely express their opinions*. Additionally, the president increases opportunities to directly communicate company policies and other matters to employees.

Nisshinbo Mechatronics will continue its efforts to create an even more open workplace environment.

Creating a comfortable workplace environment

Nisshinbo Chemical Inc. is implementing cultural reform activities to create a workplace environment where diverse employees can work comfortably. Across the entire company, Nisshinbo Chemical Inc. is promoting the creation of an open workplace through video learning programs on team building and open discussions between management, including the president, and employees.

In addition, each business site is implementing its own activities. At the Asahi Business Site, the company is conducting a Thank You Campaign, Employee-Manager Exchange Meetings, and Open Discussions with Section Chiefs.

The Thank You Campaign sets aside a month for employees to consciously express their gratitude to others with the aim of fostering a culture of gratitude that increases happiness, reduces stress, and improves interpersonal relationships.



Culture reform activities (opinion exchange meetings)



Thank You Month poster

Participation in Fujieda City's Creating a Comfortable Workplace Environment Certification Program

The Fujieda Plant of Nisshinbo Textile Inc., together with Nanbu Plastics Co., Ltd., received certification as a Comfortable Workplace Environment from Fujieda City in July 2024.

Fujieda City has been working to create work-friendly workplaces since fiscal 2023 and certifies businesses within the city on the basis of the following four criteria.

- ① Efforts to improve the workplace environment
Improvements to office environments and vacation leave systems exceeding legal requirements
- ② Initiatives to promote work-style reform
Efforts to reduce overtime and promote the use of vacation leave
- ③ Initiatives to promote the active participation of diverse talent
Childcare and eldercare leave and the employment of persons with disabilities
- ④ Initiatives to promote health management
Initiatives related to employee health management

In addition to meeting the above criteria, the company established a system to facilitate the submission of employee opinions and requests through regular meetings with the labor union branch and the installation of suggestion boxes in rest areas, and the company responds promptly to those that are feasible.



Certificate of Fujieda City Certified Comfortable Workplace Environment

Relationship with Employees



Basic Concept

In advancing its business portfolio transformation, the Nisshinbo Group believes that it is necessary to achieve a state where *all employees enjoy change and boldly pursue high goals*, in other words, a state where both organizational engagement and work engagement are high, in order to realize our business strategy, generate profits, and contribute to society through business activities. To achieve this, the Nisshinbo Group values its relationships with its employees and implements initiatives that respect the individuality and strengths of each and every employee.

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Talent & D&I Development Department has been established with three groups (Human Resources Development Group, Diversity & Inclusion Promotion Group, and Human Resources and General Affairs Group) under its jurisdiction. In addition to monthly Human Resources Responsibility Officer (HRO) meetings, the company convenes two annual meetings bringing together human resources personnel from all group companies nationwide (Group Human Resources Policy Meeting and Group Human Resources Strategy Meeting) to discuss cross-functional human resources policies and challenges.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management^{*} and receives progress reports from the Managing Officers in charge of the Talent & D&I Development Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of The Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote engagement and practicing the Group's Corporate Philosophy and achieve the goals of *conducting a global survey* and *communicating management's messages based on the Group's Corporate Philosophy*.

- ① Continue to conduct global survey.
- ② Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines.(Affirmation rate in employee survey, 80% or more.)

For point ①, Nisshinbo took steps to visualize the state of the organization in terms of instilling the corporate philosophy. The Group will continue to conduct global surveys through FY2024 and use the results to improve the organizational culture of each company. ②As a result of activities aimed at promoting the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (affirmation rate in a global survey, 80% or more), the approval rating in the global survey for the entire group, including both domestic and overseas operations, was 77% in FY2024, a slight improvement from 76% in FY2023.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on engagement and practicing the Group's Corporate Philosophy as key activities. To achieve the goals of *conducting the global surveys* and *communicating management's messages based on the Group's Corporate Philosophy*, The Nisshinbo Group will continue to promote the following two initiatives.

- ① **Engagement score of at least 80% in the global survey**
- ② **Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in the Group employee survey, 80% or more)**

The Nisshinbo Group will strive to achieve its goals by developing training materials for the implementation and promotion of our corporate philosophy.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Practice the Group's Corporate Philosophy

In the "Fifth Sustainability Promotion Plan," the Nisshinbo Group sets "Practice the Group's Corporate Philosophy" as a priority activity item and "Communication of management's message based on the Group's Corporate Philosophy" as an action item, and sets the KPI of "Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in global survey, 80% or more)."

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.

The content of the educational videos changes every year. In FY2024, Nisshinbo focused on Challenge and Change, which is part of the Group corporate philosophy. In today's rapidly changing business environment, it is becoming more difficult to even maintain the status quo by following the same old ways of thinking. In order to realize the corporate philosophy, Nisshinbo announced a Medium-Term Management Plan in February 2024 that aims to *Connect Everything, Create Value*. In line with this plan, Nisshinbo incorporated content into its training that will help each employee improve their ability to respond to change with the aim of transforming the business and business model to achieve high profitability.

In FY2024, the final year of the 5th Sustainability Promotion Plan, the positive response rate in the global survey of the entire Group, including overseas subsidiaries, was 77%, and the Group will continue to address this as an ongoing issue in the 6th Sustainability Promotion Plan. Nisshinbo will accelerate its efforts to accelerate *challenges and change* by promoting analysis and understanding of the survey results.

Engagement Improvement Measures - Implementation of Group Employee Survey

In order to maintain competitiveness in the global market, Nisshinbo set a KPI of achieving an engagement score of 80% or higher across the entire group. In 2024, 81 companies (88%) participated in the survey, including all 38 domestic group companies and 43 overseas companies, with 20,772 participants and a response rate of 96%, which is extremely high even by global standards. The engagement score was 72% for the entire group, 88% for overseas companies, and 64% for domestic companies.

■ Initiatives to enhance organizational engagement

To ensure that top management and employees work together, each company appointed a survey coordinator to share best practices across the Group. In addition, Nisshinbo will continue to provide training on psychological safety, which was started in 2022, to ensure that all employees have a common understanding. Furthermore, in FY2025, Nisshinbo plans to implement measures for senior management and managers led by the holding company.

■ Initiatives to improve work engagement

The Nisshinbo Group supports the growth of each employee by providing a variety of training programs and educational tools to promote self-development and skill enhancement, opportunities for career review (career training by age group, career sheet completion, and career interviews), and appropriate feedback. In addition, the Group is developing human resource systems and compensation systems based on our human resource policy.

■ Creating an environment that serves as the foundation for organizational engagement and work engagement

Nisshinbo is advancing sustainable environmental initiatives by introducing flexible work arrangements like flextime and telework, as well as health promotion measures like health fairs and health-related education programs for women.

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 Group Company 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 45 locations, including overseas offices, and approximately 2,000 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 the president. 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.

In FY2024, Kokusai Denki Electric Inc. became a member of the Company's group, and Nisshinbo visited each of their bases to hold meetings. The president spoke about the current status of the entire group and his expectations for further growth in the wireless and communications segment.



Dialogue between employees and top management

Employee stock ownership plan

Starting in 2024, Nisshinbo made it possible for all domestic group companies to introduce an employee stock ownership plan. As of December 31, 2024, 20 companies joined the plan, representing approximately 54% of eligible companies.

The Nisshinbo Group Employee Stock Ownership Plan is a system wherein the Company facilitates and assists employees in acquiring and holding shares of Company stock. Employees contribute a certain amount, and the company uses these contributions to collectively purchase shares and then distribute ownership stakes in proportion to the contributions. Through participation in the ESOP, the company aims to support employees' asset formation, enhance their sense of involvement in management, and boost their motivation in their respective roles.

Specific Activities of the Group Companies

Labor-Management Consultation Meeting

JRC Engineering Co., Ltd. convenes labor-management meetings every two months. Representatives from management and labor exchange opinions on important matters concerning both parties, such as the company's business conditions, working conditions, and welfare benefits.

Specific topics often discussed include revisions to personnel systems, revisions to wage systems, efforts related to the working environment and workplace environment, and occupational safety and health. Recently, after approximately one year of discussions between management and employee representatives, JRC Engineering Co., Ltd. was able to establish a new system for part-time employees.

Labor-management meetings serve as an important opportunity for employee representatives to convey the opinions of employees to management, thereby fostering trust between labor and management and playing an indispensable role in creating a better workplace environment. Management also believes that these meetings contribute to the early detection and prevention of workplace issues.

Town Hall Meeting Held

Goyo Electronics Co., Ltd. held a town hall meeting where the president and employees engaged in direct dialogue with the aim of providing opportunities for deeper communication between top management and each employee and to promote understanding and awareness of management policies and the state of the company.

In FY2024, seven employees selected from different departments participated in the meeting. The main themes focused on management policies and the three-year plan with the president directly answering questions from employees and creating an active exchange of opinions.

This provided a valuable opportunity for employees to directly receive messages from the president with whom they rarely have the chance to converse and to reflect on the core issues in the workplace through dialogue, making it a highly meaningful experience.

The company plans to continue holding town hall meetings on a regular basis to further strengthen communication between management and employees.



HR Clinic Project: Key Activities for Improving Internal Communication

Nisshinbo Micro Devices (Thailand) Co., Ltd. launched the HR Clinic Project with the aim of further improving internal communication.

As part of the project, efforts were made to enhance employees' knowledge of regulations, welfare benefits, taxes, and laws related to their work. Centered on the Human Resources Department, consultation corners were set up in the cafeteria and break rooms, and Q&A sessions were held. Additionally, HR Clinic Patrols were conducted in each office. PR activities were also conducted for employees.

Over the 12-month period, employees responded positively to the activities, saying, "I was able to gain knowledge through the activities, which was a great opportunity," "Communication has improved," and "I hope these activities will continue in the future."



HR Clinic Project

Operating an Open-Door Policy in the Workplace

Nisshinbo Automotive Manufacturing Inc. in the United States established an open-door policy so that employees could consult their immediate supervisors, managers, or human resources personnel regarding matters of concern or interest, and the company widely communicated this policy. This procedure has been established for the benefit of employees. Concerns that employees may have include working hours, working conditions, rights under company policies, wages, unfair or unequal treatment or disciplinary action, and harassment.

This policy serves to resolve issues fairly and promptly by sincerely listening to employees' opinions and communicating the company's position. The procedure is administered appropriately and protects the position of employees while maintaining confidentiality.

Furthermore, the company strives to foster a culture where employees respect one another and enhances their awareness of human rights through training programs and other initiatives.

Promoting Information Sharing and Communication

Nisshinbo Mechatronics Inc. established opportunities to promote communication between management and employees. Once every six months, top management explains the management slogan and company performance to all employees. On the same day, young employees involved in the relevant business areas give presentations on company topics that provides an educational opportunity for mutual inspiration. This content is also distributed to the overseas bases of Nisshinbo Mechatronics Inc. via an e-learning system.

Furthermore, once every quarter, department managers and section chiefs gather to share information on each department's performance, topics, and important announcements. This meeting is also used to discuss revisions to rules and regulations, responses to changes in relevant laws and regulations, and to provide information on a variety of educational opportunities.

Furthermore, Nisshinbo Mechatronics Inc. holds department-specific roundtable discussions and town hall meetings to promote information sharing within each department. Through these opportunities, the company strives to share information about the current status and topics and to enhance mutual communication and understanding.



Performance report meeting

Presentation of Nanbu Plastics 's Management Policy for 2025

Nanbu Plastics Co., Ltd. held the FY2025 Nanbu Plastics Management Policy Presentation Meeting in January 2025. Approximately 300 guests and Nanbu Plastics Co., Ltd. executives and employees attended the presentation. Following greetings from the guests, the president and the heads of each Nanbu Plastics Group company explained their management policies. This was followed by the presentation of long service awards to employees with 25 years of service and various other awards, including the Best Site Award for FY2024.

Following the conference, a reception was held at a hotel in Shizuoka City where attendees enjoyed a variety of dishes and beverages while participating in bingo games to foster further interaction.

The company set its group slogan for the FY2025 business year as "Accelerate business transformation and create profits" and will continue to advance initiatives with the collective efforts of all employees.



Management Policy Announcement Meeting

Employee Satisfaction Survey Initiatives

Toms Manufacturing Corporation in the Philippines conducts employee satisfaction surveys on a quarterly basis. The purpose of these surveys is to gauge employee satisfaction with the company and to use this information to make improvements. Additionally, the surveys help management assess whether employees have a positive view of the company's operations and overall organization.

The survey covers a wide range of topics that include work-life balance, attitude toward work, skill development, teamwork, workplace environment, job satisfaction, human rights issues, harassment, occupational safety and health, and gender equality. There is also a section where employees can freely offer suggestions for improvements. The valuable feedback and suggestions received are discussed at management meetings and incorporated into improvement initiatives. Employees generally view the satisfaction survey as an opportunity to express their opinions and submit requests, and the company will continue to conduct it as part of our ongoing efforts to improve the organizational culture.

Organizational Reform

Nisshinbo Textile Inc. embarked on a program to reform its organizational culture. As the first step, the company conducted a survey to gather opinions from employees in a format tailored to each business site with the aim of listening to their voices.

At the Head Office and Osaka Office, two opinion cards were distributed to each employee in advance, regardless of position, and filled out during an interview session (four to five people per session). Participants sorted and categorized the cards with opinions written on them, which led to additional opinions being added and exchanges of opinions between participants. The opinions collected were summarized and provided to participants with care taken to ensure that individuals could not be identified.

The company received over 250 opinions from a variety of companies, workplaces, and work environments. Based on the opinions and suggestions from employees, the company will implement organizational culture reforms in FY2025.

Interviews with Young Executives

At Nisshinbo Do Brasil Industria Textil LTDA. in Brazil, young executives, executive candidates, and plant managers hold regular meetings every six months.

During these meetings, plant managers take the opportunity to explain company policies, initiatives by other departments, and issues facing the plant as a whole to young executives with whom they do not normally have an opportunity to communicate directly. Young executives are encouraged to speak freely about what they are working on, what they want to do, and any issues they face. The opinions of young executives are shared with senior executives, who consider them positively and implement those that can be put into practice immediately.

This initiative has led to improvement activities. Young executives responded positively, saying that they can express their opinions directly, that they can better understand what the company is doing, and that they hope the initiative will continue.

The company is working to create an environment where everyone, regardless of seniority, can freely express their opinions in order to improve the company.



Regular meetings between young managers and the factory manager

Nisshinbo Do Brasil Industria Textil LTDA. Celebrates 50th Anniversary of Operations

Nisshinbo Do Brasil Industria Textil LTDA., located in São Paulo, Brazil, has its headquarters in São Paulo City and operates a factory in Itapetininga City, approximately 170 km away. The company commenced operations in November 1974 and celebrated its 50th anniversary in 2024. To commemorate the 50th anniversary of operations, the president of Nisshinbo Holdings Inc. and a board member of Nisshinbo Textile Inc., visited from Japan and held two commemorative ceremonies in Itapetinha, where the company's factory is located.

The first was a commemorative ceremony attended by approximately 200 people, including federal lawmakers, the mayor of Itapetininga, and many other government officials, as well as former employees. The ceremony celebrated the company's growth, featured congratulatory speeches from many attendees, and included the screening of a 50th anniversary video and a traditional Japanese drum performance, making it a great success.

The other celebration was a party attended by approximately 1,000 people, including about 450 employees and their families. The party was a grand event with churrasco (barbecue), a bingo game, a photo booth, and playground equipment for children.



50th anniversary ceremony

Individual Interviews with All Employees

Nisshinbo Urban Development Co., Ltd. conducts annual individual interviews with all employees. These interviews provide an opportunity to discuss the company's slogan, its direction and connection to daily operations, the root causes of issues, and self-improvement through dialogue.

Employees responded positively, stating that the interviews were conducted in an equal and respectful manner, that they gained a better understanding of the company's vision and future strategies, that their efforts and achievements were recognized, and that they felt motivated to continue their career development.

Nisshinbo Urban Development Co., Ltd. considers these sessions to be a crucial initiative and a platform for directly listening to the employees and for employees to express their thoughts openly. The company will continue to conduct these sessions on an ongoing basis to further enhance organizational development and communication.

Innovation



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 Properties

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.

▸ Initiatives to Improve Quality and Customer Satisfaction

Intellectual Properties



Basic Concept

Intellectual property is an extremely important management resource. The Nisshinbo Group's VALUE is "to provide our customers with eco-friendly products and services to create a safer and more secure society with integrity." The Group considers intellectual property to be a significant contribution to its Group's VALUE. In addition, the Nisshinbo Group's Business Conduct Guidelines also clearly states "to continue to innovate through co-creation with stakeholders." Intellectual property plays an extremely important role as a framework that supports, promotes, and even drives innovation.

As technological innovations such as digital transformation (DX) and AI rapidly advance, in order for the Nisshinbo Group to respond to these changes and contribute to solving issues, the Group must not only create value backed by intellectual property, but also utilize the created value and make it useful to society. Of course, the Group must not forget to take into consideration the intellectual property of others.

The Group is engaged in a wide range of businesses and utilizes its creative value in many different ways. Therefore, the Group is committed to providing value to society by implementing strategies for acquiring, protecting, and utilizing intellectual property in accordance with each business. For example, in the Wireless and Communications and Micro Devices businesses, the Group conducts intellectual property activities with a view to licensing and exercising rights to other companies, in addition to its own use, while in other businesses, the Group conducts intellectual property activities focused on securing rights for its own use.

Promotion System

Nisshinbo Holdings Inc. established the Future Innovation Division and the Legal & IP Department as the sections responsible for intellectual property matters.

The Future Innovation Division plans and formulates strategies regarding the creation of intellectual property for the entire group. The Legal & IP Department has an Intellectual Property Group that handles strategic intellectual property management. The Intellectual Property Group works with the business divisions of Nisshinbo Group companies to conduct global intellectual property research and information gathering by promoting strategic and efficient intellectual property activities.

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ [Promotion System for Sustainability Activity](#)

Specific Initiatives of the Nisshinbo Group

The Nisshinbo Group protects and utilizes intellectual property obtained through innovation creation in an appropriate manner according to its characteristics, such as by filing applications or keeping it in-house. The Group also respects the intellectual property of other companies and actively conduct surveys to avoid intellectual property risks. Through the analysis of intellectual property information, the Group supports business direction and the promotion of new businesses.

Intellectual Property Activity Focus Fields

The Nisshinbo Group conducts intellectual property activities with the aim of establishing sustainable competitive advantages by acquiring, protecting, and utilizing intellectual property in the fields of sensing, wireless communication, and information processing, which are core technologies of the Group, and by building a network of rights that are appropriate for business.

Reward System for Inventors (Application, Registration, and Performance Rewards)

The Nisshinbo Group has adopted an incentive system to encourage the acquisition of intellectual property rights. The Group pays incentives to inventors at the time of application and registration, as well as performance incentives based on the status of implementation.

Measures Against Counterfeit Products

The entire Nisshinbo Group works together to monitor counterfeit products. As soon as counterfeit products are detected, the Group takes prompt action to protect its brands and ensures that its customers can use its products with peace of mind.

Intellectual Property Education

The Nisshinbo Group actively conducts intellectual property education for a wide range of employees, not only to acquire basic knowledge of intellectual property, but also to ensure thorough compliance.

