

Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives to Support Sustainable Growth

July 11, 2025
Yasuchika Iwasa
President
NIPPO LTD.

Corporate Philosophy and Business Identity

NIPPO LTD. will continue to provide “unique value” as a “technical innovator” supporting our customers’ manufacturing in our endeavor to enhance mid- to long-term corporate value and develop a sustainable society.

Since the company's founding in 1952, NIPPO LTD. has supported our customers’ manufacturing both as a trading company specializing in the field of high-performance production components and as a manufacturer of precision-molded plastic components.

"Technical innovator" describes the business style of our company—“thinking of, selecting, and creating unique value” supported by our technical capabilities and strategic thinking, with the employees who embody this style being one of our company's greatest strengths.

We constantly strive to enhance our medium- to long-term corporate value and bring about a sustainable society, continuously helping sustain convenient and prosperous lifestyles by “creating unique value” through new challenges in the development of our customer's manufacturing and technology.

More Than the Sum

As our corporate statement, this expresses the aim to support and contribute to our customers' manufacturing goals by creating added value ("1+1=3 More Than the Sum")—that is, by providing "unique value"—based not simply on addition, but on our unique competitive advantage based on our "thinking of, selecting, and creating unique value" approach to develop products and services.

Management Philosophy

We are committed to promoting both prosperity for our company and happiness for our staff and associates by creating new value, so as to repay society for its blessings.

Management Policy

As a company creating unique value, we will continue to support the world-leading manufacturing of our customers and view our employees as a source of strength for our company, and will make it our goal to be a global company with roots in each of our local communities.

Code of Conduct

We strive to ground actions in the six core concepts that are required in providing unique value: "Customer Creed"; "Basic Consciousness"; "Fairness"; "Taking on Challenges"; "Speed"; and "Communication."

Business Segment

Manufacturing

Trading

Mobility

Power Train Components
Electronic Control System Components

- Molded Resin Products, Insert Components
- Coil Parts and Assembly
- Processing Metal Components

Customized Manufacturing Equipment
(Automated Machinery, Inspection Machines, etc.)



Medical and Precision Devices

【Medical】
Disposable Medical Device Products
Medical Robots Components

【Precision Devices】
Printer Parts
Digital Imaging Components



Electronics

【Electronic Components】
Functional Materials

- Thin Film Materials
- Packaging Materials

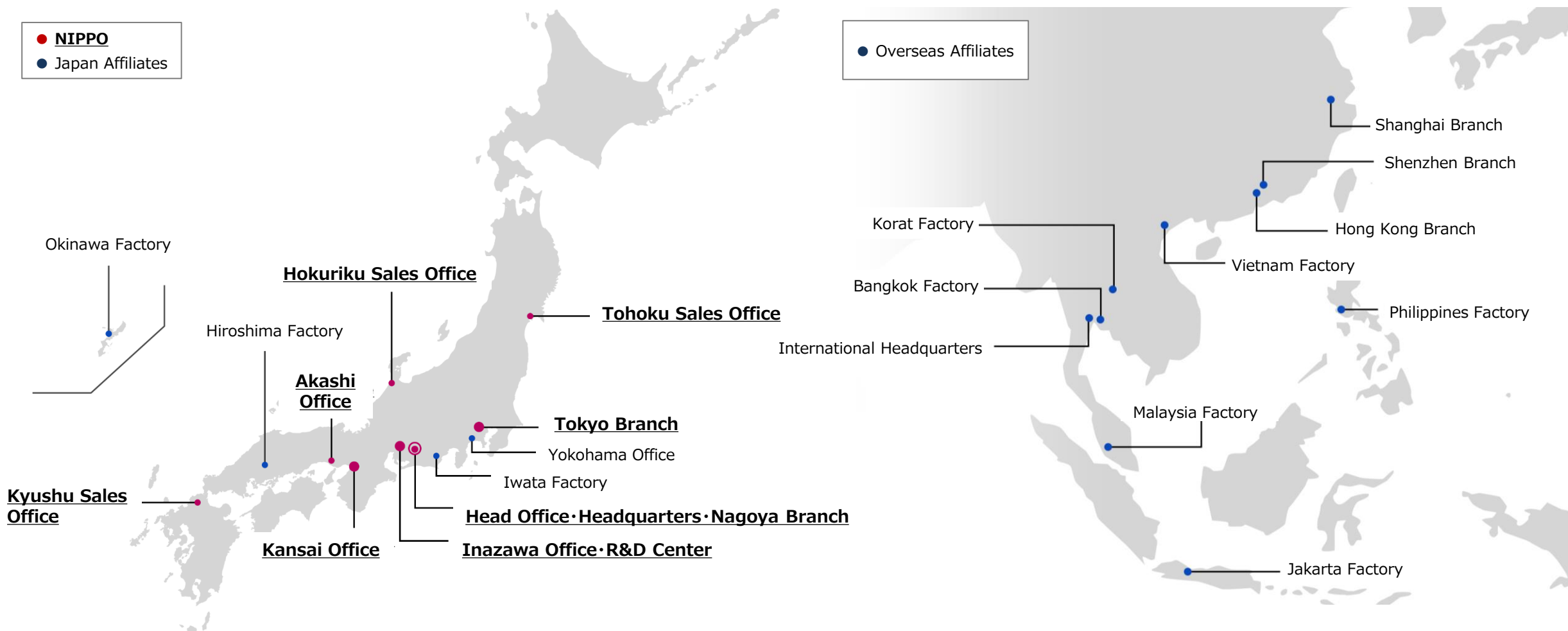
Wiring Board Materials
High Performance Epoxy Adhesives
Wafer grinding carriers
Functional Processed Components, Jigs and Tools, Equipment

【Housing Fixtures and Equipment】
Residential Piping Materials
Water Heater and Piping Materials
Materials for Household Fuel Cells



Global Network

Working as our customers' business partner in developing a global business rooted in Japanese and overseas regions



NIPPO Group consists of 13 companies, including NIPPO LTD., 3 domestic affiliates, and 9 overseas affiliates. We also support our customers' manufacturing with a total of 11 production bases (5 in Japan and 6 overseas) and 2 R&D bases.

SECTION 1: Initiatives to Enhance Medium- to Long-Term Corporate Value

History of Value Creation

The NIPPO Group was established in 1952 based on the Sales Division of Toho Carbon Manufacturing, an authorized dealer for Hitachi, Ltd. manufacturing and selling carbon blocks. Since then, we have supported our customers' manufacturing as a "unique, value-creating company" fulfilling the dual functions of trading and manufacturing.

Changing Business Trends



Carbon Parts



Varnish Material



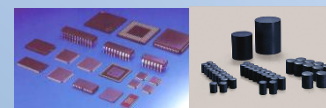
Magnet Parts



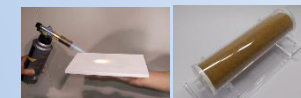
Material for housing fixtures and equipment



Wiring board materials



Semiconductor and electronic component material



Fuel cell materials



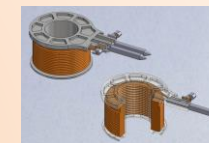
Timing chain tensioner
Engine parts



Electronic system components



Gears, rotors
Exhaust gas recirculation parts



Winding wires
Solenoid parts

Mobility

Medical and Precision Devices



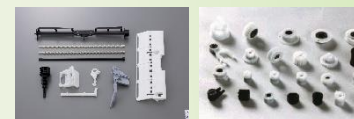
Audio Visual (AV) equipment



Wristwatch parts



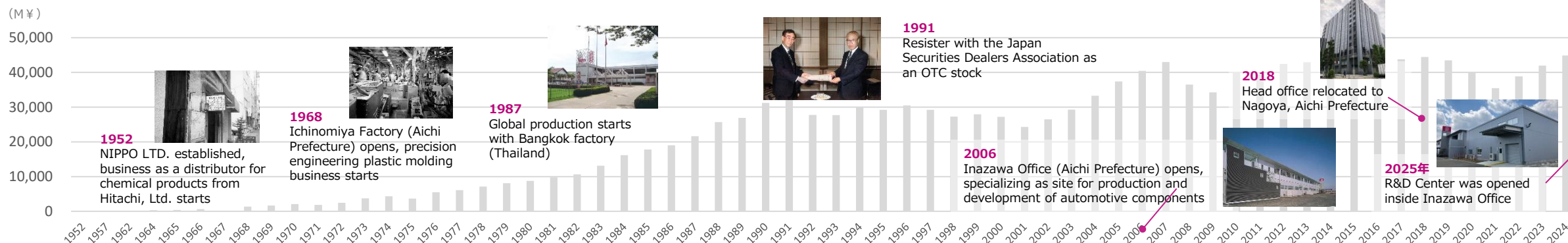
Camera parts



Printer parts



Medical device components



1952- Founding
• NIPPO LTD. established (Osaka City, Osaka Prefecture)

1960- Development
• 1968 Start of precision engineering plastic molding business
• 1982 Start of development, manufacturing and sales of plastic magnets
• 1982 Start of manufacturing and sales of self-designed, FRP-made product "Fuel Economy Plates" for trucks.

1987- Expansion
• 1987 Start of global production
• 1987 Started of manufacturing and sales of our original products "Hys Torque Roller" and "One Way Clutch Unit".
• 1991 Resister with the Japan Securities Dealers Association as an OTC stock.