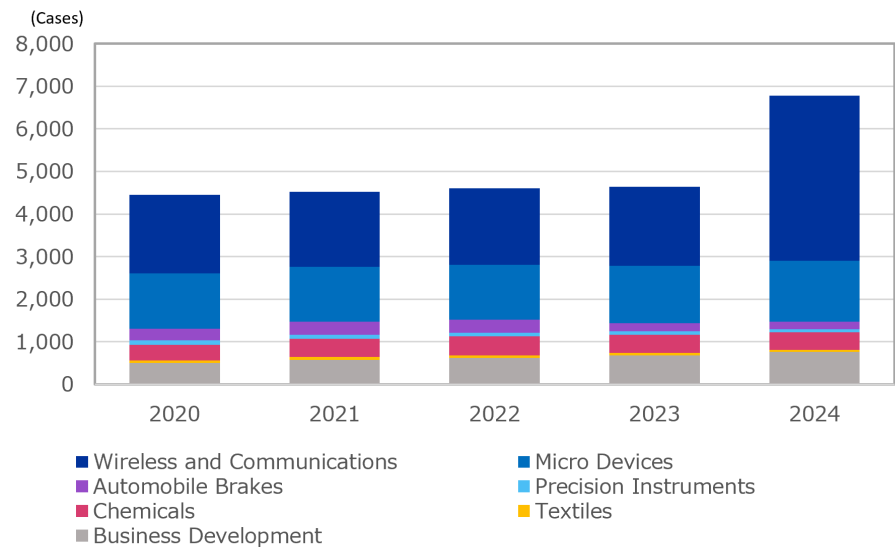
Information on Intellectual Property Owned

Number of Intellectual Property Owned

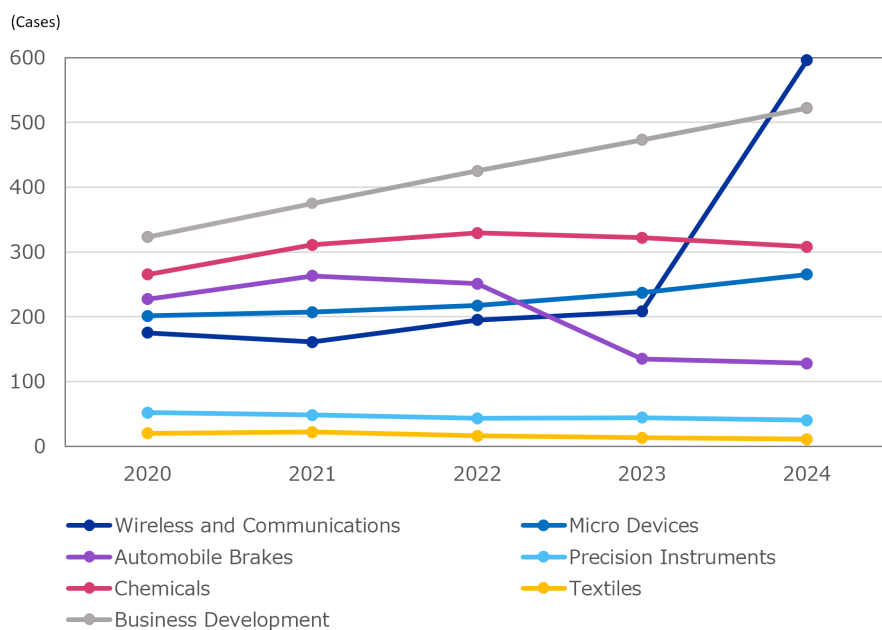
The figure below shows the number of intellectual properties owned* of Nisshinbo Group as a whole and the number of intellectual properties owned by each segment in Japan and overseas. In this summary, KOKUSAI DENKI Electric Inc. has been added. In addition, the number of holdings of Japan Radio Co., Ltd., has increased, which resulted in a 109% increase in the number of holdings in the Wireless and Communications segment. The total number of holdings for the Nisshinbo Group as a whole has increased by 46% compared to the previous fiscal year. Overseas holdings increased by 187% in the Wireless and Communications segment. Also, overseas holdings in the Micro Devices segment and Businesses Development also increased.

* Number of intellectual properties owned: the total number of registrations, applications and cases under examinations of patents, utility models and designs.

Number of Intellectual Property Owned



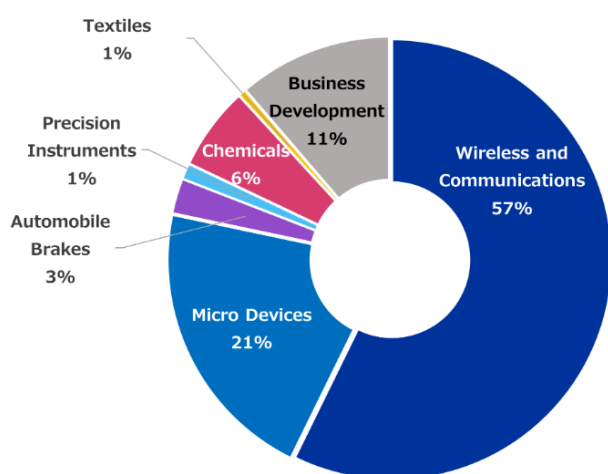
Overseas Case Numbers by Segment



Ratio of Intellectual Property Ownership

The Nisshinbo Group is actively acquiring intellectual property rights in the segments of Wireless and Communications, and Micro Devices. As of the end of 2024, the Group held approximately 6,800 intellectual property rights in total. Of these, 57% consists Wireless and Communications segment, 21% Micro Devices segment.

Ratio in Number of Intellectual Properties



Intellectual Property by Segment

▶ Wireless and Communications

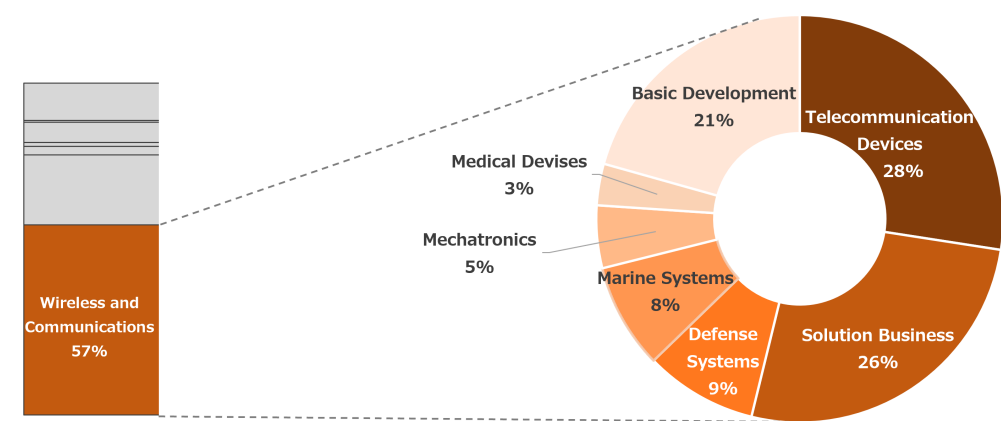
▶ Micro Devices

Wireless and Communications

■ Ratio in Number of Intellectual Properties

Intellectual Properties owned by Wireless and Communications segment account for 57% of that of the entire group. As shown in the figure below, Telecommunication accounts for 28%, Solutions 26%, Defense Systems 9%, and Marine Systems 8%. With the addition of KOKUSAI DENKI Electric Inc., the percentage of communications equipment, solutions, and special equipment increased.

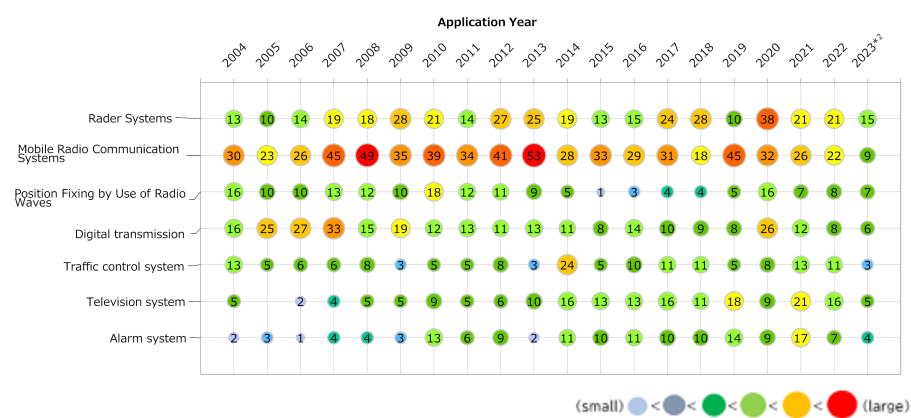
Ratio in Number of Intellectual Properties in Wireless and Communications Segment



Trends in Patent Applications

The figure below shows the past filing trends in Wireless and Communications segment. The segment has been actively filing applications to protect radar technology. In addition, many technologies related to wireless positioning, AC digital transmission, traffic control systems, television systems, and alarm systems have been patented.

Application Trends in Wireless and Communications Segment



*1 In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the classification by Japan Patent Office, and the numbers in the circles indicate the number of applications.
*2 As of the end of 2023, the publication of all 2022 applications has not been completed.

Analysis of Patents Owned

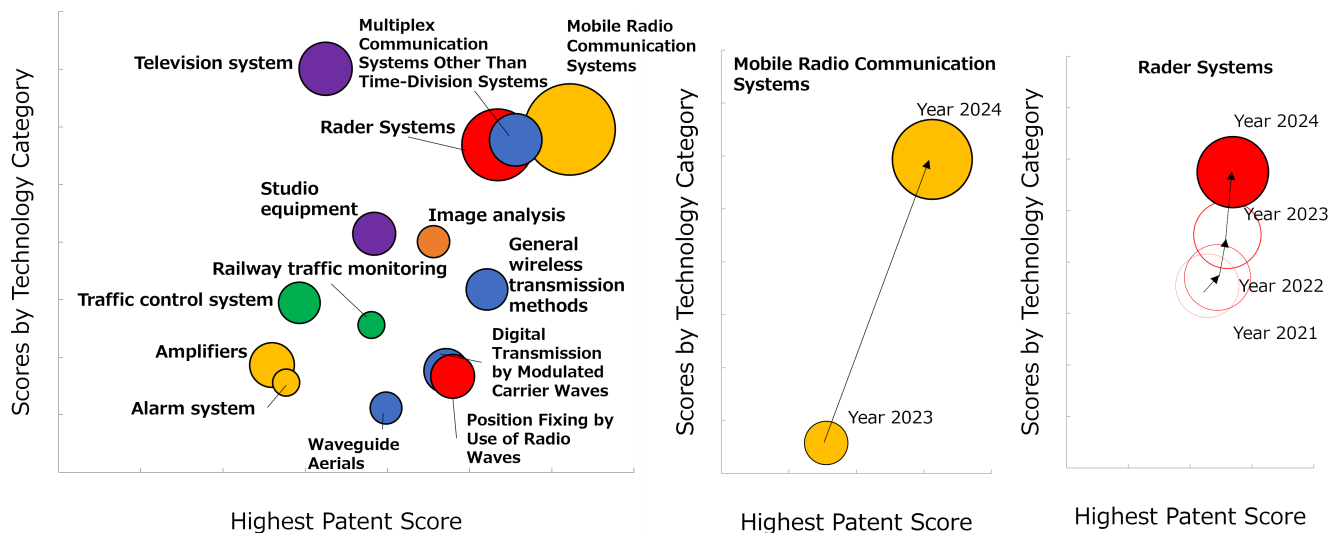
The figure below shows an analysis of patents owned in Wireless and Communications segment.

The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle indicates the number of patents.

The figure on the left shows that the Wireless and Communications segment has strength in patents related to radar technology. With the participation of KOKUSAI DENKI Electric Inc. in the Nisshinbo Group, the strengths in patents related to television systems, image analysis, and mobile wireless communication systems have increased. The figure on the right shows that the strength of patents related to radar technology is increasing year by year.

Radar products in the Wireless and Communications segment include marine radar and weather radar. The segment has invested aggressively in research and development of these product lines and has protected the results.

Analysis of Patents Owned in Wireless and Communications Segment



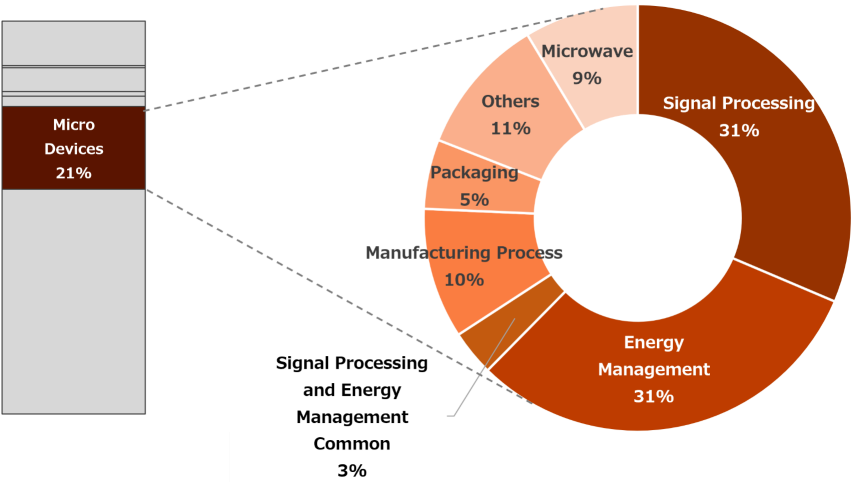
* In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle indicates the number of patents.

Micro Devices

Ratio in Number of Intellectual Properties

Intellectual Properties owned by Micro Devices segment account for 21% of that of the entire group. As shown in the figure below, Energy Management and Signal Processing each account for 31%, Manufacturing Process 10%, Microwave 9%, and Packaging 5%.

Ratio in Number of Intellectual Properties in Micro Devices Segment

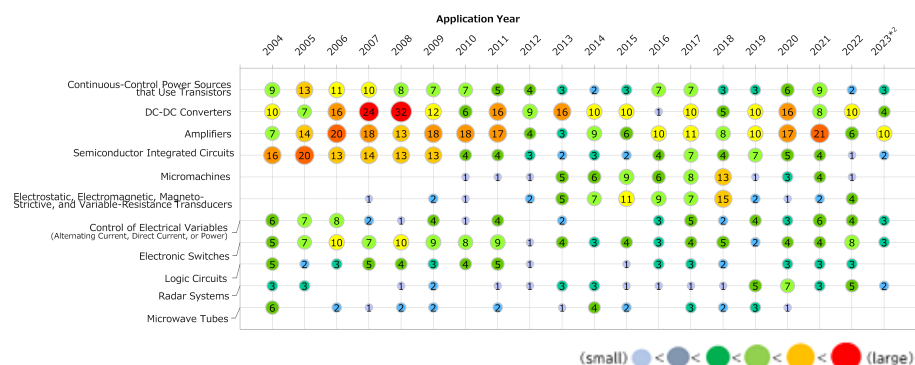


Trends in Patent Applications

The figure below shows the past filing trends in Micro Devices segment. The Segment has been actively filing applications to protect energy management technology, DC-DC converters, and signal amplification technology.

In addition, many applications have been filed for micromachines (MEMS), radar systems or details, and microwave tubes.

Application Trends in Micro Devices Segment



*1 In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the classification by Japan Patent Office, and the numbers in the circles indicate the number of applications.

*2 As of the end of 2023, the publication of all 2022 applications has not been completed.

■ Analysis of Patents Owned

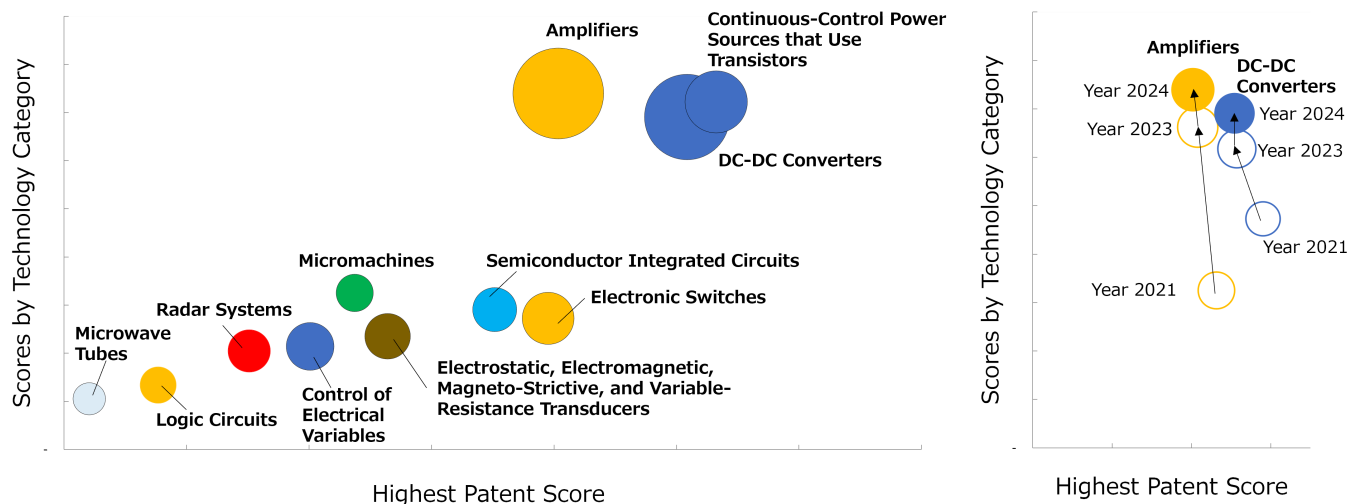
The figure below shows an analysis of patents owned in Micro Devices segment.

The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle indicates the number of patents.

The figure on the left shows that the Micro Devices segment has strength in patents related to energy management technology, DC-DC converters, signal amplification technology, and clearly, the company has strengths in patents related to continuous control power supplies using transistors. The figure on the right shows that the strength of patents related to DC-DC converters and signal amplification technology is increasing year by year.

Products in the Micro Devices segment include power supply ICs and operational amplifiers. The segment invests aggressively in R&D for these product lines and protects the results.

Analysis of Patents Owned in Micro Devices Segment



* In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle indicates the number of patents.

Specific Activities of the Group Companies

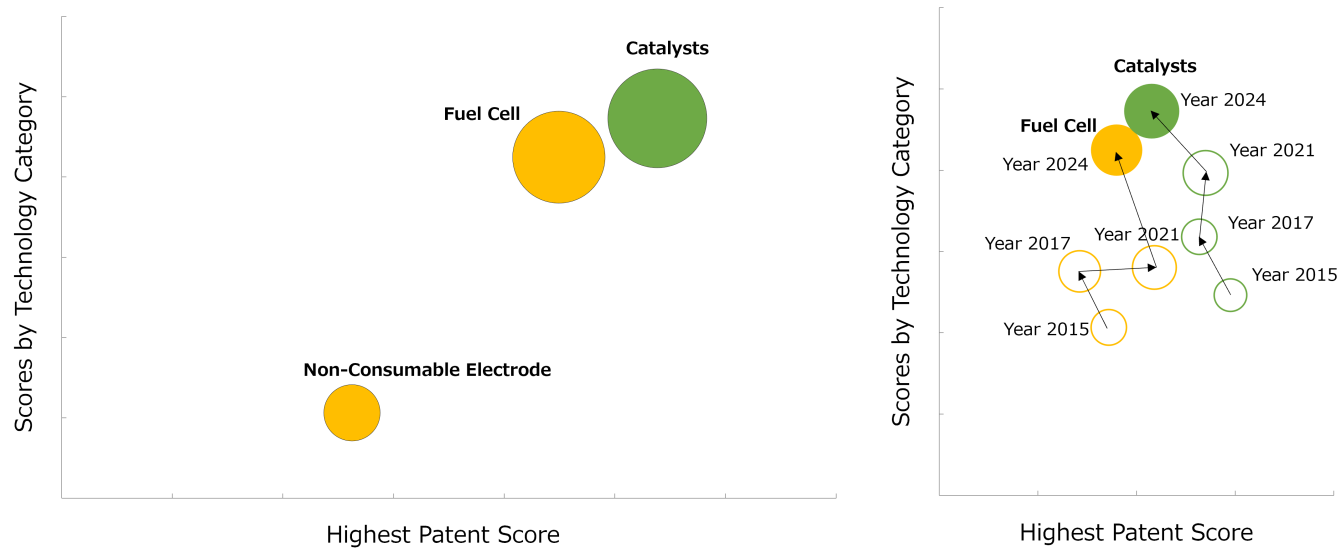
Initiatives for a Decarbonized Society

As an environmental energy company, the Nisshinbo Group is actively engaged in GX (Green Transformation) initiatives with the goal of contributing to the hydrogen society. Typical examples of our efforts include research and development of fuel cell catalysts and fuel cell separators.