2001- Renewal
• 2002 Introduction of corporate headquarters system as one measure to strengthen marketing system
• 2004 Listed on the JASDAQ Securities Exchange (currently the Tokyo Stock Exchange)
• 2006 Opening of Inazawa Office in Inazawa City, Aichi Prefecture
• 2011 Start of medical equipment manufacturing in Korat (Thailand)

2016- Change
• 2016 Formulation of Management Strategy based on long-term vision and medium-term management plan
• 2018 Headquarters relocated to Nagoya City, Aichi Prefecture
• 2020 Multiple listings on Nagoya Stock Exchange
• 2022 Shift to new market categories of Tokyo Stock Exchange "Standard Market" and Nagoya Stock Exchange "Main Market".
• 2025 R&D Center was opened inside Inazawa Office.

NOTE : The company has adopted the Revenue Recognition Accounting Standards since FY2021

History and Sales Trends

Long-term Business Targets for 2031

Long-term Vision

What We Aspire to Be

- An **essential company** that delivers unique value to help clients further their manufacturing businesses and help society achieve sustainability

Current Strengths, Future Strengths

Current Strengths

Superior QCD developed over long years of manufacturing experience

Sales methodology focused on delivering solutions to clients' technical issues



Complemented with...

Future Strengths

New products, materials, services born from Nippo's unique ideas

We will achieve our mission by creating truly unique, more beneficial value and selling these widely.

We are committed to **promoting both prosperity for our company and happiness for our staff and associates** by creating new value and selling it as widely as possible, so as to **repay society for its blessings**.

Long-term Business Targets for 2031

■ Basic Policy: Realizing Our Vision

Policies geared toward generating truly unique, more beneficial value

1

Growing manufacturing as a share of total sales from $\frac{1}{2}$ to $\frac{2}{3} +$

	Electronics	Mobility	Medical and precision devices	Consolidated total
Manufacturing % of total	16% ↑	78% ↑	75% ↑	50%
Trading % of total	84%	22%	25%	50%

FY2023

→

	Consolidated total
Manufacturing % of total	67% ↑
Trading % of total	33%

FY2031

Our aim: To be reclassified on the Tokyo Stock Exchange from wholesale to manufacturing

2

Launch & expand a new segment: eco-products

We will launch an eco-products division to manufacture and sell products and key modules developed with partner companies and universities so as to help protect the environment. Resources will be added as required to get the new division up and running.

Our aim: To use our business as a vehicle for environmental protection

3

Review balance of financial discipline and growth investment to facilitate more aggressive investment in growth

Reset the maximum **net D/E ratio to** 0.6 and shift to a more aggressive footing with regards to investment in growth and human capital.

Our aim: To boost momentum in corporate growth

NB:1.The specific targets for key management indicators will be announced in our Medium-Term Management Plan.

2.The new Eco-products section will be added to our segment reporting scheduled to begin during the period covered by Medium-Term Management Plan for 2028.

Value Creation Process

The NIPPO Group conducts business in three core business segments: Electronics; Mobility; and Medical and Precision Devices. As a "technical innovator" supporting our customers' manufacturing efforts, we apply six types of capital and two functions (trading and manufacturing), and through our approach of "thinking, selecting, and creating," we continue to provide "unique value"—something more than the sum of its parts—and contribute to enhance medium- to long-term corporate value and in achieving a sustainable society.

Principal Capital (as of end of FY 2024)

Financial	Total assets	32,475 million yen
	Equity ratio	50.9 %
Manufacturing	Fixed assets	13,715 million yen
	Capital investment expenses	2,032 million yen
Intellectual	Patents held	23
	R&D expenses	93 million yen
Human	Number of employees (non-consolidated)	332
	Number of employees (consolidated)	2,833
Social	Domestic group companies	3
	Overseas group companies	9
	Business partners	6
Natural	Electricity usage	41,805,088 kWh
	Water consumption	103,960 m ³