The figure below shows an analysis of patents held in the fuel cell field in the Green Transformation Technology Category Table (GXTI^{*}) by the Japan Patent Office. This chart shows that the Nisshinbo Group is strong in patents related to fuel cell and catalysts. In addition, the strength of patents in this field is increasing year by year.

^{*} GXTI: A technology classification table created by the Japan Patent Office in June 2022 to provide an overview of technologies related to green transformation (GX).

Analysis of Patents Owned in the fuel cell field (GXTI)



^{*} In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle indicates the number of patents.

Licensable Patent

Japan Radio Co., Ltd., in the Wireless and Communications segment, has established a system whereby patented technologies, etc. not being used by the company are made available as patents that can be licensed in order to contribute to solving various social issues, so that Nisshinbo's technologies can be widely used outside of the Nisshinbo Group.

The open patents are published in the Licensable Patent Information Database with easy-to-understand examples added.
National Center for Industrial Property Information and Training, Licensable Patent Information Database: <https://plidb.inpit.go.jp/english/home>

Initiatives to Improve Quality and Customer Satisfaction



Basic Concept

The Nisshinbo Group aims to create new and original value in its products and contribute to the creation of an affluent society.

The Group strives deliver products and services that meet its customers' demands for product performance and quality in a timely and stable manner, and gains the satisfaction and confidence of its customers with outstanding quality. The Nisshinbo Group works to create value for them.

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change.

In order to provide products and services that satisfy customers, the Nisshinbo Group's manufacturing and quality assurance department are promoting activities to improve quality and customer satisfaction required for each product. Under the leadership of the Managing Officer in charge of the Risk Management Department, the Risk Management Department now manages initiatives.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management^{*} and receives progress reports from the Managing Officers in charge of the Risk Management Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of the Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to improve quality and customer satisfaction as a priority activity and achieve the goals of *continuously promoting measures to improve customer satisfaction*.

- ① The number of violations of the Product Liability Act "0".
- ② Understand and share the status of quality claims for each segment.

In FY2024, the Nisshinbo Group achieved its targets by conducting surveys and sharing information on quality complaints in each segment, and by implementing PDCA cycles in the manufacturing and quality assurance departments of each business.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on improving quality and customer satisfaction as a priority activity and will set the following goal to achieve *continuously promoting measures to improve customer satisfaction*.

Understand and share the status of customer satisfaction for each segment.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Status of PL Law Violations and Claims

In FY2024, there were no cases of Product Liability (PL) Law violations in the entire Nisshinbo Group. Since the determination of claims and complaints varies depending on the industry and type of business, the Nisshinbo Group checks the annual trends for each company within the Nisshinbo Group. The number of claims is on a downward trend in all segments within the Group.

Acquisition of Certification for Quality Assurance

As of September 2024, the Nisshinbo Group has acquired "ISO 9001" certification, a quality management system established by the International Organization for Standardization (ISO), for 34 companies and 42 organizations. In addition, to meet industry-specific requirements, 24 organizations in 23 companies have obtained certification under the "IATF 16949" automotive industry quality management system standard.

In addition, 3 companies that manufacture medical equipment have obtained ISO 13485 certification, an international standard for medical device quality management systems, and 2 companies have obtained JIS Q 9100 certification, a standard for the aerospace and defense industry.

Specific Activities of the Group Companies

Customer Satisfaction Survey Based on Questionnaire

HYS Engineering Service Inc. conducts an annual questionnaire survey, mainly via the Internet, to assess customer satisfaction with the company and identify areas for improvement.

In FY2024, HYS Engineering Service Inc. surveyed 87 companies and received responses from 80 (a response rate of 92%). The survey included nine items related to product quality and price, as well as ten items related to maintenance services. These maintenance items focused on ensuring uninterrupted system operation and contributing to a safe and secure society, such as whether system recovery was prompt, whether cause analyses and preventive measures were appropriate, and whether information and proposals were provided to prevent system failures. Respondents were asked to rate each item on a five-point scale and provide any additional comments or suggestions.

The survey results included positive feedback, such as "We can entrust our business operations with confidence," as well as some critical comments. the company is currently reviewing the details and working on measures to address these concerns.

Through such initiatives, HYS Engineering Service Inc. will sincerely incorporate opinions, reflect on its activities, and strive to meet customer expectations.

Improvement of Quality Through DX Promotion

Nisshinbo Mechatronics Inc. is advancing the automation of inspections using digital tools led by the Digital Promotion Division.

To date, Nisshinbo Mechatronics Inc. has been working to detect the presence, position, and orientation of target objects within image data using AI. However, the company is now striving to further enhance this technology by extracting contours from images and evaluating the dimensions in 0.1 mm increments based on predefined rules. This is expected to expand the scope of inspections and further advance automation. By delegating tasks that can be performed by machines to machines and reserving tasks that require human expertise for humans, the company aims to enhance the reliability of inspections.

Additionally, company facilities accumulate a large amount of data. Rather than simply storing this data as records, Nisshinbo Mechatronics Inc. is working to build a system that combines data and leverages it as information necessary for business operations. Going forward, the company will continue to employ digital tools to advance its continuous improvement activities.

Implementation of Regular Supplier Quality Meetings

At the Fujieda Plant of Nanbu Plastics Co., Ltd., suppliers' representatives, primarily from molding partner factories, gather every month for regular supplier quality meetings. The meetings share quality performance data, quality-related information, and challenges faced by each company with all participants discussing these issues to achieve improved quality levels. Suppliers with zero complaints over a one-year period are recognized with a Quality Excellence Award during the meeting. In 2024, five companies received the award, and the company presented them with commemorative gifts and certificates of appreciation.

In addition to quality, the meetings cover topics on environmentally friendly delivery methods, employee safety measures, and reports on process improvement initiatives. These activities foster communication not only between the company and its suppliers but also among suppliers.

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

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Under a system in which the Managing Officer in charge of the Risk Management Department serves as the group coordinator, a Group Health and Safety Liaison Conference has been established to promote the prevention of occupational accidents and diseases throughout the entire Group. The Health & Safety Group of Nisshinbo Holdings Inc. serves as the secretariat for the committee.

The Nisshinbo Group's group coordinator reports on the status of achievement of the Group's targets and the occurrence of occupational accidents at the Board of Management*, and supervises the targets and their progress. The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews, and instructs necessary implementation measures for management, such as targets and priority policies for the following fiscal year. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of the Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following item as targets and KPIs to promote activities for occupational safety and health as a priority activity and achieve the goals of *preventing occupational injuries*.

The number of serious accidents "0".

The focus for FY2024 is on strengthening safety and health activities. The main specific initiatives are as follows.

① Prevention of serious accidents

When introducing new machinery, equipment, or chemicals, when significantly modifying existing equipment, and when significantly changing work methods, we will reduce the risk of occupational accidents through risk assessment.

② Strengthening chemical substance management

Ensure the effective operation of exposure prevention equipment for hazardous chemical substances and the appropriate use of personal protective equipment at each workplace.

③ Promotion of preventive measures against occupational accidents

Reduce occupational accidents caused by such work activities as falls and back pain by reviewing work methods and promoting health promotion activities.

As a result of these efforts, there were no major disasters during the three-year period covered by the 5th Sustainability Promotion Plan.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on promoting activities for occupational safety and health as a priority initiative and will work to prevent occupational injuries. The Nisshinbo Group working toward the following goals through a PDCA cycle.

The number of serious accidents "0".

In FY2025, Nisshinbo will focus on improving safety and health management levels, preventing serious accidents, and providing education and training to employees to raise their awareness of safety and health.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan and KPIs."

▸ Sustainability Promotion Plan and KPIs

Occurrence of Occupational Injuries

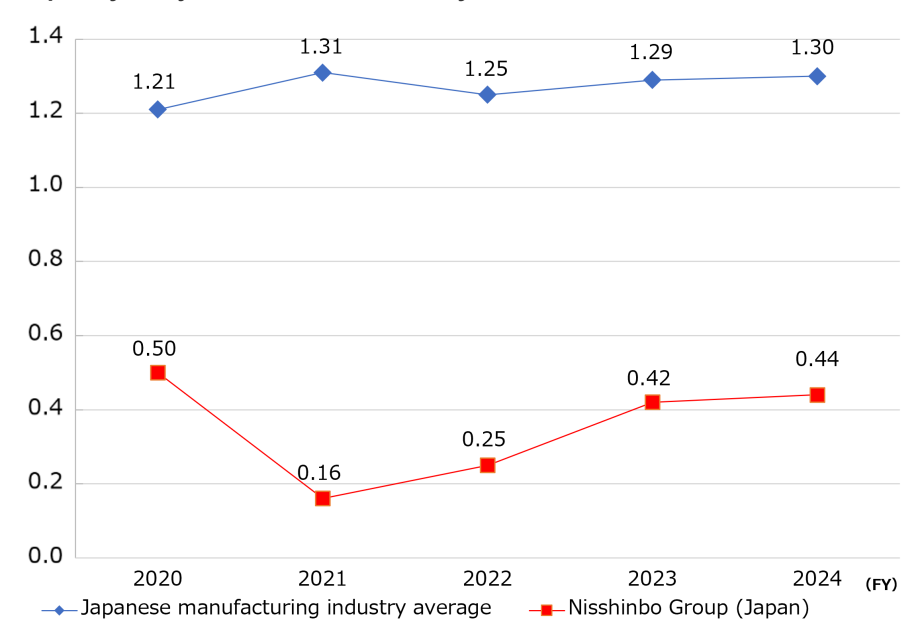
In FY2024, the Nisshinbo Group had no serious occupational accidents (classified as grade 1 to 7 death or disabilities).

The frequency rate of lost time injuries *, represents the frequency of occupational accidents, remained at 0.44 for the entire domestic group in fiscal 2023, the same level as the previous fiscal year, maintaining a favorable level compared to the domestic 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.

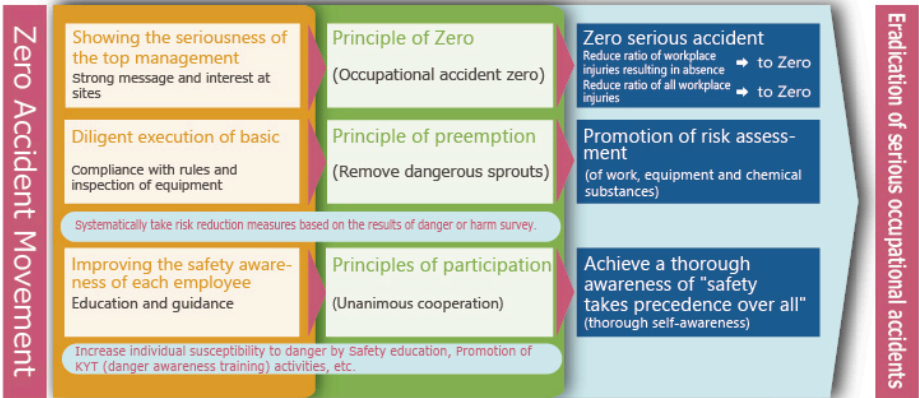
* Frequency of injuries with lost work days: an index of the frequency of injuries with lost work days. Expressed as the number of work-related fatalities and injuries per 1 million total working hours.

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.



Health and Safety Education and Training

In accordance with the Nisshinbo Group's priority policy for FY2024, "Strengthening Safety and Health Activities," approximately 50 safety and health personnel from each business site participated in a study session to learn about efficient safety and health management operations and safety and health activities between business sites with a focus on the integration and collaboration of safety and health management operations through the integration of group companies.

The study session was held at Nisshinbo Micro Devices Inc., which, following the integration of business companies, began by understanding the *differences in culture and approaches* between each facility. The company then established monthly regular meetings with safety officers from all facilities to share information and strengthen safety and health activities. Participants exchanged opinions on these activities and challenges.



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 FY2024, Nisshinbo conducted health and safety audits at 45 business sites in Japan, mainly manufacturing sites, and 5 overseas business 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.

Chemical Substance Management Initiatives

From 2023, autonomous management of chemical substances has been required because of the revision of government ordinances related to the Industrial Safety and Health Act. Based on this, Nisshinbo confirmed the status of compliance with the Guidelines for Chemical Substance Management in the Workplace formulated in collaboration with experts from domestic group companies through safety and health audits. The Group also held review meetings with the departments in charge at domestic group companies to resolve issues and problems at each workplace, thereby improving the level of chemical substance management.

Activities at Business Sites in Overseas

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 personal protective equipment to prevent health problems.

Specific Activities of the Group Companies

Promotion of traffic safety activities

Japan Radio Co., Ltd. Nagano Plant and Nagano Japan Radio Co., Ltd. have been designated "Model Workplaces for Promoting Traffic Safety in Fiscal Year 2024" by the Nagano Prefectural Police. Together with the Nagano South Police Station and the local traffic safety association, they will engage in traffic safety awareness activities in the vicinity of their workplace for one year (April to December)

Many employees commute to work by car or bicycle, and traffic accidents occur every year at intersections and crosswalks around the company premises. With the aim of raising traffic safety awareness among all employees and preventing accidents, employees participated in activities to promote traffic safety.

Specifically, in June, July, and September 2024, the companies conducted awareness campaigns by stationing staff at the main gates of their business premises, surrounding employee parking lots, and intersections, and provided traffic safety education (car and bicycle simulators, physical ability tests, etc.). In December, the companies invited a police officer to give a lecture on traffic safety for drivers and cyclists, which was recorded and made available as an e-learning course at the end of the fiscal year during the accident-free week (mandatory for all employees). The companies asked participants to fill out a questionnaire after viewing the video, in which they pledged to observe traffic safety, in order to raise awareness of traffic safety.



Traffic safety awareness activities by standing guard

Efforts to prevent falls

Falls account for 70% of workplace accidents and are considered to be particularly serious, often resulting in fractures and prolonged absences from work. At Japan Radio Group, falls occur from slipping on frozen surfaces, mis-stepping on stairs, and tripping over steps or carts.

In light of these circumstances, Japan Radio Co., Ltd. implemented an e-learning program "Preventing Falling Accidents" (mandatory for all employees) in conjunction with Safety Week in July 2024. The company conducted educational activities to implement measures to prevent falls, including typical patterns of falls (slips, trips, and missteps), thorough implementation of the so-called 4S principles (sorting, straightening, sweeping, and cleaning), allowing sufficient time, taking small steps, avoiding work under conditions where the ground is not visible, selecting appropriate footwear for the task and weather conditions, and posting signs in areas of the workplace where falls are likely to occur.

In addition, at the Nagano and Kawagoe Plants, with the aim of preventing falls on stairs, senior employees conduct monthly guidance on the use of handrails with a target retention rate of 90%. The results are reported at the monthly safety and health committee meeting with a breakdown by building.

転倒災害防止教育

2024年7月2日
日本無線株式会社
中央安全衛生委員会事務局作成

1. 転倒災害発生件数の推移と怪我の態様

▶ 令和3年の転倒災害発生件数
33,672人のうち、70%が骨折。
転倒災害による平均休業日数も
47日と長期におよびます。

年度	発生件数
H24	28,000
H25	28,500
H26	29,000
H27	29,500
H28	30,000
H29	30,500
H30	31,000
R1	31,500
R2	32,000
R3	33,672

転倒による怪我の態様

- 骨折 (約70%)
- 打撲
- 眼球破裂
- 外傷性気胸 等

転倒災害による平均休業日数
47日

3. 転倒災害とは？

「労働災害分類の手引き」(中央労働災害防止協会)によると、転倒とは「人がほぼ同一平面上で転ぶ場合をいい、つまずき、滑りにより倒れた場合等をいいます。車両系機械等とともに転倒した場合も含む。交通事故は除く。」とされます。▶ 職場でこんなことありませんか？

▶ 仕事中なら、これらは全て労働災害です！

4. 転倒災害を防ぐためには

▶ 転倒災害を防ぐためには日頃から整理・整頓・清掃・清潔に取り組むことが、重要です。

▶ 4Sと覚えてください。

例えば、通路など人が歩く場所には物を放置しない、水や油、埃など床面の汚れはすぐに取り除く、こうしたことが転倒災害の防止につながります。

4S

- SEIRI(整理)
- SEITON(整頓)
- SEISO(清掃)
- SEIKETSU(清潔)

5. 確認問題

▶ どこに転倒の危険があるか分かりますか？ また、改善策を考えてみてください。

2. 転倒災害を防ぐためには、作業などを行う際、転倒しにくい方法で行うことも重要です。

▶ 例えば、時間に余裕を持って行動する、滑りやすい場所では狭い歩幅でゆっくり歩く、足元が見えない状態で作業しない、といったことです。

あせらない
急ぐ時ほど
落ち着いて

E-learning "Preventing Falling Accidents"

Traffic Safety Activities and Labor Standards Bureau Director's Award

HYS Engineering Service Inc. and GOYO ELECTRONICS CO., LTD. introduced the DRIVE CHART into their company vehicles. An AI-powered drive recorder constantly analyzes driving behavior to identify and detect risky driving actions that could lead to accidents. The system aims to improve carelessness and driving habits that lead to traffic accidents, thereby efficiently reducing accidents. Specifically, it detects risky driving behaviors (such as sudden acceleration, sudden steering, and distracted driving) by individual drivers and provides feedback to the drivers to correct improper driving habits and reduce accidents.

HYS Engineering Service Inc. is primarily engaged in the maintenance of communication and video systems and owns 108 company vehicles for use in visiting customer sites. Approximately 200 employees, or about 30% of the total workforce, are registered to drive company vehicles, and the company vehicles collectively drives approximately 120,000 km per month. Driving a car always carries the risk of accidents, but to reduce that risk, the company introduced the DRIVE CHART, which detects risky driving behavior and records video footage. Managers are notified in real time, which helps reduce the risk of accidents.

In addition, at the safe driving competition held in FY2024, drivers formed small groups and considered the measures necessary for safe driving by sharing their ideas with each other.

As a result of these efforts, HYS Engineering Service Inc. achieved zero traffic accidents in 2024. In addition, the company was recognized for its particularly outstanding traffic accident prevention measures, which serve as a model for others, and received the Tachikawa Labor Standards Inspection Office Director's Award for Excellent Workplaces in Occupational Safety and Health in November 2024.

GOYO ELECTRONICS CO.,LTD. participated in the DRIVE CHART Traffic Safety Campaign 2024 jointly organized by companies that adopted DRIVE CHART in the spring of 2024. The company implemented e-learning for all employees and publicly announced the results of risk driving monitoring within the company during the campaign period to raise awareness of safe driving.

The DRIVE CHART Award 2024, which recognizes companies committed to reducing accidents, announced the top 10 companies with the lowest number of risky driving incidents per 1,000 km driven as the DRIVE CHART STARS (General Vehicle Category).



Traffic safety activities



Received the "Tachikawa Labor Standards Inspection Office Director's Award"

Received the National Award for Excellence in Safety and Health

Nisshinbo Micro Devices (Thailand) Co., Ltd., in September 2024, was take part in "Contest on Workplaces of Excellence in OSH" in Thailand. The first contest was launched in 1986, as an important part of the National Safety Week event.

The company has been honorably awarded the 2024 excellent practices establishment on occupational safety and health national level as the 21th year of achievement. Nisshinbo Micro Devices (Thailand) was evaluated for its high level of safety awareness among all employees, from management to staff, and its numerous safety activities.



National Safety and Health Excellent Business Office Award

Danger Prediction Training Short Video Contest

Nisshinbo Micro Devices (Thailand) Co., Ltd. conducted safety week activities in August 2024. During this event, all employees signed the safety declaration sheets posted in the cafeteria and enjoyed games related to safety signs and traffic safety to raise the awareness of safety.

In addition, the company held an internal contest featuring short videos of the hazard prediction training (KYT) conducted at the start of each workday. The submitted short videos showed creativity in the use of call phrases and pointing gestures, and many videos conveyed a sense of unity within the departments. The activity was also an opportunity to learn about KYT events in other departments that employees do not usually see, so it was a good reminder to be more aware of hazard prediction.



Safety Week Event



Hazard Prediction Training (KYT) Activity Contest

Promotion of safety and health activities

At Nisshinbo Mechatronics (Shanghai) Co., Ltd. the company established a Safety and Health Committee composed of five subcommittees (Risk Assessment, Traffic Safety, 5S, Near Miss, and KYT (Hazard prediction ("Kiken Yochi") training)) and an office, and Nisshinbo Mechatronics (Shanghai) Co., Ltd. is implementing safety and health activities. In addition to activities within each subcommittee, the company sponsors safety conferences and 5S conferences with the participation of all employees to enhance safety awareness among everyone at the company.

At the Safety Conference, the company conducts surveys on understanding and safety awareness after the conference and provides individual follow-up as necessary. At the 5S Conference, each workplace reports on the results of improvements made to hazardous areas in their workplaces. In addition, the EHS* Management Department conducts hazard awareness training for all employees using devices that simulate hazards, such as entanglement and electric shock.

In addition, the company conducts monthly safety inspections by management and provides opportunities to hear reports on improvement initiatives voluntarily implemented by each workplace, such as improvements to difficult work areas. The company also established a system that allows employees to easily report any hazards they discover in the workplace using smartphones. In FY2024, the company received 277 reports, demonstrating that this has become an established safety and health activity in which all employees participate.

* EHS: An acronym for Environment, Health, and Safety. It refers to environmental and occupational safety and health.



5S Conference



Danger awareness education

Strengthening chemical substance management

Nisshinbo Chemical Inc. has conducted monthly meetings since 2024 to promote cooperation among safety managers and chemical substance managers at each business site, manage progress in responding to revisions to the relevant laws and regulations, resolve issues arising in chemical substance management, and share information.

For FY2024, Nisshinbo Chemical Inc. revised the internal regulations regarding chemical risk assessment (CRA) and unified the methods for conducting CRA and the approach to risk levels, which had previously been handled separately by each workplace. Additionally, the company conducted chemical substance-

related education for employees handling chemical substances using e-learning materials provided by the Ministry of Health, Labour and Welfare. This education covered such topics as hazards and toxicity, pictograms, proper use of protective equipment, and labeling with the aim of ensuring that employees acquire the necessary knowledge to protect themselves.

In order to confirm the level of knowledge retention, a test to assess understanding was conducted at the end of the training. For areas where comprehension was lacking, the company provided follow-up training and provided feedback on the content of the next training session, striving to continuously maintain and improve the level of chemical substance management among employees.

Safety awareness promotion

Nisshinbo Do Brasil Industria Textil LTDA. conducts training sessions led by factory safety engineers with the aim of raising employee safety awareness. The sessions are held four times a year and are mandatory for all employees at the supervisor level and above. Supervisors who participate in the sessions are also responsible for conveying the information to subordinates. The content of the sessions is reviewed each time by the Safety Office in accordance with the current situation at the factory.

In FY2024, in light of the large number of commuting accidents that occurred in the previous year, the company conducted training on traffic safety. In addition, Nisshinbo Do Brasil Industria Textil LTDA. provided training on human rights and disseminated the results of analyses of industrial accidents that occurred at factories in the past, along with points to note.

In FY2025, in response to requests from senior managers who expressed a desire to learn how to interact with and supervise their subordinates, the company plans to hold a training session led by a legal advisor.

As part of its safety awareness activities, the company shows videos in the cafeteria that are based on the monthly safety goals. These videos are created each month by factory safety engineers. They use simple pictures and large text to ensure that the message sticks even when viewed while eating, and the content is kept simple.



Safety awareness seminar

Promoting Responsible Supply Chains



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 its suppliers as equal partners through sound business relationships, aiming for sustainable transactions throughout the supply chain.

To address sustainability throughout the Group's supply chain, we established the "Nisshinbo Group Sustainable Procurement Basic Policy" in 2015, under aspects such as legal compliance, fair trade, information security, environment protection, human rights, safety & health, and quality & safety. The basic policy was revised in 2024 after a review in response to recent social demands. At the same time, we established the "Nisshinbo Group Sustainable Procurement Guidelines."

The Nisshinbo Group promotes sustainable procurement initiatives while ensuring that all suppliers understand the Group's basic policies and guideline.

■ Nisshinbo Group Sustainable Procurement Basic Policy

- ① To strictly observe all legal obligations and social norms
- ② To ensure a safe and comfortable work environment where human rights are respected
- ③ To strive for a secure and healthy living and working environment
- ④ To give due consideration to protection of the environment
- ⑤ To always pursue business in a sound and fair manner
- ⑥ To procure raw materials responsibly
- ⑦ To aim to ensure the quality and safety of all products and service
- ⑧ To properly manage all information
- ⑨ To have a business continuity plan in place

▶ Nisshinbo Group Sustainable Procurement Guideline

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. The Nisshinbo Group's procurement is governed by a governance system headed by the Senior Manager of the Risk Management Department of Nisshinbo Holdings Inc. In addition, the Company has established a procurement manager meeting to promote sustainable procurement and are working to implement activities.

The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews at the annual Board of Management* and receives progress reports from the Managing Officers in charge of the Risk Management Department with regard to the group's initiatives. Based on these reports, the president issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

Specific Initiatives of the Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following three items as targets and KPIs to promote sustainable procurement as a priority activity and achieve the goals of *improving sustainable procurement in collaboration with suppliers, implementation of global response, and expanding internal awareness-raising activities*.

- ① **Evaluation of improvement efforts based on the results of the sustainable survey to major suppliers (more than 80% of transaction amount), 100%.**
- ② **Consideration and implementation of deployment methods to the supply chain at overseas business connection and critical overseas locations.**
- ③ **Implementation rate of training for purchasing staff (annual theme), 100%**

In FY2024, we will convene procurement manager meetings in July and December, targeting production plants with domestic and overseas Procurement Division as target sites for the rollout of the supply chain at the overseas bases mentioned in ② above. In addition, we reviewed the sustainable procurement questionnaire mentioned in ① based on the Nisshinbo Group Sustainable Procurement Guidelines for both domestic and overseas sites.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on promotion of sustainable procurement as a priority activity and will set the following two goals to achieve *improving sustainable procurement in collaboration with suppliers*.

Feedback of questionnaire results based on procurement guidelines to major suppliers (over 80% of transaction value) 100%.

At the procurement manager meeting, it was decided that activities for the 6th term would continue to focus on supplier surveys. Additionally, from FY2025, KOKUSAI DENKI Electric Inc. would join the procurement manager meeting.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan and KPIs."

Implementation of Sustainable Procurement Survey and Improvement Activities

In order to confirm the status of our sustainable procurement initiatives, Nisshinbo Group companies in Japan have been conducting a questionnaire survey of major suppliers in Japan and providing feedback on the results since 2017. The results of the survey are fed back to suppliers for their use in improvement activities toward sustainable procurement. Through these activities, the Nisshinbo Group Basic Policy for Sustainable Procurement has been disseminated to suppliers.

The scope of the FY2024 survey covers suppliers that account for 80% of the transaction amount of each core company. Many suppliers who participated in multiple surveys and provided feedback in the past saw an increase in their evaluation scores. However, for group companies that conducted the survey with the new questionnaire, direct comparisons were not possible, and because of the increase in the number of questions, scores showed a trend toward equivalence or a slight decline. Going forward, Nisshinbo will continue to share survey results with suppliers and utilize them for improvement, thereby advancing sustainable procurement initiatives.

In FY2025, Nisshinbo plans to implement activities in accordance with the new questionnaire content based on the Nisshinbo Group Sustainable Procurement Guidelines, including overseas offices and suppliers.

Implementation of Training for Purchasing Managers

In FY2024, Nisshinbo conducted internal training on responsible mineral procurement in July for purchasing personnel at Group companies in Japan. There are many minerals that fall under the scope of *responsible mineral sourcing*, and Nisshinbo considers it necessary to thoroughly examine the methods for conducting investigations within the supply chain. However, Nisshinbo plans to conduct investigations while deepening the understanding of its purchasing staff and taking steps forward.

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.

At the end of December 2024, Nisshinbo Holdings Inc., Nisshinbo Micro Devices Inc., and Nisshinbo Brake Inc. announced a partnership agreement.

"Declaration to Build Partnerships" portal site

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



Specific Activities of the Group Companies

Sustainable Procurement and Green Procurement Initiatives

Japan Radio Co., Ltd. aims to fulfill its social responsibilities in the supply chain and achieve sustainable procurement together with its suppliers while promoting understanding and awareness both within and outside the company.

Specifically, the company revised its Green Procurement Guidelines (9th edition) in February 2020 and has been promoting environmental conservation by prioritizing lead-free and RoHS Directive* compliance when purchasing parts, materials, and units used in its products in accordance with the Environmental Considerations and Product Design Guidelines.

The Japan Radio Group Sustainable Procurement Basic Policy has also been formulated on the basis of the Nisshinbo Group Sustainable Procurement Basic Policy and is posted on the company's website.

In addition, four companies in the Japan Radio Group (Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., and JRC Tokki Co., Ltd.) conducted a sustainable procurement survey of suppliers that accounted for 80% or more of their transaction volume and evaluated improvements from the previous results.

* RoHS Directive: European Union (EU) legislation restricting the use of certain hazardous substances in electrical and electronic equipment.

Training on the Protection of Subcontractors

JRC System Service Co., Ltd. is engaged in the construction industry and is required to maintain and promote appropriate business relationships with subcontractors in the course of its operations. To comply with the Subcontract Act (Act on Prevention of Delay in Payment of Subcontract Prices) and the Construction Industry Act, as well as to ensure that subcontractors are not disadvantaged, the company conducts annual training sessions on fundamental matters regarding the obligations and prohibitions of principal contractors (prime contractors).

With regard to the Subcontract Act, the company provides lectures primarily on the purpose of the law and the obligations of parent companies, such as prohibitions on late payment and reduction of subcontractor fees, as well as prohibitions on unfair returns and bargain-basement purchases. In addition, the JRC System Service Co., Ltd. explains past recommendations made by the Fair Trade Commission to deepen the understanding of those responsible and to ensure compliance.

With regard to the Construction Industry Act, the company provides training that focuses on understanding the entire process from estimation to contract conclusion and payment with particular emphasis on written contract conclusion and strict adherence to payment deadlines in order to protect subcontractors.

In FY2024, 89 employees from around the country participated in online training. Employees who were unable to participate because of work commitments study subcontractor protection on their own using training materials posted on an internal server that can be accessed by all employees nationwide.

Implementation of Subcontracting Law Education

JRC Tokki Co., Ltd. implemented training for all employees responsible for outsourcing to external parties to avoid damage to the company's image and minimize compliance risks from violations of the Subcontract Act. The training covers the following topics using the latest booklet issued by the Japan Fair Trade Commission : "Scope of application of the Subcontract Act," "Obligations of principal contractors," "Prohibited acts of principal contractors," "Procedures for handling incidents," "Overview of superiority and special provisions," and "Provisions of the Subcontract Act."

The company systematically studied the fundamental concepts of the Subcontract Act and organized important points to keep in mind when conducting business. After the course, the company evaluated the effectiveness of the training through a question-and-answer session.

JRC Tokki Co., Ltd. will continue to provide ongoing training according to a plan and strive to reduce compliance risks.

Efforts to Protect Subcontractors

HYS Engineering Service Inc. is promoting sustainable procurement throughout its supply chain as part of its sustainable procurement initiatives, based on the Nisshinbo Group Sustainable Procurement Basic Policy. Starting in FY2025, the company will administer a Sustainable Procurement Questionnaire for major business partners (approximately 80 companies) to promote the sharing and implementation of the Nisshinbo policy.

As part of its efforts to optimize subcontracting relationships, HYS Engineering Service Inc. is reviewing the prices of purchased goods in light of rising prices for raw materials and labor costs. The company has revised the transaction prices with subcontractors for lead-acid batteries and work unit prices as appropriate.

In addition, based on advice from the Fair Trade Promotion Division of the Ministry of Economy, Trade and Industry, HYS Engineering Service Inc. clearly indicates the work location and other details when making arrangements and issues easy-to-understand order forms to their business partners.

Regarding this initiative, in February 2024, the company held a regular department manager meeting attended by members of its dispatch department, where it conducted training on the proper implementation of the Subcontract Act to ensure that all participants were fully informed.

Realization of Fair and Transparent Transactions Through Implementation of Subcontracting Law Education

At the Nisshinbo Micro Devices Group (domestic production sites), all employees involved in purchasing transactions, including purchasing managers, undergo regular subcontracting law training once a year to ensure understanding and strict compliance with the law, thereby realizing fair and transparent transactions. In July 2024, subcontracting law training was conducted with 822 employees from Nisshinbo Micro Devices Inc., 157 employees from Nisshinbo Micro Devices AT Co., Ltd., and 12 employees from Nisshinbo Micro Devices Fukuoka Co., Ltd. for a total of 991 employees. In education, the employees watched videos on the fundamental concepts of the Subcontract Act provided by the Fair Trade Commission and conducted confirmation exercises.

In addition, Nisshinbo Micro Devices Inc. issued a Partnership Building Declaration in March 2024 with the aim of building new partnerships by promoting cooperation and coexistence with suppliers in the supply chain and businesses that seek to create value.

The company's partnership declaration is posted on the Partnership Declaration portal site.

<https://www.biz-partnership.jp/declaration/55983-05-20-tokyo.pdf> 

Sustainable Procurement Guidelines and Anti-Fraud Initiatives

Nisshinbo Automotive Manufacturing Inc. in the United States is promoting sustainable procurement in accordance with the Nisshinbo Brake Sustainable Procurement Guidelines.

In addition, the company complies with the Federal Trade Commission Act (FTC Act), Section 5 (15 USC 45), which prohibits unfair or deceptive acts or practices in commerce or affecting commerce. In December 2024, fraud prevention training was conducted at the Georgia and Michigan facilities of the company with 286 employees participating.

The company's corporate philosophy forms the foundation of its partnerships in the supply chain for its business activities in North America. In September 2024, the company conducted corporate philosophy training, which was attended by 320 employees. The training not only reaffirmed the company's corporate philosophy but also communicated the values that the company cherishes toward the global environment, society, customers, shareholders, investors, and employees.

Negotiations with Suppliers

Nisshinbo Chemical Inc. places top priority on the stable supply of high-quality products to its customers and is engaged in discussions with its suppliers.

For example, when a supplier requests changes to production sites or raw materials because of changes in their business environment, Nisshinbo Chemical Inc. thoroughly investigates the impact on the quality of its products and gives top priority to meeting delivery deadlines and ensuring stable supply to its customers before proceeding with negotiations. Although there may be instances where an agreement cannot be reached during negotiations, the company will continue to negotiate persistently until a mutually acceptable solution that allows both parties to coexist and prosper can be found.

As part of its efforts to promote responsible supply chains, the company requests their suppliers to investigate and confirm their status regarding the nonuse of conflict minerals, import restrictions, and regulated substances and then issues nonuse certificates as necessary. Some customers may request the submission of a declaration of nonuse, and Nisshinbo Chemical Inc. responds to such requests in good faith.

Nisshinbo Chemical Inc. will continue to build good relationships with suppliers and work to make supply chain management more reliable.

Promoting Health Management



Basic Concept

The aim of the Nisshinbo Group is to be a corporate group that continues to be trusted and needed by society through the protection of the health of each and every employee and the enhancement of the vitality of the entire organization. Creating an environment where employees can work in good health and with vitality is an important theme that is directly linked to the sustainable growth of the company and the happiness of its employees. To this end, Nisshinbo promoting measures to resolve employee health issues and achieve zero work loss.

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Under the leadership of the Managing Officer in charge of the Talent & D&I Development Department, the Nisshinbo Group holds an annual "Group Health Management Department Meeting" attended by representatives from the health care divisions of each group company to discuss health-related policies and issues across the group.

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of The Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to cultivate employee health as a priority activity and achieve the goals of *promoting health management*.

- ① **Rate of patients receiving detailed examinations after regular health checkups, 85% or more.**
- ② **Implementation rate of health guidance for high-risk workers, 100%.**

In FY2024, based on the concept of "protecting the health of the workplace and employees and improving productivity through health management measures," Nisshinbo promoted the following activities.

Specific measures

- Enhancement of health checkups and follow-up systems
- Effective health management through data utilization
- Implementation of health promotion programs
- Strengthening mental health measures
- Awareness-raising activities to improve health consciousness
- Promotion of work-style reform and well-being

Through these initiatives, Nisshinbo aims to create a workplace where every employee can work in good health and with peace of mind, while also striving for the growth of the company as a whole. Going forward, Nisshinbo will continue to be a company that contributes to its employees and society by placing health management at the core of our business.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on cultivating employee health as a priority activity and will set the following two goals to achieve *promoting health management*.

- ① Rate of patients receiving detailed examinations after regular health checkups, 85% or more.
- ② Implementation rate of health guidance for high-risk workers, 100%.

In the 6th Sustainability Promotion Plan, the Nisshinbo Group will continue to implement the above specific initiatives as in the 5th plan.

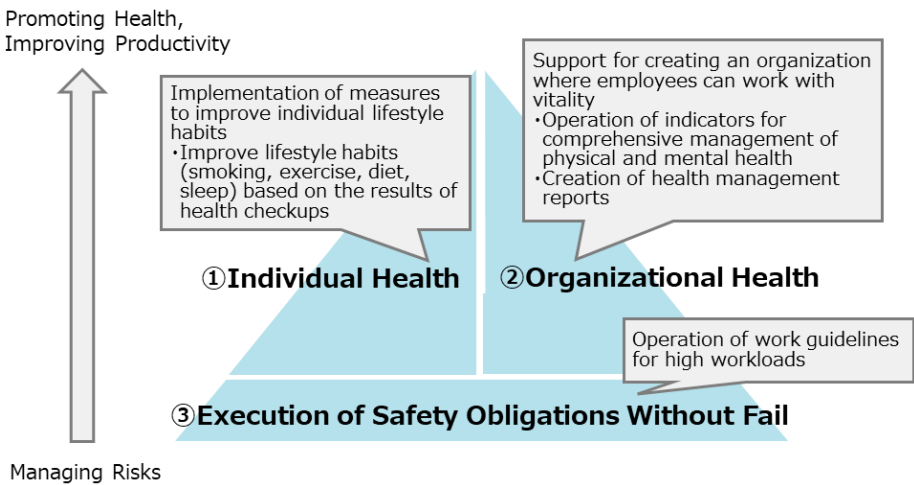
Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and KPIs

Health Management

In promoting health management, the Nisshinbo Group focuses its activities on three pillars: *individual health*, *organizational health*, and *execution of safety obligations without fail*.

Framework for Health Management Measure



Under the Certified Health and Productivity Management Organization Recognition Program, designed by the Ministry of Economy, Trade and Industry and selected by the Japan Health Council, ten companies in the large corporation category*¹ (including one company listed in the "White 500") and five companies in the small and medium-sized corporation category*² as Certified Health and Productivity Management Organizations 2025.

*¹ Nisshinbo Holdings Inc., Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd., Ueda Japan Radio Co., Ltd., KOKUSAI DENKI Electric Inc. (White 500), Nisshinbo Micro Devices Inc., Nisshinbo Brake Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc., Nisshinbo Textile Inc.