Business Activities

Current Strengths

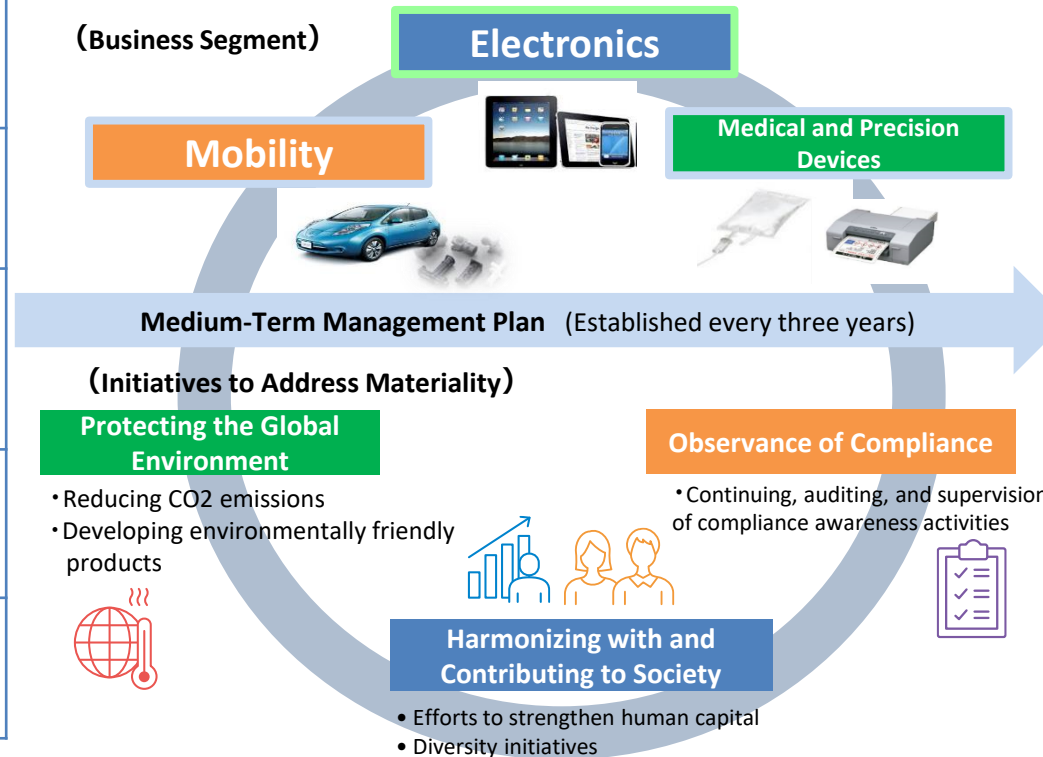
- ① Superior QCD developed over long years of manufacturing experience
- ② Sales methodology focused on delivering solutions to clients' technical issues

+

Future Strengths

New products, materials, services born from Nippo's unique ideas

(Business Segment)



Corporate Philosophy

We are committed to promoting both prosperity for our company and happiness for our staff and associates by creating new value, so as to repay society for its blessings.

Long-term Vision

An essential company that delivers unique value to help clients further their manufacturing businesses and help society achieve sustainability

Long-term Business Targets for 2031

Basic Policy

■ Growing manufacturing as a share of total sales from 1/2 to 2/3 +

■ Launch & expand a new segment: eco-products

■ Review balance of financial discipline and growth investment to facilitate more aggressive investment in growth
Max. net D/E ratio 0.6

Major sustainability targets

■ Reduction rate in CO2 emissions : by 2050, achieving carbon neutrality (effectively zero CO2 emissions), in 2030, at least 25% in comparison with FY2021 ※targeting SCOPE ½

■ Developing environmentally friendly products

■ Employee Satisfaction rate : FY2025 ≥ 65%

■ Percentage of woman employees among employees at assistant manager level (including general staffs) : FY2025 40%

Medium-Term Management Plan 2025

- 3-year Cumulative Total of Consolidated Operating Income : 5.73bJPY ※Set a target to reach 2 billion yen/year in operating income
- 3-year average ROE ≥ 10.0%

Long-term Business Targets for 2031 : https://www.nip.co.jp/english/ir/.assets/vision2031_en.pdf

Medium-term Management Plan 2025 : https://www.nip.co.jp/english/ir/.assets/cyukei2025_en.pdf

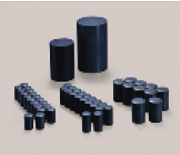









Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives : https://www.nip.co.jp/english/esg/.assets/esg_torikumi_en.pdf

ESG data : <https://www.nip.co.jp/english/esg/#esgdata>

Business Portfolio

■ Basic Policy Regarding Our Business Portfolio

1. With our focus on the three business segments of Electronics, Mobility, and Medical and Precision Devices, we take on the challenge of creating a competitive advantage in these domains while aiming to expand our business by getting Eco Products business on track and grow it into our 4th core businesses.
2. In each business segment, we will strategically invest management resources to businesses exhibiting high potential for growth and profitability and promote the shift of resources to these domains. Simultaneously, we plan to downsize or withdraw from businesses in each segment that does not contribute directly or indirectly to the growth of operating income (amount) or that is deemed unlikely to make a commensurate contribution over time.
3. To identify management indicators considering the cost of capital and to ensure the linkage between these management indicators and our business activities (operations), we set operating income (amount) growth targets for each business segment, with the Board of Directors supervising efforts to achieve medium- to long-term improvement in corporate value and regular reviews of our business portfolio.