*² JRC Logistics Service Co., Ltd., Nagano Japan Radio Manufacturing Co., Ltd., NJ Components Co., Ltd., Nisshinbo Micro Devices Fukuoka Co., Ltd., Nisshinbo Micro Devices AT Co., Ltd.



▶ External Ratings and Evaluation

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 group 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

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

■ Promotional activities for exercise habits

- ① Holding events to encourage walking (exercise)
- ② Holding sporting events (bowling tournaments etc.)
- ③ Hands-on health exhibitions by occupational health personnel
- ④ Participation in exercise experience of private business (Web-based exercise seminars by instructors, yoga classes, and other exercise activities)
- ⑤ Promoting the use of stairs
- ⑥ Implementation of workplace exercises
- ⑦ Providing information on exercise, such as introducing walking courses
- ⑧ Holding seminars on exercise habits by industrial and other physicians



Hands-on health exhibitions by occupational health personnel

■ 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 Mental health interviews by supervisors
- ③ Mental health counseling
- ④ Workplace Improvement Using Work Stress Judgment Chart

- ⑤ Providing information on stress measures and mental health
- ⑥ Providing information on harassment
- ⑦ Providing information on promotion of communication in the workplace
- ⑧ Seminars on mental health by industrial and other physicians

Promotion of Collaborative Health Care by Each Health Insurance Association and the Company

In line with the company's promotion of health management, health insurance associations are also working together with the company to improve the lifestyle of subscribers and to prevent illness.

Specific examples of collaborative health are as follows:

- ① Motivational support for specific health guidance
- ② Assistance with the cost of outpatient smoking cessation and smoking cessation support services
- ③ Sponsorship of walking events
- ④ Subsidies for influenza vaccination costs
- ⑤ Dental checkups

Promoting understanding of women's health-related issues

In order to deepen the understanding of health issues specific to women not only among women but also among men, and to create a comfortable workplace for everyone, Nisshinbo implemented e-learning education under the theme of "For women to continue working actively: Let's improve health literacy."

Specific Activities of the Group Companies

Implementation of a Three-Month Health Promotion Walking Program

Japan Radio Co., Ltd. has hosted the +10 Walking Challenge since 2019 as a health promotion walking event for groups and individuals. The goal is to extend healthy life expectancy by walking 10 minutes more than usual. Participants are considered to have achieved their goal if they exceed their target number of steps within three months. The event was well received with many employees participating every year.

Starting in 2023, anyone can participate by registering a dedicated app on their smartphone. Participants will receive points for the welfare services provided by the mutual aid association based on their average number of steps over the three-month event period. (① 4,000 points for 12,000 steps, ② 3,000 points for 9,000 steps, ③ 2,000 points for 7,000 steps)

Walking is safe and easy for people who are not good at exercise or who lack physical strength, and walking has benefits, such as helping to establish exercise habits, reducing stress, improving motivation, and promoting self-care. In addition, walking helps to enhance communication through interaction between event participants and to strengthen internal cooperation.

The company will continue to sponsor walking events and promote health management by improving the health of its employees.



+10 Walking Challenge (smartphone app display screen)

Implementation of Specific Health Guidance

Japan Radio Co., Ltd. has provided specific health guidance since 2008 as part of its collaborative health initiative with the Japan Radio Insurance Association with the aim of preventing and improving lifestyle-related diseases. The specific health guidance consists of two courses: active support and motivation support. When this initiative was first launched, the initial consultation was conducted face-to-face, and follow-up support was provided through face-to-face meetings and telephone calls. Starting in FY2022, the company implemented support based on the RIZAP Lifestyle Improvement Program to improve implementation rates. In FY2024, 62 people (21.6% of those eligible) participated in the program.

Participants use a dedicated smartphone app to record their weights, exercise, and diets every day in order to achieve the goals set during an online consultation with their trainers. They can communicate with their trainers via email and other means and receive support to help them continue their efforts.

Safety and Health Event

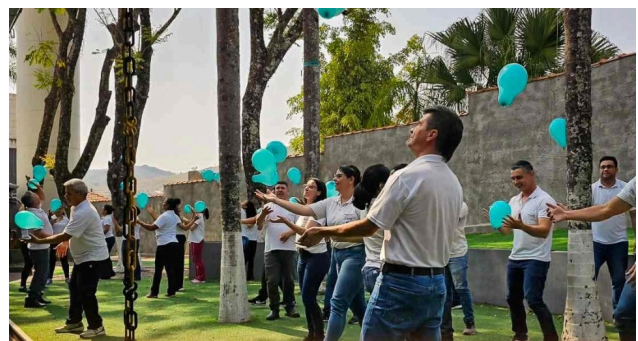
Kokusai Denki Electric Linear S/A in Brazil holds an event called SIPAT (Internal Week for Accident Prevention at Work) every September for all employees. The week-long event aims to prevent workplace accidents and includes a variety of different lectures and activities ranging from disaster prevention to mental health care.

In 2024, the company held lectures on such topics as lifestyle changes to improve mental health, suicide prevention, and prevention of everyday accidents, focusing on the importance of leading a more balanced lifestyle, providing support for mental health, and implementing practical measures to create a safe workplace environment.

Through the event, participating employees shared their thoughts and opinions on the importance of lectures and dialogues and how they could bring about change in the workplace. They are applying what they learned to foster a mutually supportive workplace culture.



SIPAT



Physical Fitness Test

In July 2024, Nisshinbo Micro Devices Inc. conducted two physical fitness tests (standing with eyes closed on one leg and seated stepping test) for 270 employees aged 55 and over working at its Kawagoe Plant with the aim of motivating older employees to exercise and of preventing falls.

Based on the results of the pretest questionnaire and physical fitness tests, fall risk was classified into four levels. If the test results were lower than the self-assessment in the questionnaire, the employee was classified as "high fall risk: D." A D rating indicated that the employee's physical response might be slower than they realized. As a result of the assessment, 2% of employees were classified as having a high fall risk in the one-leg stand with eyes closed test, and 21% in the seated stepping test.

In 2025, the company plans to implement similar initiatives at its head office, Ikeda office, and Yashiro Plant, and thereafter conduct physical fitness tests annually or biennially to monitor changes over time. The company will continue to focus on the importance of maintaining and improving physical fitness, providing opportunities for exercise, and preventing falls and other accidents.



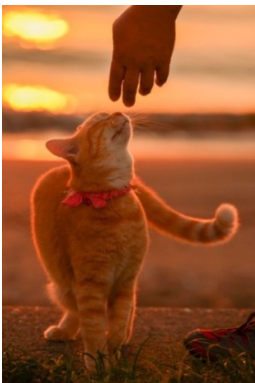
Physical Fitness Test

Health Photo Contest

Nisshinbo Micro Devices Inc. held a photo contest in 2024 as part of its health management strategy map, inviting employees to submit photos capturing their perspectives on health from the themes of diet, exercise, and the mind. The aim of the contest was to make health feel more accessible by incorporating not only daily diet and exercise but also the mind aspects of relaxation and peace of mind, thereby enhancing health awareness and improving workplace communication through these initiatives.

From a total of 62 entries, the winning entries were selected by employee voting, and the winners were announced in November. The winning entries were posted at each business site and announced on the company intranet.

The company will continue to promote employee health by utilizing the winning entries in future health events and other activities.



Walking with Cats
(Theme: Peace of Mind)



Rice Planting, Mother, 93 Years Old
(Theme: The Joy of Food)



Tennis Tournament
(Theme: Exercising Energetically)

Mom Talk Seminar

Nisshinbo Micro Devices (Thailand) Co., Ltd. holds Mama Talk seminars twice a year for employees who are pregnant or who have recently given birth. In 2024, the seminars were held in June and December with a total of 15 employees participating.

This seminar aims to promote work-life balance, foster an understanding of the workplace, and reduce the rate of women leaving their jobs after giving birth. Participants learned from obstetricians about how to cope with physical and mental changes before and after childbirth, received explanations from the Human Resources Department about welfare programs related to pregnancy, childbirth, and childcare, and were introduced to a breastfeeding corner by the Health and Safety Department.

Male employees with wives who had just given birth also participated, and the event proceeded in a relaxed atmosphere as a place for people in similar circumstances to exchange opinions.



"Mom Talk" Seminar

Worker Health Management Through Health Promotion Programs

Saeron Automotive Corporation in South Korea has conducted random inspections of protective equipment twice a month since January 2022 for employees who have been classified as requiring observation or showing signs of health issues based on health checkup results. Based on the results of the health checkups, the company categorizes the protective equipment that must be worn. For example, workers with hearing issues must wear not only earplugs but also ear muffs. During the inspections, the company checks whether the protective equipment is being worn properly.

In addition, since February 2022, the company has provided health consultations to employees who have been identified as requiring observation or who have been found to have health issues based on their health checkup results. Nurses and doctors from hospitals visit the workplace to provide health consultations to the employees concerned. Health consultations are managed so that those with findings and those requiring observation can receive consultations at least once a year. In 2024, health consultations were provided to 100% of those eligible for health consultations.

The company will continue to monitor the use of protective equipment and health consultation history on an ongoing basis to protect the health of workers and establish a culture of safety.

Employee Health Support

Health and wellness are extremely important for maintaining a high quality of life and achieving happiness. To support these efforts, Nisshinbo Automotive Manufacturing Inc. in the United States established a HEALTHY LIFE CORNER and installed a dedicated information board to introduce important topics related to employee health and wellness. Each month, the following wellness topics are featured.

- Physical health: Disease prevention, improved energy levels
- Mental health: Emotional regulation, cognitive function, reduced risk of mental illness
- Well-being: Stronger relationships, increased productivity, longer life expectancy
- Other: Increased self-esteem and confidence, reduced healthcare costs, improved quality of life

In addition, the company sponsors a health fair every September to further raise employee awareness of health issues.

Health and wellness are essential for individuals to enjoy their lives and pursue their goals, leading fulfilling and meaningful lives. The company will continue to support its employees to achieve their health and wellness goals.



Activities at the "HEALTHY LIFE CORNER"



Health Consultations by Health Care Physicians

The Osaka Office of Nisshinbo Textile Inc. has conducted health consultations (face-to-face interviews) for employees who wish to participate, utilizing the opportunity of regular visits by a health management doctor to the company on an irregular basis since May 2021 and on a monthly basis since April 2022.

The consultation time is 30 minutes per person, and the program is available to employees on secondment to subsidiaries in the vicinity of the company. Applications should be submitted to the manager of the Human Resources and General Affairs Section, who will give due consideration to privacy, and the program accepts a wide range of personal consultations regarding both mental and physical health. In some cases, with the consent of the individual, necessary measures may be implemented in relation to their employment. The number of people who consulted or met with us from January to December in FY2024 was eight. Health consultations conducted by doctors who understand the company's business and working environment are in steady demand among employees. The company will continue to offer health consultations as an opportunity to maintain and improve the physical and mental health of all employees.

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 Nisshinbo Group actively participates in the community and promotes engagement with local communities in order to contribute to the regions where it operates. The Group contributes to the sustainable development of society through its business and social contribution activities.

Promotion System

The Nisshinbo Group, under the leadership of the Executive Officer in charge of the Corporate Strategy Department at Nisshinbo Holdings Inc., is conducting activities aimed at promoting sustainability management across the entire Nisshinbo Group, led by the Corporate Strategy Department. We have established a Nisshinbo Group's Sustainability Promotion Conference to share the social contribution activities of each group company and promote activities that contribute to the sustainable development of society as a whole.

Please refer to "Promotion System for Sustainability Activity" for details regarding the organizational structure for promoting sustainability.

▶ Promotion System for Sustainability Activity

Specific Initiatives of The Nisshinbo Group

In the "Fifth Sustainability Promotion Plan," which ends in fiscal 2024, The Nisshinbo Group has made the development of social contribution activities a key action items. The Group will continue its participation in community contribution activities in the "Sixth Sustainability Promotion Plan", which will end in fiscal 2027.

Specific Activities of the Group Companies

Conducting Joint Evacuation Drills with Nearby Nurseries

The headquarters of JRC Tokki Co., Ltd. conducts annual evacuation drills in cooperation with nearby nurseries. The drills are based on the assumption that, the company's building will be used as an evacuation site in the event of a disaster for nursery school children if it is difficult for them to remain at the nursery.

During the evacuation drill, the children walk the approximately 400-meter route from the nursery school to the company under the guidance of the teachers at the nursery school. After the drill, the children sing songs to express their gratitude to the company, which helps to promote communication between the company and the local community. In addition, parents of the children attending the nursery school also participate in training, which includes confirming the evacuation routes from the nursery school and checking the status of emergency supplies stored at the school.

JRC Tokki Co., Ltd. established a cooperative relationship with local residents and is engaged in a variety of different activities to ensure that mutual assistance can be provided efficiently in the event of unforeseen disasters.

Participation in Community Beautification and Cleanup Activities

JRC System Service Co., Ltd. participates in local beautification and cleanup activities that include grass cutting and cleanup around the hydrangea bushes near the entrance to the World Heritage-listed Kumano Kodo Trail in Magose-touge Kihoku Town as organized by a local NPO, in addition to the annual cleanup work along the banks of the Tsutsumi River in Sakae Town Aomori City as organized by a local group. In 2024, cleaning activities at the Kumano Kodo trailhead were carried out in April and June with four employees participating in each event. In addition, 11 employees participated in riverbank cleaning activities in July.

JRC System Service Co., Ltd. conducts business at construction sites located on roads and along riverbanks and always cleans up the surrounding areas. However, in areas slightly removed from the construction sites where local residents pass by, there are often cigarette butts, plastic bottles, cans, and other trash scattered about. Therefore, the company conducts annual cleanup activities as part of its community contribution efforts in the hope that local residents will be more comfortable using the facilities. The cleanup activities at the Kumano Kodo trailhead are featured in local newspapers and on television, which help to strengthen the bonds between the local community and the company.



Cleaning activity

Holding a Lecture on Social Implementation Through Collaboration Between Industry, Academia, and Government

Nagano Japan Radio Co., Ltd. provided a social implementation observation course for the Advanced Automation and Robotics Study Group organized by the Shinshu Industry-Academia-Community Collaboration Association (hereinafter referred to as the "Collaboration Association") in September 2024.

The Collaboration Association promotes collaboration and cooperation between industry, academia, and government to advance and promote science and technology and contribute to regional development. In 2023, the Association established the Advanced Automation and Robotics Study Group in collaboration with the Faculty of Engineering at Shinshu University.

During the Intelligent Robotics Basics Course provided for engineers from member companies of the Collaboration Association, many participants expressed the desire to see actual examples of automation implementation and the latest robotics equipment. As a result, Nagano Japan Radio Co., Ltd. was selected as a site visit destination for the FY2024 activities because it is a company where production line automation is advancing.

Thirty-nine participants, including engineers from member companies, attended the tour and observed efforts to automate difficult soldering work and visualize equipment operating conditions. During the question-and-answer session after the tour, many questions were asked about equipment design, which indicated a high level of interest in automation.



Observation lecture

Support for Nagano Prefecture's Forest Foster Parent Promotion Project

The Forest Foster Parent Promotion Project is being implemented in Nagano Prefecture where companies that are enthusiastic about environmental activities provide funds and labor for forest maintenance, and forest maintenance and other activities are carried out in villages that own forests that become foster forests. Nagano Japan Radio Co., Ltd., has been contracted to participate in this project as of 2014 and has been interacting with the relevant parties in Nagano Prefecture and the city.

In 2024, two activities were held in May and October, with approximately 20 participants from the company and prefectural and municipal officials. In May, Nagano Japan Radio planted 2,000 seedlings of *nameko* and *hiratake* mushrooms, and in October, the company cleared the undergrowth around the planted larch trees and pruned branches that had grown to the thickness of beer bottles.

In addition, Nagano Japan Radio listened to an explanation about forests from a forest management organization and learned that forests have three functions (1) CO₂ absorption, (2) water storage and purification, and (3) disaster prevention and erosion control, and that the effectiveness of these functions varies depending on how the forest is managed. This reinforced the understanding of the importance of forest management. Participants commented, "It was my first time using a long sickle, but it cut well and was fun," and "I learned that forests have various roles."



Nagano Prefecture's Forest Foster Parent Promotion Project

Participate in Volunteer Planting Activities

The headquarters of HYS Engineering Service Inc. conducted environmental conservation activities in neighboring areas in May and November 2024 by planting flowers in the flower beds in front of Hanakoganei Station on the Seibu Shinjuku Line, one of the stations used by employees for commuting.

Over the past three years, the company had been forced to suspend activities due to the COVID-19 pandemic. However, the company took advantage of the Open Garden initiative, which is part of the greenery promotion activities being carried out by Kodaira City, Tokyo, where the business is located, and a total of 60 employees participated in the initiative as volunteers.

On a calm Saturday morning, the volunteers participated in flower bed maintenance and planting activities amidst friendly comments from passersby. Participants commented that the weather was perfect for a pleasant activity, and everyone enjoyed a rewarding and heartwarming experience.

HYS Engineering Service Inc. will continue to contribute to the community through planting activities while expanding their scope to include past cleanup activities and other initiatives in order to promote social and community contribution activities.



Planting activities

Participation in the Akita Marine Litter Zero Project

The coastline of Akita Prefecture is approximately 264 km long—marine debris has been found in most of the areas. Ninety-eight percent of the debris comes from within Japan, and reducing the amount of household waste discarded into the sea or flowing into the sea via rivers will help reduce the amount of debris washed ashore. In April 2022, the Akita Marine Litter Zero Project was launched as part of the Japan Foundation's CHANGE FOR THE BLUE initiative to protect the resource-rich scenic seas of Akita Prefecture.

GOYO ELECTRONICS CO., LTD. agreed to participate in this project in June 2024 and took part in a cleanup activity in central Akita City for the first time, together with local high school students and representatives from companies and organizations. The company will continue to actively engage in social contribution activities to protect the future of children.



Employees who participated in the "Akita Marine Litter Zero Project"

Participation in the Budding Scientists Program

The Scientist Seedling Development Program is a science program offered by the Graduate School of Science and Engineering, Saitama University, mainly targeting elementary school students in grades 5 through 9. The program aims to foster and nurture curiosity, motivation, and the abilities related to science through hands-on learning experiences.

Nisshinbo Micro Devices Inc. shares the university's philosophy of nurturing future science and technology professionals and scientists and held a factory tour and hands-on event at its facility in November 2024.

On the day of the event, a total of 23 junior high and high school students and their parents from Saitama Prefecture participated in a tour of the semiconductor factory at the Kawagoe Plant, listened to audio products in the audio room, and built headphone amplifiers. The headphone amplifier construction experience involved using a soldering iron to mount ICs and capacitors onto a circuit board, then checking whether the completed kit actually

produced sound. The sight of junior high and high school students beaming with delight when sound came out of the kits that they had worked so intently to build was very memorable.

Nisshinbo Micro Devices Inc. will continue to actively collaborate with industry, academia, and government to encourage young people, who will be the leaders of the next generation, to take an interest in science and technology.



Factory tour explanation



Experience event

Participated in Cleaning Activities along Nearby Rivers

In November 2024, 50 employees of Nisshinbo Micro Devices (Thailand) Co., Ltd. participated in a community cleanup activity. The company has participated in this activity since FY2020.

The Loy Krathong Festival, known as one of the most beautiful festivals in Thailand, is a festival in which krathongs (lanterns) are floated down the river to ask for forgiveness from the goddess of the river. However, after the festival ends, the krathongs become trash.

The company collaborated with Lampang Province and nature conservation groups to clean up the trash floating in the river and that washed up on the riverbank. This activity prevents aquatic animals from eating trash and contributes to the preservation of the ecosystem.



River cleanup activity

Volunteer Activities that Contribute to the Local Community

Nisshinbo Saeron (Changshu) Automotive Co., Ltd. in China conducts annual community service activities. In 2024, the company cleaned up the area around the mountain trail in Yushan near its facility. A total of 106 employees participated in the environmental beautification activities, which served as an opportunity to raise awareness of environmental protection.

Yushan is one of the most biologically diverse areas in Changshu City. Yushan National Forest Park is home to 102 species of birds, including six species of birds listed as Class II protected birds in China and 31 species of birds protected under the China-Japan Migratory Bird Protection Agreement. Every year

from October to January, migratory birds fly to this resource-rich mountain for the winter. The forest area covers more than 1,260 hectares (96% forest coverage), and 309 species of plants belonging to 89 families have been identified.

The Yushan Cleanup Campaign is an important initiative that protects animal and plant habitats and preserves biodiversity. The company will continue to actively engage in this campaign and work with the local community to improve the ecological environment.



Everyone who joined the cleaning activity

Support for the Okazaki City Global Warming Prevention Corps

In Okazaki City, Aichi Prefecture, citizens, businesses, and the municipal government formed the Okazaki City Global Warming Prevention Corps with the aim of promoting activities to prevent global warming. The Miai Machinery Plant of Nisshinbo Mechatronics Inc. supports this initiative and participates in the activities as a corporate support member.

The main activities of the Okazaki City Global Warming Prevention Corps are as follows:

① Pot Cover Making Workshop

This program aims to contribute to the prevention of global warming by promoting energy conservation through the use of gas and electricity.

② Rediscover! Environmental Photo Contest

This contest was held with the theme of the "Good Aspects We Want to Preserve for the Future" and "Areas That Need Improvement."

③ Eco-Driving Contest

Participants experienced eco-driving on a dedicated automobile course.

④ Publication of the Newsletter *Prevention Team News*

This monthly newsletter provides information on events and other topics related to the prevention of global warming.

Support for the Okazaki City Fisheries Cooperative Association's Oto River Basin Natural Environment Protection Activities

The Miai Machinery Plant of Nisshinbo Mechatronics Inc. supports the Okazaki City Fisheries Cooperative Association's efforts to promote the cooperative and preserve the rich natural environment of the Otogawa River basin as part of its community outreach activities.

Unlike the ocean, rivers have very limited resources, and the amount of food available for fish tends to be less than in the ocean, depending on the size of the river and the surrounding environment. For this reason, the number of fish inhabiting rivers is often limited. The Okazaki City Fisheries Cooperative Association is engaged in environmental conservation activities to protect the fish in many rivers by releasing fish eggs, fry, and mature fish, and by maintaining the areas where fish spawn.

Mangrove Forest Restoration Project

Nisshinbo Mechatronics (Thailand) Ltd. participated in a tree-planting activity on the coast of Samut Prakan Province in 2024.

In recent years, awareness of the need to achieve a sustainable society has been growing in Thailand, and a variety of initiatives are being implemented. One such initiative is the mangrove forest regeneration project. In 2024, 62 employees from the company participated in this project. Despite temperatures exceeding 30°C, they carried mangrove saplings, which were heavier than expected, along rough paths to the coast and planted them.

After planting the trees, everyone enjoyed a delicious meal of Kuey Tiao (a Thai noodle dish) and coconut ice cream, which was a wonderful opportunity to interact with local community members who participated in the activity. Participants expressed their thoughts, saying, "I want to participate again next year," "I am happy to be able to contribute to society," "I am glad I was able to participate in environmental protection activities," "I want to participate in other environmental protection activities," and "I wonder if the seedlings I planted will grow to be big." The company will continue to actively participate in social contribution activities in the future.



Everyone who joined the mangrove forest restoration project

Participation in Community Cleanup Activities

Every June, Excel Tokai Co., Ltd. participates in a cleanup activity organized by the Gotemba City Water Quality Conservation Council in Gotemba City, Shizuoka Prefecture, to clean up rivers and roads within the city.

In FY2024, approximately 100 people from local organizations and companies, including 12 participants from Excel Tokai Co., Ltd., took part in the event. The participants were divided into five groups and walked about 3 kilometers and along the way picking up trash from sidewalks and ditches.

Even on sidewalks where people usually walk without noticing trash, they were surprised to find cigarette butts and plastic bags scattered everywhere when they looked closely. Through the cleanup activities, the participants felt a sense of accomplishment in making the city where they live cleaner. They also realized that they had developed an awareness of the environment, such as "We will never litter to keep the environment clean."

The company was founded in Gotemba and will celebrate its 55th anniversary in 2025. Excel Tokai Co., Ltd. will continue to carry out activities rooted in the community, never forgetting their awareness and gratitude as a member of the local community.



Community cleanup activity

Participation in the Green Fund Forest Forest Creation Event

In January and November 2024, three employees from the Asahi Plant of Nisshinbo Chemical Inc. participated in the Forest Creation Event hosted by the Chiba Prefecture Greenery Promotion Committee, a public interest incorporated association.

As part of the coastal forest restoration activities following the Great East Japan Earthquake, approximately 2,500 trees, including resistant black pine, were planted in 2018 at Jingūji Beach in Asahi City, Chiba Prefecture. Since then, maintenance work focused on clearing the underbrush. In 2024, to perform thinning cuts—a critical step for managing the density of the pine forest—black pine and other trees affected by pine beetle damage were removed.

The distinctive feature of this forest creation project is that the various participants, including individuals, corporations, and organizations, work together in small ways without strain to implement continuous and steady forest creation.

On the day of the event, there was a lecture on the mechanisms and countermeasures for pine beetle damage, and participants were able to obtain useful information for the cultivation of Hime Komatsu (Chiba Prefecture's most important protected species [A]), which is being planted and protected at the company's Asahi Plant. Nisshinbo Chemical Inc. will continue to participate in forest creation events and carry out conservation activities for coastal disaster prevention forests, which are important for ensuring the safety of people's lives.



"Forest creation events"

Participate in the Adopt a Program Yoshino River and Zero Waste Day Campaign

The Tokushima Plant of Nisshinbo Textile Inc. has participated in the adopt a Program Yoshino River, a cleanup activity for the Yoshino River, the largest river in Shikoku, since 2010, together with Nisshinbo Holdings Inc., Nisshinbo Chemical Inc., and Daio Paper Products Corporation.

This initiative involves dividing the banks and riverbed of the Yoshino River into designated sections and pairing the participating companies and resident groups with sections of the riverbed as part of the volunteer activities. In FY2024, a total of 22 people participated.

Nisshinbo Textile Inc. has also participated in the Zero Waste Day Campaign since 2012. This campaign designates May 30 as Zero Waste Day and encourages volunteers to clean up their local communities and workplaces under the slogan, "If I pick it up, I won't throw it away." In 2024, 13 people participated in the campaign. The company participates in this activity with the desire to *protect the Yoshino River, which is a treasure of Tokushima and promote a society that does not waste*. With each passing year, Nisshinbo Textile Inc. feels its attachment to the Yoshino River and the surrounding area growing stronger. The company will continue to protect the beautiful environment of this area through its activities.



Cleaning and beautification activities "Adopt a Program Yoshino River"



"Zero Waste Day Campaign"

Osaka City Cleanup Campaign Clean UP Operation

Osaka City is conducting a citywide cleanup campaign to promote cleanliness and beauty in the city. Naigai Shirts Co., Ltd. participated in the community cleanup in the area from Kitakyuhoji in Chuo Ward to Midosuji, near its Osaka branch, in February 2025, in collaboration with the Osaka Office of Nisshinbo Textile Inc.

The area was littered with cigarette butts, plastic bottles, and other trash, and participants spent about 30 minutes picking up the trash. In addition to the Osaka Marathon, the cleanup was conducted with the aim of contributing to the creation of a beautiful city in preparation for Osaka Kansai Expo, which will be held from April 2025.

The company will continue to actively participate in similar activities and strive to beautify and preserve the local environment.

Support for the Foundation for International Development and Relief (FIDR)

Nisshintoa Iwao Inc. has conducted nutrition and industrial support activities in three regions of Kampong Loeung District, Cambodia, under the Tsunagu Project since FY2024.

The Kompong Loeung District is located on the shores of Tonle Sap Lake. During the rainy season, some areas are flooded, which result in a loss of income and make it one of the poorest regions in Cambodia. In addition, the nutritional status of children is among the worst in the country, and many children appear smaller than their age. After careful consideration of what could be done to help the local people in such circumstances, the company launched the Furikake Project.

Nisshintoa Iwao is working to improve children's nutrition by providing furikake (dried rice seasoning) and increasing the income of the residents by making furikake a local specialty product. In March 2025, the company held a furikake competition, which was covered by the local media, raising awareness and making furikake a household word in Cambodia. From now on, the company will commercialize furikake, sell it in cafeterias and stores, introduce it into school lunches, and connect it to nutritional improvement and income growth, thereby contributing to the local community.



Furikake competition held by the "Tsunagu Project"



Promotion of Donations to the United Nations World Food Programme (WFP) and Related Activities

Nisshintoa Iwao Inc. has made regular donations to the World Food Programme (WFP), the United Nations' sole food assistance agency, since 2007. The WFP was awarded the Nobel Peace Prize in 2020.

The company supports the WFP's mission to fight world hunger and has become one of the members of the United Nations WFP Association, which serves as the official support office for the WFP in Japan. In addition to corporate donations, the company launched the Second Cup Coffee Fundraising Campaign where employees pay for their second cup of coffee each day with the proceeds going to the WFP and the Charibon initiative where employees donate unwanted books.

In addition, a total of 29 people participated in the annual WFP Walk the World charity event organized by the same association (aimed at eradicating hunger among children in developing countries) in Yokohama, Osaka, and Nagoya.

Thorough Compliance and Corporate Ethics



Basic Concept

The Nisshinbo Group is working to establish corporate governance based on its corporate philosophy to ensure sustainable growth and enhance corporate value.

Also, 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

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change. Under the leadership of the Managing Officer in charge of the Legal & IP Department, the Legal Group now leads activities to promote thorough compliance and corporate philosophy. In addition, based on the "Nisshinbo Group Code of Corporate Ethics," the Company 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. Business Ethics Committee members are appointed from among managers at the level of section chief or above.

Moreover, 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.

For an overview of our organizational structure for promoting sustainability, please see "Promotion System for Sustainability Activity".

▶ Promotion System for Sustainability Activity

Specific Initiatives of The Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to ensure thorough compliance as a priority activity and achieve the goals of *Raising awareness of compliance* and *operating the corporate ethics reporting systems*.

- ① Rate of compliance training participation by management-level personnel, 100%
- ② Response rate to corporate ethics reporting system, 100%

We promoted activities such as compliance education, thorough confidentiality measures, and the establishment of a corporate ethics reporting system, achieving a participation rate of 99.4% for ① and appropriate responses (100%) for ②.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on ensuring thorough compliance and will set the following two goals to achieve *Raising awareness of compliance* and *operating the corporate ethics reporting systems*.

① **Rate of compliance training participation by management-level personnel, 100%**

② **Response rate to corporate ethics reporting system, 100%**

Nisshinbo will enhance its activities through regular compliance training to raise awareness of the importance of compliance and by continuing to respond appropriately to reports.

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▶ Sustainability Promotion Plan and 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.

New educational videos are released and repeated every year through the Learning Management System introduced in 2021. In FY2024, Nisshinbo conducted two compliance training sessions and released new videos to further strengthen governance and raise ethical awareness.

- For all group employees: Basic knowledge of compliance, importance of preventing misconduct, etc.
- For all group managers: Role of managers in compliance and other measures

In addition to the Japanese version, the English and Chinese versions of the above video were prepared and distributed to overseas group companies.

In FY2024, Nisshinbo distributed four videos as part of its export control training. One was an educational video for general employees, which was updated in line with the latest laws and regulations to ensure that all employees of the Group in Japan have a basic understanding of export control. The other three videos were specialized training videos for export control personnel, which were also updated in line with the latest laws and regulations, focusing mainly on points to note when determining whether an item is subject to export control and when applying special measures.

Furthermore, in response to the growing global focus on economic security, which has led to strengthened export control regulations both domestically and internationally, Nisshinbo compiles and distributes monthly updates on regulatory information and other relevant topics through each business company within the group.

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, Unfair Competition Prevention Law of the People's Republic of China, and other international anti-corruption treaties and laws, including criminal laws and anti-corruption laws in Asian countries. The contents of the handbook were revised in 2024 and are being used throughout the entire group as measures to prevent bribery.

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.

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

	2022		2023		2024	
	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	3(3)	0	3(1)	0	3(1)	0
Violation of Law	3(0)	0	0(0)	0	5(0)	0
Labor Issues	2(1)	0	1(1)	0	4(2)	0
Accounting Irregularities	1(0)	0	0(0)	0	0(0)	0
Others (Moral Violations, etc.)	8(2)	0	7(2)	Disciplinary Action 1	8(2)	0
Total number of reports	17	—	11	—	20	—
Total number of reports handled by the committee	17(6) 100% Responded	—	11(4) 100% Responded	—	20(5) 100% Responded	—

* The number of reports in parentheses is the number of confirmed violations and other specific facts.

Specific Activities of the Group Companies

Implementation of Compliance Training

Japan Radio Co., Ltd., provides annual e-learning training on JRC Code of Conduct and Compliance as part of its compliance education program. The training incorporates actual violations and is repeated annually with updated information. Japan Radio also provides training for compliance leaders appointed from each department. Divided into sales and non-sales departments, lawyers serve as instructors and cover such topics as past cases of legal violations and current cases.

In FY2024, the company conducted training specifically focused on harassment as a measure to prevent harassment, which is on the rise. After watching a video on power harassment in the workplace, the company administered an e-learning test to assess understanding. Participants commented that their awareness of harassment had increased, and they were able to raise compliance awareness.

Japan Radio Co., Ltd. will continue to promote initiatives to ensure that each and every employee acts in compliance with the law.

Implementation of Workplace Ethics Activities

HYS Engineering Service Inc. designated November 2024 as Corporate Ethics Month and conducted workplace ethics activities for all employees as part of its efforts to further enhance corporate ethics and ensure strict compliance with laws and regulations. A total of 578 employees participated. Based on examples unrelated to harassment that are relevant to each department, such as harassment cases, appropriate transactions, and compliance with anti-bribery laws, the company conducted workplace-based discussions to identify whether risks similar to those in the examples exist in the workplace and how to address them through brainstorming.

HYS Engineering Service Inc. shares the issues and risks identified through discussions and implements and promotes the measures and action items decided upon in each workplace.

Through these initiatives, the company will promote the execution of business based on ethical conduct in each workplace and among each individual, raise awareness of this conduct, create an open and cheerful workplace environment, and build a corporate culture filled with passion, reason, and compassion.

Operation of the Corporate Ethics Reporting System

At Nisshinbo Mechatronics (Shanghai) Co., Ltd. in China, the general manager serves as the chief ethics officer, and the Corporate Ethics Committee, which reports directly to the general manager, has been established to address compliance-related matters within the company.

In addition, Nisshinbo Mechatronics (Shanghai) Co., Ltd. established a corporate ethics reporting system to detect suspected violations of laws and regulations and to prevent their recurrence and then put in place a system to receive reports from both inside and outside the company. In addition to the Corporate Ethics Committee, employees can also report directly to external legal advisors. Confidentiality regarding the identity of the reporter will be strictly maintained, and care will be taken to ensure that no disadvantage is caused to the reporter. Reports will be appropriately handled by the Corporate Ethics Committee, and feedback will be provided to the reporter.

The corporate ethics reporting system is communicated to all employees through internal notices and training upon joining the company.

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 based on business policies derived from the Group's corporate philosophy.

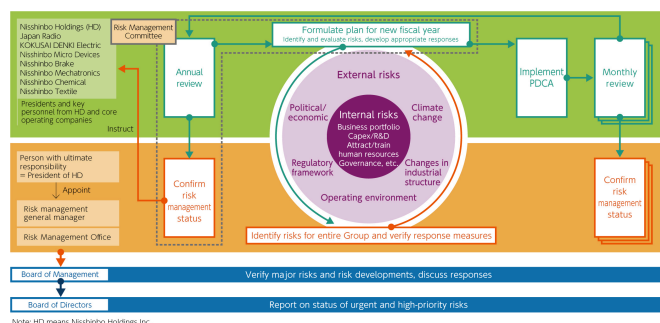
Promotion System

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 person responsible for overall risk management is normally the executive officer in charge of the Risk Management Department of the Company. The Risk Management Secretariat is located in the Risk Management Department.

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 Structure



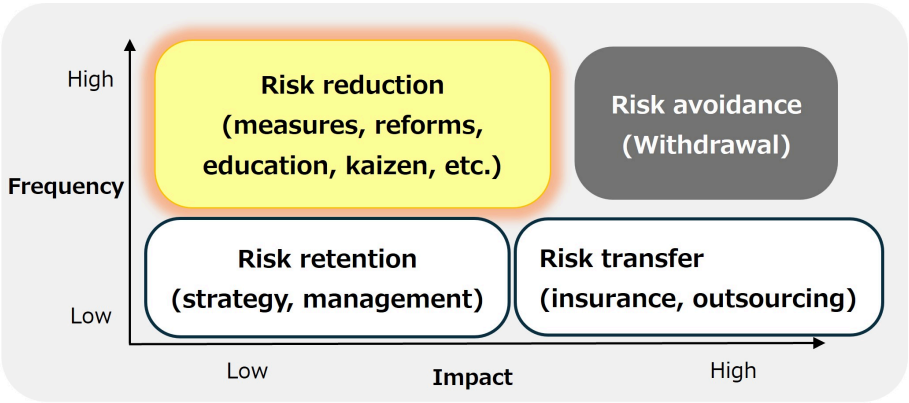
For an overview of our organizational structure for promoting sustainability, please see "Promotion System for Sustainability Activity".

► Promotion System for Sustainability Activity

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.

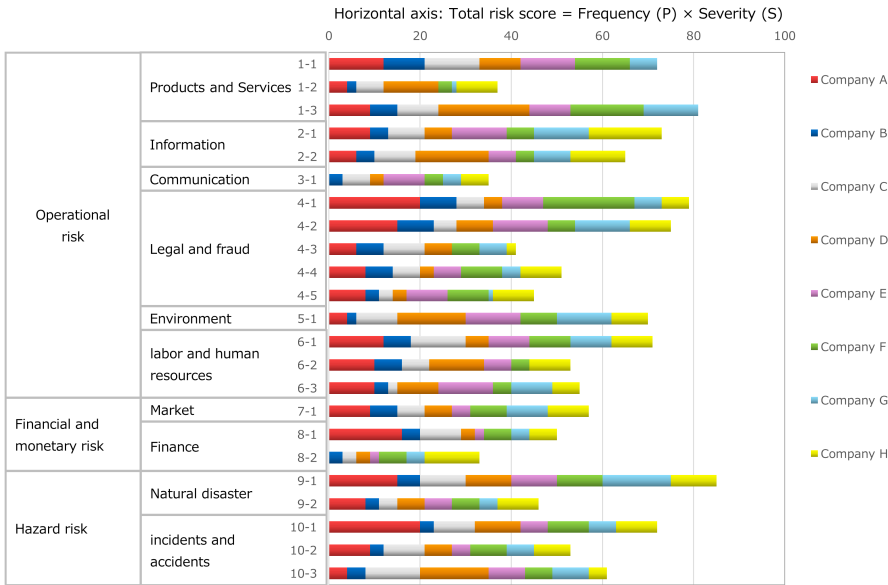
Risk-based response



■ 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.

Risk extraction process (example of risk distribution visualization)



Each business will identify all operational risks and select several operational risks for close monitoring during the new fiscal year and report them 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 monitored in the new fiscal year.

The secretariat reports the management risks to be monitored for 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 confirming 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.