	Main Businesses		New Businesses		Strengthening Functions
Electronics	 Semiconductor materials	 Wiring board materials	 Hydrogen energy components	 Power device components	Strengthening manufacturer functions <ul style="list-style-type: none"> • Film slit processing • High performance adhesives • Wafer polishing carriers • In-house planned products
Mobility	 Electronic control parts	 Coil parts	 Sensor related parts	 Automation	Enhancing cost competitiveness <ul style="list-style-type: none"> • Promoting automation in mass production and inspections process
Medical & Precision Devices	 Disposable parts for medical equipment		 Parts for medical robots		Enhancing cost competitiveness <ul style="list-style-type: none"> • Promoting automation in mass production and inspections process

+

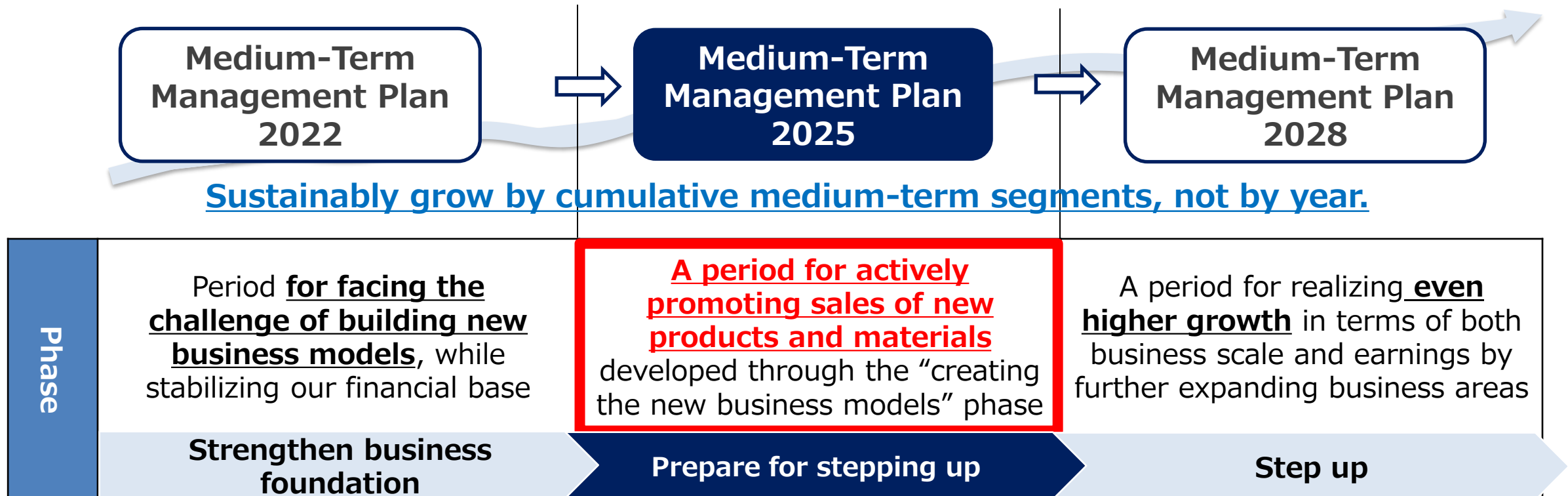
Create new business segments

Downsize or withdraw from businesses in each business segment that do not contribute directly or indirectly to the growth of operating income (amount) and that cannot be expected to contribute as time passes.

Establishment Phase of Medium-Term Management Plan 2022-2028

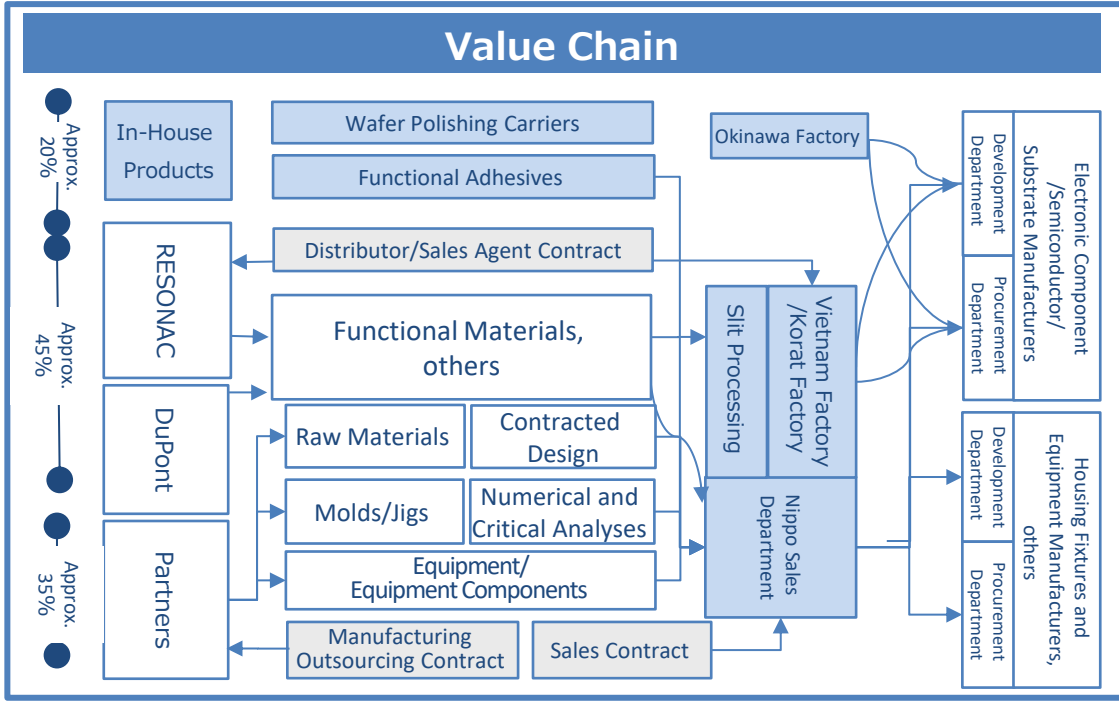
Our Purpose	To provide unique value to our customers, who are leading the world in manufacturing, and continue to support their manufacturing efforts.
Our Goal	To become a unique company that continues to grow and view its employees as a source of strength.

Phases of Medium-Term Management Plan



Business Strategy and Business Model (Electronics)

■ Business Model



Sources of Competitive Advantage	<ul style="list-style-type: none"> Problem-solving technical business style conducted in collaboration with partner companies Superior quality assurance system equivalent to that of a manufacturer, despite being a trading company Offering high value-added products that combine trading company and manufacturer functions
Risks	<ul style="list-style-type: none"> Changes in supply chains due to reorganization of suppliers/customers' business Increased procurement costs due to sharp increases in material prices Accelerating cost competition for general-purpose materials
Opportunities	<ul style="list-style-type: none"> Increasing need for functional materials due to the evolution of next-generation communications technologies Greater demand for polishing carriers due to the increasing precision of semiconductor wafers Increased demand for hydrogen energy-related components due to the progress of carbon neutrality Return of domestic production activity due to fluctuations in exchange rates and developing geopolitical risks

■ Business Strategy

Business vision

Develop as a materials and components trading company with manufacturing functions

Our aim

-Long-term Business Targets for 2031-

Capture niche demand for film for manufacturing processes that boosts electronic component productivity

👉

To establish Nippo as essential to go-to manufacturer of process materials essential for the evolution of electronic components

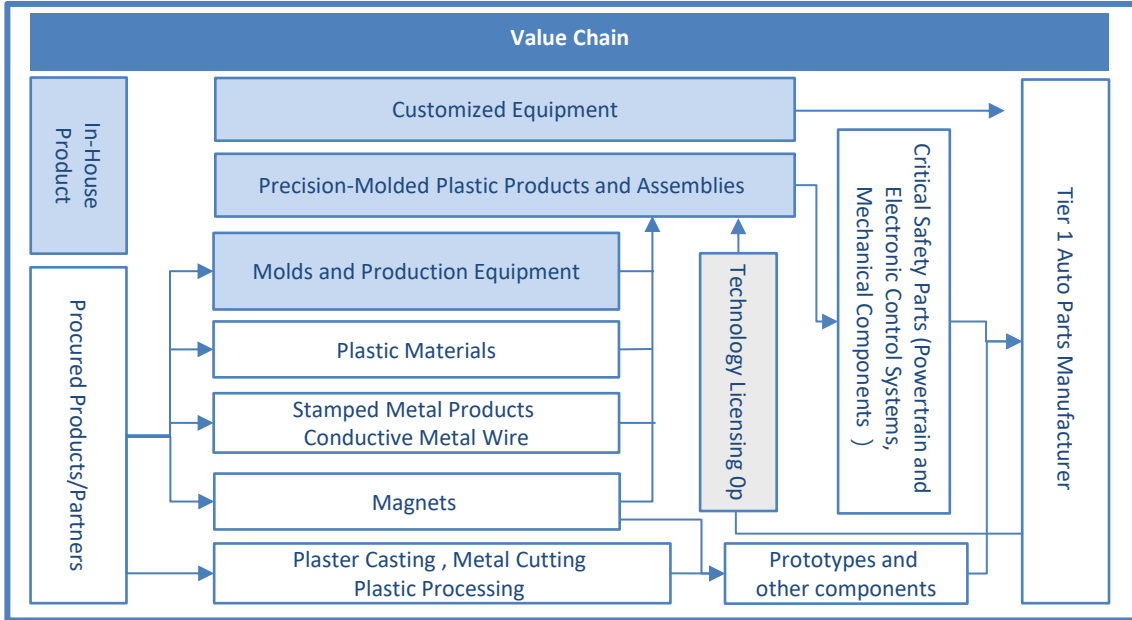
Efforts to Create a Sustainable Competitive Advantage