- ▶ Thorough Information Security
- ▶ Responding to Disaster Risk

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	• 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	• 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	• Conduct climate change scenario analyses according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations Responses to Risks: • 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 Responses to Opportunities: • 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
		Biological resources	• Increased procurement costs due to rising prices of raw materials and agricultural products • Uncertainty over the stable supply of raw materials and agricultural products	• Increasing demand for products and services that take into account environmental conservation and biodiversity conservation	• Implement impact assessments related to natural issues in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) Response to Opportunities: • Capture demand for products and services that take into account environmental and biodiversity conservation
		Water resources	• Impact of water shortages on manufacturing processes	• Decreased production costs due to water conservation	Response to Risks: • Promote water conservation and recycling
S: Social Initiatives 	Creation of a safe and secure society	Human rights issues	• Loss of stakeholder trust and operational continuity caused by inadequate consideration for human rights • Work environment deterioration caused by harassment and other human rights issues	—	• Develop human rights policies, introduce and promote human rights due diligence in areas where human rights risks are high • Establish a human rights awareness group at HD and conduct Group human rights training • The Nisshinbo Group Sustainable Procurement Basic Policy and Sustainable Procurement Guidelines clearly specify basic human rights considerations, the prohibition of child labor, and ensure respect for human rights in the supply chain
		Human resources	• Human resource shortage due to labor force contraction • Low motivation and loss of human resources due to mismatched work assignments, etc. • Business promotion delays due to imbalanced personnel age structure	• Promote the overlap between the Corporate Philosophy and the growing interest in ESG among younger people, leading to more hiring opportunities	• Implement strategic PR activities to improve the corporate visibility and image • Strengthen mid-career recruitment • 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 • Implement program cultivating successors
		Occupational injuries	• Occupational injuries due to lack of education and training • Loss of stakeholder trust caused by occupational injuries and accidents	—	• Conduct risk assessment • Conduct education and training, share accident case studies across the Group
		Quality	• Loss of trust, claims for damages or product recalls due to quality issues or defects with products or services	—	• 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
		Natural disasters	• Large-scale earthquakes, fires, power outages, and infectious disease outbreaks	—	• Establish regulations and manuals related to BCM/BCP, conduct training on a regular basis
G: Corporate Governance 	Global compliance	Group management	• Management impact of failed M&A and other efforts • Diminished management efficiency due to overlapping functions between businesses	• Harness the Group's diverse strengths by integrating businesses/organizations to drive innovation and increase resilience to changes in the operating environment	• Develop and share procedures for M&A operations • Improve efficiency by overhauling Group-wide organizations and outsourcing
		Business management	• Business continuity risks associated with dysfunctional corporate governance and internal controls • Loss of assets due to inadequate insurance arrangements	• Take risks based on a balance between proactive and defensive governance	• Achieve a strong balance between improving management transparency through proactive governance reforms and taking bold risks • Conduct risk surveys
		Compliance	• 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	—	• Top executive announces measures to prevent all forms of misconduct • Provide continuous compliance training • Impose severe penalties for misconduct
		Fraud/Illegal conduct	• Financial window-dressing, accounting irregularities, etc. • Patent litigation and intellectual property infringement	—	• Use the internal control system and the corporate ethics reporting system to prevent misconduct • Employ regular rotation to prevent misconduct • Nisshinbo Holdings Intellectual Property Group formulates and implements Group-wide intellectual property strategies
		Information security	• 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. • System delays and suspensions due to increased network loads	—	• Conduct continuous training and annual internal audits to assess information security • Conduct cybersecurity measures and implement requisite countermeasures while ensuring multi-level protection

Specific Initiatives of The Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following item as target and KPI to promote risk management activities as a priority activity and achieve the goals of *operating a risk management system that responds to the external environment*.

Continuous operation of the risk management system in response to the external environment

The persons in charge of each project and the secretariat collaborated to operate a risk management system that includes a PDCA cycle, and worked to mitigate risks through risk management activities.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on promote risk management activities and will set the following qualitative target. The Nisshinbo Group will strive to enhance the level of its activities.

Operating a risk management system that responds to the environment

Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

▸ Sustainability Promotion Plan and KPIs

Activities Related to Risk Management

Nisshinbo will introduce several topics from the content reported to the Risk Management Committee in January 2025.

■ Cyber Risk Countermeasures

Against the backdrop of advancing digitalization and heightened geopolitical risks, cyber risks are increasing globally. The Nisshinbo Group is also working to reduce cyber risks, mainly through its Information Systems Department and with the cooperation of external experts, in order to prepare for attacks involving unauthorized access from outside the Company. As part of the risk management activities for FY2025, the Group will focus on monitoring cyber risks in multiple business groups, starting with employee education and awareness, followed by targeted email training, risk transfer through insurance, and further system enhancements.

■ Confirmation of BCP/BCM operational status

The Group's Risk Management Office conducts interviews with each business every six months to review their risk management activities. In August 2024, following the announcement of special information on the Nankai Trough earthquake (warning of a massive earthquake), Nisshinbo recognized the need to confirm the status of the maintenance and operation of BCP/BCM regulations and manuals and conducted a questionnaire survey of all domestic and overseas subsidiaries. While most companies have BCP/BCM plans in place to address general crises, some companies prepared documents specifically addressing individual crises, such as cyberattacks, fires, earthquakes, floods, power outages, and infectious diseases. Through the survey, Nisshinbo personnel not only gained an understanding of the current situation but also identified opportunities to review and update relevant documents to ensure they remain up to date.

Identification of Emerging Risks

Whenever an event that may affect the business occurs, the president, executive officers, and department managers of relevant departments receive reports by sending the information at the same email address.

In the risk management regulations, Nisshinbo Group established standards by listing specific examples of risks that should be reported. By identifying and sharing risks as soon as they become apparent, Nisshinbo Group is prepared to implement the necessary countermeasures before they have a significant

impact on business. In FY2024, there were 36 reported risks, a decrease of 5 from the previous fiscal year (because of the decrease in the number of natural disasters). But fortunately, the majority of events were at a level that could be handled by each company and did not have a significant impact on business continuity.

Nisshinbo Group will continue to ensure that the Group is well informed of this so that it can be used effectively as a tool to inform the first responders of risks that have emerged.

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.

- ① When outsourcing operations, the responsibilities of the outsourcer regarding information security and the measures to be implemented should be clarified.
- ② In preparation for the event of an information security incident, an emergency response system and recovery procedures should be established.
- ③ For 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

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 with the aim of building and overseeing a structure that would lead to urgent change. The Company has appointed an executive officer to take responsibility for each area and strengthened its functional organizations.

■ 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 Executive Officer in charge of Information Systems of Nisshinbo Holdings, Inc. is the supreme authority, the Nisshinbo Group has established a meeting of information system managers, which is overseen by the Information System Group of the Risk Management Department, to confirm the status of information system update plans and management of security measures.

■ Personal Information Protection

Nisshinbo Holdings, Inc. 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.

The officer responsible of the Company reports on its Group's information security and personal information protection initiatives and status at the annual Board of Management* and supervises the targets and progress. The president of the Nisshinbo Group, who is the chief executive officer of the Group, conducts management reviews and issues instructions on the matters necessary for management. Special items are reported to the Board of Directors as appropriate.

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

For an overview of our organizational structure for promoting sustainability, please see "Promotion System for Sustainability Activity".

- ▶ Promotion System for Sustainability Activity

Specific Initiatives of The Nisshinbo Group

■ 5th Sustainability Promotion Plan (to be achieved by FY2024)

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following item as target and KPI to strengthen information security measures as a priority activity and achieve the goals of *Defending against external threats*.

Strengthen protection against external threats and continuously training employees on information security

We have continuously implemented targeted email training and education on personal information protection.

■ 6th Sustainability Promotion Plan (to be achieved by FY2027)

In the 6th Sustainability Promotion Plan, which targets FY2027, the Nisshinbo Group will continue to focus on strengthen information security measures as a priority activity and will set the following goal to achieve *defending against external threats*.

Strengthen protection against external threats and continuously training employees on information security

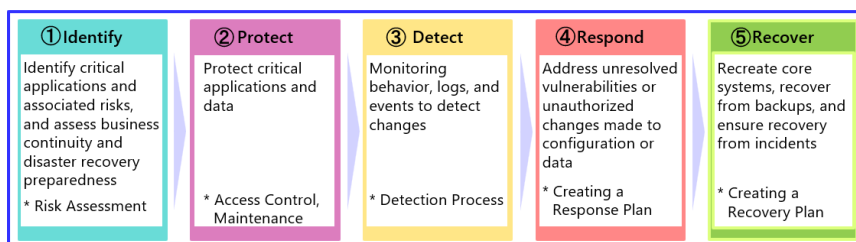
Please refer to "Sustainability Promotion Plan and KPIs" for details regarding of the "Sustainability Promotion Plan."

- ▶ Sustainability Promotion Plan and KPIs

Strengthening Responses to External Threats

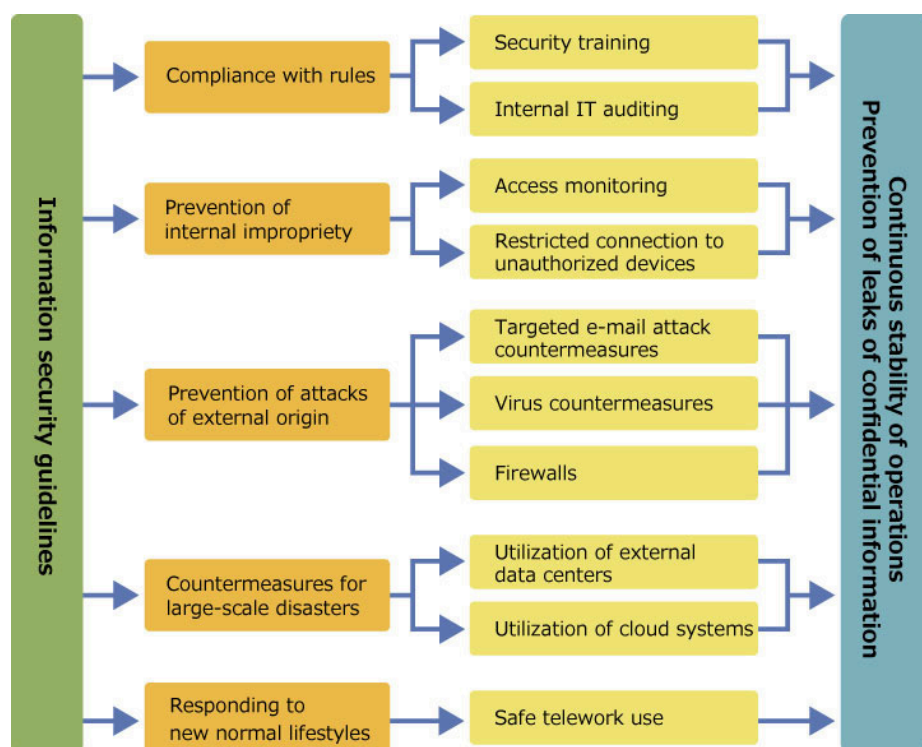
Along with subsidiary inspections covering the entire Nisshinbo Group, vulnerabilities in servers and network equipment are checked and systematic vulnerability countermeasures are implemented. Going forward, the Group will promote comprehensive countermeasures that take into account early detection, 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 drills are conducted once a year for employees of domestic and overseas Group companies with the aim of raising cyber security awareness and cultivating response capabilities. In the FY2024 training, training e-mails simulating three targeted e-mail drills were prepared for 8,097 participants from 31 Group companies and sent to the targets at random. The open rate varies greatly depending on the pattern of training e-mails, and the Group will use this as an opportunity to identify future issues, enhance security education, and continue targeted e-mail training.

In addition, the following two incidents occurred within Nisshinbo Group in FY2024. Please refer to the following for details on the causes and measures taken.

- Risk of personal information leakage due to unauthorized access

▶ Nisshinbo Holdings Inc. news releases (in Japanese only)

- Apology and report regarding targeted attack emails

▶ Japan Radio Co., Ltd. news releases (first report) (in Japanese only)

▶ Japan Radio Co., Ltd. news releases (final report) (in Japanese only)

Nisshinbo Group will continue to strengthen our response to external threats and provide ongoing information security training to our employees.

■ 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.

Initiatives Related to Generative AI

Generative AI services available to the public are useful for improving operational efficiency and generating new ideas, but concerns about authenticity and copyrights, as well as the risk of leaking confidential information, have also been raised. Therefore, guidelines for the use of generated AI were established in July 2023, and deployed to Group companies. Each company will tune and customize the guidelines to optimize them for their own needs and prohibitions and to ensure appropriate use and management.

Specific Activities of the Group Companies

Preparation for Information Security Incidents

Japan Radio Co., Ltd., diligently participates in activities organized by the Nippon CSIRT Association (NCA) to exchange information and learn about the latest trends in cyberattack countermeasures.

In September 2024, the company participated in the NCA CSIRT Workshop in Nagano - Security Education Presentation Meeting. They held the first workshop in the Hokushinetsu region at the company's Nagano office and worked with members from different companies to discuss effective education methods. This initiative was recognized for its contribution to activities in the region, and a JRC-CSIRT^{*1} member employee was honored with the award.

In addition, the company participates annually in joint exercises held by the National center of Incident readiness and Strategy for Cybersecurity (NISC) and the NCA. This exercise is called the NISC/NCA Joint Comprehensive Cyber Exercise as a large-scale cyber exercise targeting 15 critical infrastructure operators^{*2} across the country. In FY2024, the exercise was held in December with a total of 850 teams participating, including 164 teams (1,014 participants) from NCA member companies and organizations.

The exercise will be conducted via Zoom, following the scenario presented by the secretariat. When the scenario is presented, each participating team will discuss it and record their response on an action record sheet.

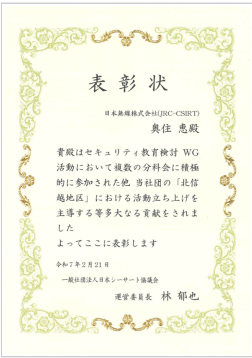
This involves recording how the organization responds to a scenario as it unfolds, and then reviewing the results at the end. By simulating scenarios in accordance with internal rules and operating procedures, participants were able to identify issues through the exercises.

※1 JRC-CSIRT: CSIRT stands for Computer Security Incident Response Team, which is a team that handles computer security issues. JRC-CSIRT refers to the CSIRT at Japan Radio Co., Ltd.

※2 15 sectors: Information and communications, finance, aviation, airport and railway, electricity, gas, government and administrative services, medical care, water supply, logistics, chemicals, credit, petroleum, and port operations.



JRC-CSIRT members who participated in the NCA Seesart Workshop



Certificate of commendation

Establishment of Security policies and Internal Audits

JRC Engineering Co., Ltd. established information security policies and objectives, conducted risk assessments, and formulated organization-wide regulations called the ISMS (Information Security Management System) Rulebook to guide its activities.

As part of information security training for employees, JRC Engineering Co., Ltd. holds introductory training sessions and regular training sessions to ensure that employees understand the importance of information security and the relevant rules. In addition, to confirm the effectiveness of the training, the company conducts post-training surveys and internal audits that cover all departments to ensure that employees understand information security and are performing their duties accordingly.

Going forward, the company will continue to conduct management reviews to assess new threats arising from changes in ICT (information and communications technology), changes in stakeholders, and complaints and requests, and implement continuous rule improvements to prevent serious incidents.



ISO 27001 certification

Prompt Employee Information Updates and Thorough Security Management

Ueda Japan Radio Co., Ltd. sets account permissions for each employee according to the department and position, and the company has a system in place to update information immediately when personnel changes are announced. This reduces the risk of unnecessary permissions being granted and information leaks, thereby improving operational efficiency.

In addition, the company works closely with each department to ensure system accuracy and rapid response. Furthermore, Ueda Japan Radio Co., Ltd. conducts annual inventory checks to verify account validity and promptly reviews or deletes access privileges for any accounts that are found to be unnecessary. The company conducts regular audits twice a year to maintain and strengthen internal controls, thereby contributing to the safety and reliability of the company.

These initiatives are an integral part of the information security measures of Ueda Japan Radio and serve as an important foundation for the sustainable growth of the company. Ueda Japan Radio will continue to raise employee awareness of security through education and other means, with the aim of building an even more robust management system.

Measures to Prevent Information Leakage

Kokusai Denki Electric Inc. established a 24/7 Security Operation Center (SOC) monitoring system as a measure to prevent information leaks, which the company operates in real time to detect threats.

In order to strengthen data protection, the company introduced hard disk encryption and remote wipe functions to ensure data security even in the event of loss or theft. Furthermore, Kokusai Denki Electric prevents phishing attacks and malware intrusion by quarantining suspicious emails, thereby reducing security risks.

In addition, Kokusai Denki Electric regularly conducts security training to raise employee security awareness and improve incident response capabilities. By sharing knowledge about the latest attack methods and threats and preventing internal misconduct, the company is strengthening its overall security system.

Implementation of Information Security Education

Goyo Electronics Co., Ltd. provides information security education and training on targeted email attacks once a year in accordance with the Kokusai Denki Electric Group Information Security Promotion Plan.

The objective of information security education is to reflect on actual incidents, learn what precautions to take and what actions to implement to prevent incidents from happening in the future, and then maintain a high level of security awareness and approach to daily work with this in mind. In FY2024, the target number of participants was 374, and the implementation rate was 100%.

On the other hand, the purpose of targeted attack email training is to gain a thorough understanding of the characteristics of increasingly sophisticated targeted attack emails and improve the ability to respond to suspicious emails. As a response simulation exercise, training emails were randomly distributed to all employees. The open rate for training emails in FY2024 was 4.6% (down 2.8% from the previous fiscal year). After the training, the *Kokusai Denki Electric Group IT Report* explained the open rate, points to note, and response procedures with the aim of further raising individual security awareness.



Information security training

Acquisition of TISAX[®] information security certification standard from the German Association of the Automotive Industry

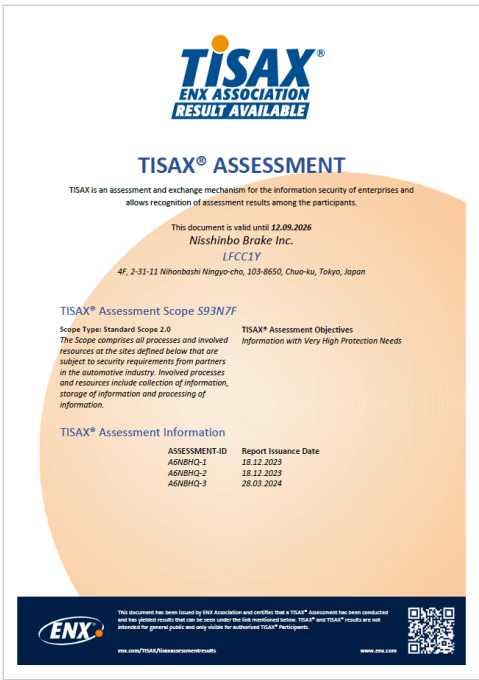
Nissinbo Brake Inc. became the first company in Japan to obtain official certification under the TISAX[®] (Trusted Information Security Assessment Exchange) information security certification standard established by the German Association of the Automotive Industry (VDA) in March 2024. The company published

their basic information security policy, which includes the three elements of information security—confidentiality, integrity, and availability—on their website, and all employees are required to act in accordance with this policy.