Category			Measures
Shift to high value-added products	New business	Hydrogen energy components	•Developing unit products through collaboration with partners
		Power device components	•Proposing highly reliable materials to improve device performance
	Main business	Semiconductor materials	•Match products that can solve customer issues
		Wiring board materials	•Shift to high-value-added fine pattern materials
Strengthening manufacturing functions	New business	High performance adhesive	•Development of original, highly functional adhesives ※
		In-house planned product	•Development of original products through in-house development and industry-academia collaboration
	Main business	Film slit processing	•Launch mass production at the Korat factory and expand business in the Thai market
		Wafer polishing carrier	•Increase production capacity through capital investment and improved production efficiency, and expand sales channels through collaboration with partners

※Target for upfront investment in growth toward the Mid-term Management Plan 2028.

Business Strategy and Business Model (Mobility)

■ Business Model



Sources of Competitive Advantage	<ul style="list-style-type: none">• Mass production technology for coil (wound wire) parts• Quality control technology for critical safety parts• Equipment technology supporting high-quality and efficient mass production activities
Risks	<ul style="list-style-type: none">• Decline in sales of internal combustion engine components due to faster-than-expected electrification (EV adoption)• Disruption of supply chains due to disasters and countries' risks• Production suspension due to automaker's fraud issues• Fluctuations in sales due to reorganization of supply destinations in response to changes in the competitive landscape of automakers• Tougher differentiation of parts (individual items) manufacturing due to technological advances in developing countries• Compensation for recalls due to defective parts• Sharp increases in transportation and personnel expenses
Opportunities	<ul style="list-style-type: none">• Increased demand for electronic control system parts (ECUs, PCUs, motors, etc.)• Progress in electrification leading to increased demand for new materials satisfying requirements for electrical properties and reduced weight• Advances in automated driving resulting in increased demand for new materials used to ensure safety

■ Business Strategy

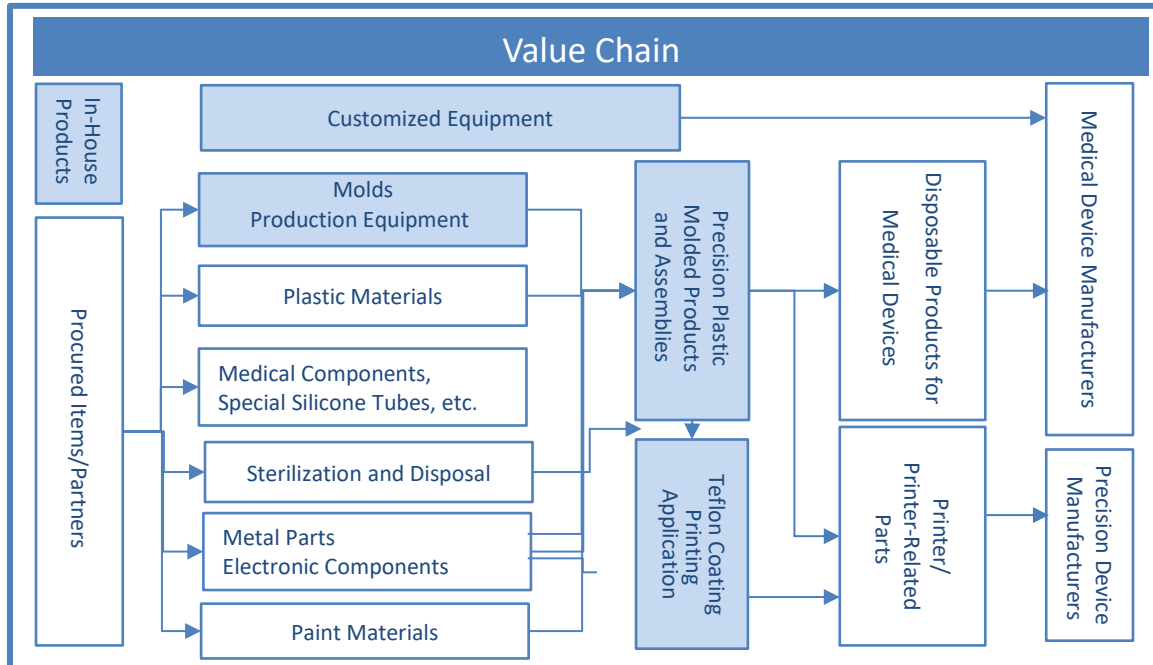
Business vision	Evolve from Tier 2 to Tier 1.5 manufacturer
Our aim -Long-term Business Targets for 2031-	Capture growing demand for electronic control, thermal management, sensor components ☞To establish Nippo as the go-to manufacturer of key modules essential for EVs and autonomous driving technology