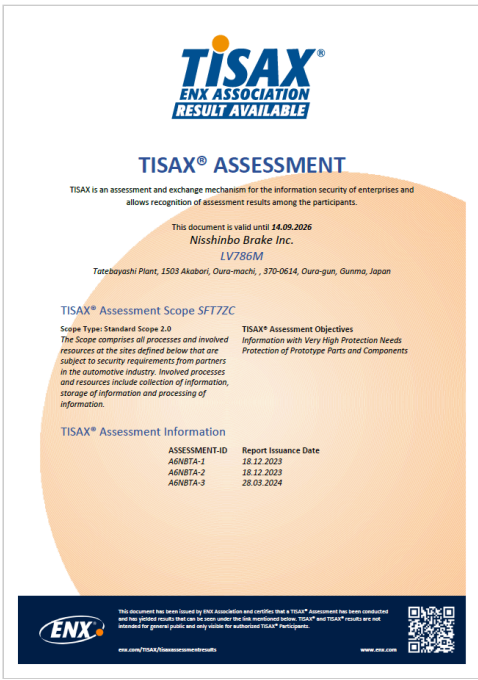
In order to maintain certification, the company incorporated the latest revisions to the requirements into its regulations, provided training using videos that reflect these revisions, and confirmed that all applicable personnel completed the training. In targeted email training, employees who receive simulated training emails can be seen alerting those around them. By obtaining TISAX® certification, awareness of information security spread throughout the entire workforce and thereby fostered an atmosphere in which teamwork is leveraged to protect the organization.



New and Transfer Employees TISAX® Training



TISAX® certification (Head Office)



TISAX® certification (Tatebayashi Plant)

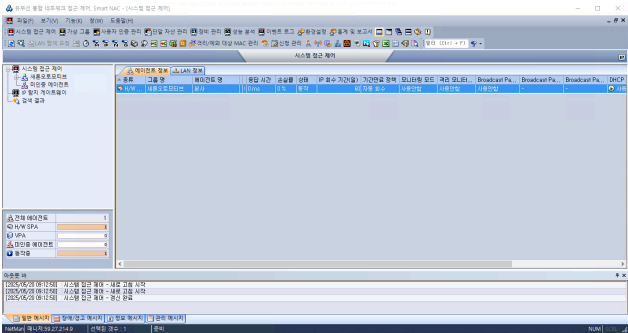
Efforts to Prevent Information Leaks

Saeron Automotive Corporation in South Korea is conducting a variety of security activities to prevent information leaks.

Internal documents and programs and files used company-wide are consolidated and managed systematically. For information management, the company uses a system called network access control (NAC) to block unauthorized access to the internal network, and a data loss prevention (DLP) system to prevent the external leakage of important information.

In addition, the company reduces security risks at an early stage by restricting the use of external programs. This initiative is carried out in collaboration with the Information Systems Department of Nissshinbo Brake Inc. The company exchanges information through regular audits and strictly complies with global security guidelines.

In addition, the company operates an information security bulletin board on its internal intranet Groupware. The company shares information security news and guidelines with executives and strives to raise security awareness.



NAC (Network Access Control)



PC Security Integration Console

Implementation of Information Security and Personal Information Protection Education

Tokyo Shirts Co., Ltd. provides information security training and personal information protection training for all employees every year from September to October. Based on training materials, headquarters staff and managers in charge of stores nationwide provide training to store managers who then give lessons to each staff member.

The company mainly conducts business in stores where many people come and go and handles a large amount of personal information. Therefore, the training curriculum covers a wide range of topics, including password management for information devices, prohibition of mixing business and personal use (such as using personal devices for business purposes), prevention of loss and theft, precautions to take when working outside the office, and awareness of targeted emails.



Information security training

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.

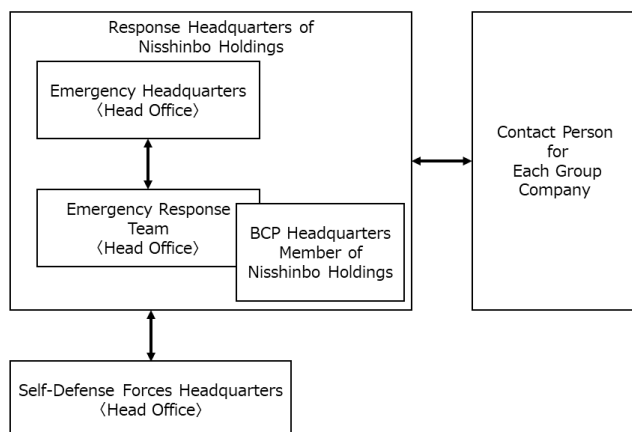
■ Guidelines for Action in the Event of Emergencies

- ① In the event of an emergency, the response shall take precedence over normal business activities.
- ② The 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.
- ③ Proactively 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 the member of the response headquarters is appointed by the Company's executive officers. The Emergency Response Team is headed by the Executive Officer in charge of the Risk Management Department, and team members are appointed from Managing Officer. 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>



<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
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	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	
Task Force	Response Headquarters Manager		President of Nisshinbo Holdings	• Decision-making and judgment on important cross-group matters • Appointment of Response Headquarters Member
	Assistant of Response Headquarters Manager		The Executive Officer in charge of the Risk Management Department	• 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 Executive Officer of Nisshinbo Holdings	• Assist in judgment and decision-making of Response Headquarters Manager regarding disaster response
Response Team	Response Team Leader		The Executive Officer in charge of the Risk Management Department	• 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
	Response Team Member	Information Gathering Team	Appointed by Nisshinbo Holdings Head Office Business Enrollment	• Obtain information on all damage and requests for assistance, etc. • Gathering and sharing of information from government, administration, and member organization
		Safety Confirmation Team		• Confirmation of safety confirmation status (including tracking confirmation) and executable instruction • Find out who is doing the work, Assistance for workers
		Communication Team		• Dissemination of information to stakeholders • Management and control of the distribution of information to the customers
		Secretariat		• 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

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.

In FY2024, the Nisshinbo Group added the functions of sending emails to all employees and displaying a summary list of safety information to the safety confirmation and emergency contact system. In preparation for the occurrence of a large-scale disaster, the company is further upgrading the system to speed up employee safety confirmation by conducting company-wide training for inputting and responding to such requests.

In addition, during the FY2024 emergency response training conducted by Nisshinbo Holdings Inc., two types of business continuity management (BCM) drills were conducted simulating two scenarios: one where communication infrastructure and power supply were functioning normally, and another where communication infrastructure and power supply were restricted. Furthermore, practical training on the operation of generators and portable power sources to be used in the event of a power outage was conducted for members of the emergency response team. The Nisshinbo Group plans to continue to maintain the necessary equipment in the event of an emergency.

BCP Initiatives in the Procurement Supply Chain

Nisshinbo Group is inquiring about the status of BCP in the procurement supply chain as a survey item for suppliers. In the FY2024 results, many suppliers were found to have insufficient BCP initiatives. The company will continue to provide feedback and support on the survey results, aiming to improve the Nisshinbo Group's supply chain BCP.

Specific Activities of the Group Companies

BCP Activities in the Supply Chain During Emergencies

Japan Radio Co., Ltd. maintains the latest supply chain data in order to quickly gather information and consider alternatives in the event of an emergency (natural disasters, epidemics, fires, riots, terrorism, war, civil unrest, etc.), thereby ensuring a stable supply of products and earning the trust of customers.

In the initial investigation of an emergency, it is necessary to accurately and quickly identify the relevant suppliers; maintaining the accuracy of such information as factory locations is an important issue.

Japan Radio Co., Ltd. makes this possible by deepening its relationships with suppliers who serve as sources of information. The company also strives to maintain these relationships and incorporate the importance of BCP into its daily operations so that it can respond appropriately in the event of an emergency.

Comprehensive Evacuation Drill Conducted in Anticipation of an Earthquake Directly Beneath the Tokyo Metropolitan Area

JRC Tokki Co., Ltd. conducted a comprehensive evacuation drill in September 2024 that involved 201 employees who were present at the company headquarters on that day.

Based on training scenarios created by the company, each team of the in-house fire brigade confirmed the safety measures to be implemented in the event of an accident or other emergency, while paying close attention to safety. In addition, assuming that a fire had broken out on the second floor of the head office building, the firefighting team conducted a firefighting drill using indoor fire hydrants, which resulted in a tense and realistic training session.

Finally, the head of the volunteer fire department reminded everyone to prepare emergency supplies and confirm the means of communication with family members, which raised awareness of the importance of being prepared for disasters that could strike at any time. JRC Tokki Co., Ltd. will continue to provide training on an ongoing basis to strengthen its ability to respond to emergencies.



BCP Response in the Event of a Major Earthquake or Other Disaster

The Procurement Division at Kokusai Denki Electric Inc. regularly surveys and updates information on the manufacturing sites of its business partners (including secondary suppliers) in preparation for business continuity plans (BCP) in the event of a disaster. The purpose of this initiative is to maintain the accuracy of the information in the database in order to respond quickly in the event of an emergency.

For the 12 earthquakes with a seismic intensity of 5 or higher that occurred in Japan and Taiwan in 2024, the company is utilizing this database to confirm the situation with business partners in the affected areas and share information with senior management.

In addition, when the impact of the Noto Peninsula earthquake in January 2024 in Japan on business partners was confirmed, Kokusai Denki Electric Inc. implemented swift measures in cooperation with relevant departments within the company to ensure a stable supply of products to customers.

BCP Response in the Event of a Major Earthquake

The Procurement Division at HYS Engineering Service Inc. regularly updates its supplier registration information as part of its business continuity plan (BCP).

In the event of an earthquake with a maximum seismic intensity of 5 or higher, a large-scale fire, flood, heavy snowfall, or other disaster, HYS Engineering Service Inc. will promptly confirm the disaster situation with business partners in the affected areas by telephone or email and share the results with senior management.

If there is any impact on business operations, HYS Engineering Service Inc. will consult with the relevant departments within the company to discuss countermeasures and minimize the impact on business. In addition, the company's Quality Assurance Department will promptly confirm the operational status of products and the extent of damage by telephone or email, focusing on local governments that support social infrastructure in areas where earthquakes with a maximum seismic intensity of 5 or higher have occurred. The company will report and share the results with senior management and Kokusai Denki Electric Inc. Furthermore, depending on the extent of the damage, the company will rush to the site to assess the situation in detail and work as one Kokusai Denki Electric Group to prevent further damage and restore operations as quickly as possible.

Conduct Emergency Response Drills

The Tsurunuma Plant of Goyo Electronics Co., Ltd. conducts comprehensive evacuation drills once a year, which also serve as initial firefighting drills for the company's self-defense fire brigade, as well as information communication drills employing a safety confirmation system three times a year (before long holidays). The information communication drill conducted in 2024 achieved a 100% response rate. In addition, the company conducts emergency response drills twice a year to minimize the environmental impact in the event of natural disasters, accidents, fires, or other incidents that could result in the release of environmentally hazardous substances into neighboring areas.

These emergency response drills not only ensure that employees take the appropriate action in the event of an emergency but also confirm that all emergency equipment functions properly and that there are no shortages or deficiencies in supplies. The company will continue to conduct drills on an ongoing basis to raise disaster prevention and safety awareness and steadily strengthen their preparedness for emergencies.



Emergency response drill

Education on How to Respond in the Event of a Major Earthquake

GOYO ELECTRONICS CO., LTD. provides internal training twice a year for its Procurement Department and focuses on BCP training. This training involves reading and discussing internal regulations related to large-scale disaster response manuals and crisis management response standards for business partners, which are designed to address such situations as earthquakes with a maximum seismic intensity of 5 or higher. The company also promotes a deeper understanding by introducing recent examples of disaster responses and explaining them to employees in an easy-to-understand manner.

The company established a system to promptly report to management on the status of business partners in the affected areas and the extent of damage. However, in cases where the impact of the earthquake is widespread, it may take time to conduct the investigations. The company strives to give accurate instructions while listening to the opinions of the person in charge, and GOYO ELECTRONICS CO., LTD. instructs employees to continue making timely phone calls and sending emails that take into consideration the feelings of our business partners in order to obtain accurate information.

In addition, assuming that GOYO ELECTRONICS CO., LTD. is affected by a disaster, the company conducts annual training exercises using satellite phones to communicate between factories in order to quickly grasp the situation at the company.

Workplace and Community Safety Initiatives

Kokusai Denki Electric Linear S/A in Brazil conducts the following emergency response and first aid training for employees once a month under the guidance of fire department personnel.

- ① Fire prevention and fire extinguisher training
- ② Confirmation of evacuation procedures in case of emergency
- ③ First aid and rescue training

In addition, the company established a junior emergency response team for employees' children aged 5 to 10. The junior emergency response team learns how to respond to fires, accidents, and natural disasters at home and at school. By learning basic first aid techniques to be used until firefighters arrive in an emergency, as well as skills to protect themselves in critical situations from an early age, the team is engaged in activities that foster safety awareness.



Emergency response and first aid training



Junior emergency response team

Regular Review and Training of BCP (Business Continuity Plan)

Nisshinbo Mechatronics Inc. developed a business continuity plan (BCP) with the aim of minimizing the impact on business activities and prioritizing human life in the event of a major earthquake that could seriously affect business continuity.

The BCP is updated to include response measures based on the latest damage forecasts, reconfirm the damage expected at each site, and update information on raw materials, suppliers, and other relevant information. The company is also reviewing disaster prevention materials and emergency supplies.

As part of the BCP training, in October and November of 2024, the company conducted drills simulating a disaster, including setting up a headquarters, securing emergency power supplies, gathering information on damage within the workplace using transceivers, assessing the status of suppliers, and connecting to other sites via the Web.

Nisshinbo Mechatronics Inc. regularly reviews regulations and conducts training to ensure that personnel are prepared to respond to any emergencies that may arise.



BCP training

Internal Control



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.

- Basic Policy on the Establishment and Operation of Internal Control Systems

Promotion System

Nisshinbo Holdings Inc. reorganized its organizational structure in April 2025 to establish a Managing Officer system for each functional division with the aim of building and overseeing a structure that would lead to urgent change.

Under a system in which Executive Officer in charge of Legal & IP Department is in charge, the Legal & IP Department is in charge of internal control, and reports to the Board of Management^{*} and the Board of Directors in 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 Management and 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 president of the Nisshinbo Group, who is the chief executive officer of the Group, issues instructions on the matters necessary for management through management reviews. Special items are reported to the Board of Directors as appropriate.

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

Specific Initiatives of the Nisshinbo Group

Corporate Ethics Committee

The Corporate Ethics Committee of Nisshinbo Holdings Inc. conducts an annual review of compliance status (including the presence or absence of compliance violations, the specific details, and compliance-related activities and initiatives) across the entire group. The results are reported in the internal control management review report presented to the Board of Directors and serve as a review by senior management.

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, and when instructed by the general manager
Promotion of Environmental Management	At least once a year, and when instructed by the chief executive officer or general manager
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.

In accordance with the points identified as requiring improvement in the internal audit in FY2024, the Nisshinbo Group is making specific improvements by reviewing some regulations and operational rules.

Data File Download



FY2024

[Environmental Data 2024](#) 

[Environmental Data 2024](#) 

[Environmental Data for Principal Companies in 2024](#) 

[Environmental Accounting 2024](#) 

[Social Data 2024](#) 

[Social Data 2024](#) 

GRI Content Index



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, 2024 through December 31, 2024.
		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		
	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

GRI STANDARD			
	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.44 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
	4. Strategy, Policy and Practice		
	2-22	Statement on sustainable development strategy	Integrated Report (P.1-5 Message from the President)
	2-23	Policy commitments	Integrated Report (P.1-5 Message from the President) HP (Message from the President) Sustainability Site (Message from the President) Nisshinbo Group Human Rights Statement
	2-24	Embedding policy commitments	Sustainability Promotion Plan and KPIs
	2-25	Processes to remediate negative impacts	Risk Management Human Rights Due Diligence Initiatives
	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
	2-28	Membership associations	Commitment to Initiatives
	5. Stakeholder Engagement		
	2-29	Approach to stakeholder engagement	Stakeholder Engagement and Third Party Opinion
	2-30	Collective bargaining agreements	Relationship with Employees
GRI STANDARD	DISCLOSURE		LOCATION

GRI STANDARD			
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	Annual Securities Report (Japanese Edition, P.117-119)
	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	Recruiting Site (Japanese Edition)
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Social Involvement Activities for Environmental and Biodiversity Conservation
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Risk Management Thorough Compliance and Corporate Ethics
	205-2	Communication and training about anti-corruption policies and procedures	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

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

GRI STANDARD	DISCLOSURE		LOCATION
	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
	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	Information Disclosure Based on TNFD Recommendations
	304-2	Significant impacts of activities, products and services on biodiversity	Information Disclosure Based on TNFD Recommendations
	304-3	Habitats protected or restored	Activities for Environmental and Biodiversity Conservation
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Activities for Environmental and Biodiversity Conservation
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Promoting Climate Change Countermeasures Environmental Data
	305-2	Energy indirect (Scope 2) GHG emissions	Promoting Climate Change Countermeasures Environmental Data
	305-3	Other indirect (Scope 3) GHG emissions	Promoting Climate Change Countermeasures Environmental Data
	305-5	Reduction of GHG emissions	Promoting Climate Change Countermeasures
	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

GRI STANDARD	DISCLOSURE		LOCATION
	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 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	Recruiting Site (Japanese Eddition)
	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

GRI STANDARD	DISCLOSURE		LOCATION
	403-9	Work-related injuries	Promoting Occupational Accident Prevention
	403-10	Work-related ill health	Promoting Health Management
GRI 404: Training and Education 2016	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 Promoting Responsible Supply Chains
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights Due Diligence Initiatives Promoting Responsible Supply Chains
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Due Diligence Initiatives Promoting Responsible Supply Chains
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 Assessment 2016	414-1	New suppliers that were screened using social criteria	Promoting Responsible Supply Chains
	414-2	Negative social impacts in the supply chain and actions taken	Thorough Compliance and Corporate Ethics Promoting Responsible Supply Chains
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	Initiatives to Improve Quality and Customer Satisfaction

GRI STANDARD	DISCLOSURE		LOCATION
GRI418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Thorough Information Security Risk of personal information leakage due to unauthorized access (Japanese Eddition) Apology and report regarding targeted attack emails (Japanese Eddition) (first report) Apology and report regarding targeted attack emails (Japanese Eddition) (final report)

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

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 FY2020-2024

- ▶ [Sustainability website FY2024](#) 
- ▶ [Sustainability website FY2023](#) 
- ▶ [Sustainability website FY2022](#) 
- ▶ [CSR website FY2021](#) 
- ▶ [CSR website FY2020](#) 

CSR Report for FY2008-2016



CSR Report 2016

- ▶ [All Pages](#)  [6.05MB](#)



CSR Report 2015

- ▶ [All Pages](#)  [6.05MB](#)



CSR Report 2014

- ▶ [All Pages](#)  [4.56MB](#)



CSR Report 2013

- ▶ [All Pages](#)  [5.39MB](#)



CSR Report 2012

- ▶ [All Pages](#)  [4.98MB](#)



CSR Report 2011

- ▶ [All Pages](#)  [2.53MB](#)



CSR Report 2010

▶ [All Pages](#) [ [6.70MB](#)]



CSR Report 2009

▶ [All Pages](#) [ [2.01MB](#)]



CSR Report 2008

▶ [All Pages](#) [ [2.57MB](#)]



To view PDF files, you need Acrobat Reader. We recommend Acrobat Reader.

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 FY2024 (January 1, 2024–December 31, 2024).

2. Scope

The Company and its 87 consolidated subsidiaries as of the end of FY2024, for a total of 88 companies.

* On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.

3. Guidelines Used for Reference

- ISO 26000
- Global Reporting Initiative "GRI standard"
- Environmental Reporting Guidelines 2018, Japan's Ministry of the Environment
- Task Force on Climate-related Financial Disclosure (TCFD) Recommended Disclosures
- Taskforce on Nature-related Financial Disclosure (TNFD) Recommended Disclosures
- GHG Protocol

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



(7) Long-term vision



(8) Strategy



(9) Methodology for identifying material environmental issues



(10) The entity's material environmental issues





Management orientation



Soundness of the organizational structure



Environmental performance information