Efforts to Create a Sustainable Competitive Advantage			
Category			Measures
Enhancing differentiated technologies	New business	Autonomous driving sensor related parts	<ul style="list-style-type: none">• Unitization of products by combining partners' technologies and resources• Acquire techniques for evaluating electrical characteristics and reliability• Acquire techniques for evaluating bonding of plastics with dissimilar materials• Strengthening in-house design and development capabilities
		Winding technology applied products ※	
		Incorporating new products	
	Main business	Electronic control Parts	<ul style="list-style-type: none">• Unitization of products combining thin-wall molding technologies, winding technologies, independently procured products, etc
		Coil parts	
Enhancing cost competitiveness	Promoting automation in mass production and inspections process		<ul style="list-style-type: none">• Promote automation by incorporating equipment independently manufactured by NIPPO (produced in-house) and sales of equipment produced in-house※
Strengthening BCP response	BCP Initiatives		<ul style="list-style-type: none">• Promote production in optimal locations, optimize locations for logistics sites and warehouses

※Target for upfront investment in growth toward the Mid-term Management Plan 2028.

Business Strategy and Business Model (Medical and Precision Devices)

■ Business Model



Sources of Competitive Advantage	<ul style="list-style-type: none">Environment, technology, and licensing for specially controlled medical devicesObtained medical QMS- "ISO13485 Certification"Obtained Medical Device Manufacturing Registration Certificate (Japan)
Risks	<ul style="list-style-type: none">(Common to Both) Change in supply chain due to partners restructuring their businesses(Precision Devices) Decrease in printer demand due to increasingly paperless work(Medical Devices) Recall payouts due to defective components and other factors(Medical Devices) Tougher differentiation as more companies enter the medical device manufacturing business
Opportunities	<ul style="list-style-type: none">Increased demand for medical robots due to labor shortages at medical institutionsIncreased demand for telemedicine, including online medical examinations and remote device operation due to labor shortages at medical institutions, prevention of nosocomial infections, and other developmentsIncreased demand for high-quality, high-precision components due to an increase in medical lawsuits

■ Business Strategy

Business vision	Develop as an OEM manufacturer of medical equipment components
Our aim -Long-term Business Targets for 2031-	<u>Capture growing demand for medical equipment</u> ☞ To transform Nippo from an OEM manufacturer to an ODM manufacturer of medical equipment

Efforts to Create a Sustainable Competitive Advantage			
Category			Measures
Strengthening Differentiated Technologies	New business	Parts for medical robots	<ul style="list-style-type: none">Acquire knowledge on specialized material processing for medical device componentsContract manufacturing of unit products utilizing our own equipment technology
	Main business	Disposable parts for medical equipment	<ul style="list-style-type: none">Enhance assembly, adhesion technology, surface treatment technology, and validation skillsScale up contract manufacturing by strengthening overseas (ASEAN) production system
Enhance cost competitiveness Development of contract manufacturing system	New business	Establishment of a domestic production system for medical parts	<ul style="list-style-type: none">Scale up contract manufacturing by building a production system for medical device components in Japan ※
	Main business	<ul style="list-style-type: none">Improving production efficiency and reducing manufacturing costs by changing the layoutPromoting automation in mass production and inspections process	<ul style="list-style-type: none">Enhance assembly, adhesion technology, surface treatment technology, and validation skillsPromote automation with in-house equipment and create production lines capable of handling integrated production, from component units to finished products
Reinforce the Equipment Business	Equipment for medical device manufacturing		<ul style="list-style-type: none">Lateral development (sales) of devices produced in-house utilizing equipment technology developed with automotive parts

※Target for upfront investment in growth toward the Mid-term Management Plan 2028.

SECTION 2: ESG Initiatives Supporting Sustainable Growth

Sustainability Policy

The NIPPO Group's management philosophy expresses our mission to promote both prosperity for our company and happiness for our staff and associates by creating new value so as to repay society for its blessings.

We have established the following policies as sustainability policies based on our “Compliance Declaration and Code of Conduct,” which we are bound to follow as a good corporate citizen, and commit ourselves through our business activities to enhancing our medium- to long-term corporate value and bringing about a sustainable society in accordance with the SDGs.

Social Policies

- We understand and respect the basic human rights guaranteed by Japan's Constitution and the laws and regulations of each individual country, as well as the basic human rights stipulated in international guidelines.
- We respect every country's and region's culture and customs, and we strive to harmonize with and contribute to our local communities in cooperation with our diverse stakeholders.

Environmental Policies

- We promote business activities that help protect the global environment and continuously work to improve such activities.
- We are proactive in dealing with the risks of climate change and strive to reduce CO2 emissions in the process of manufacturing and selling our products and materials

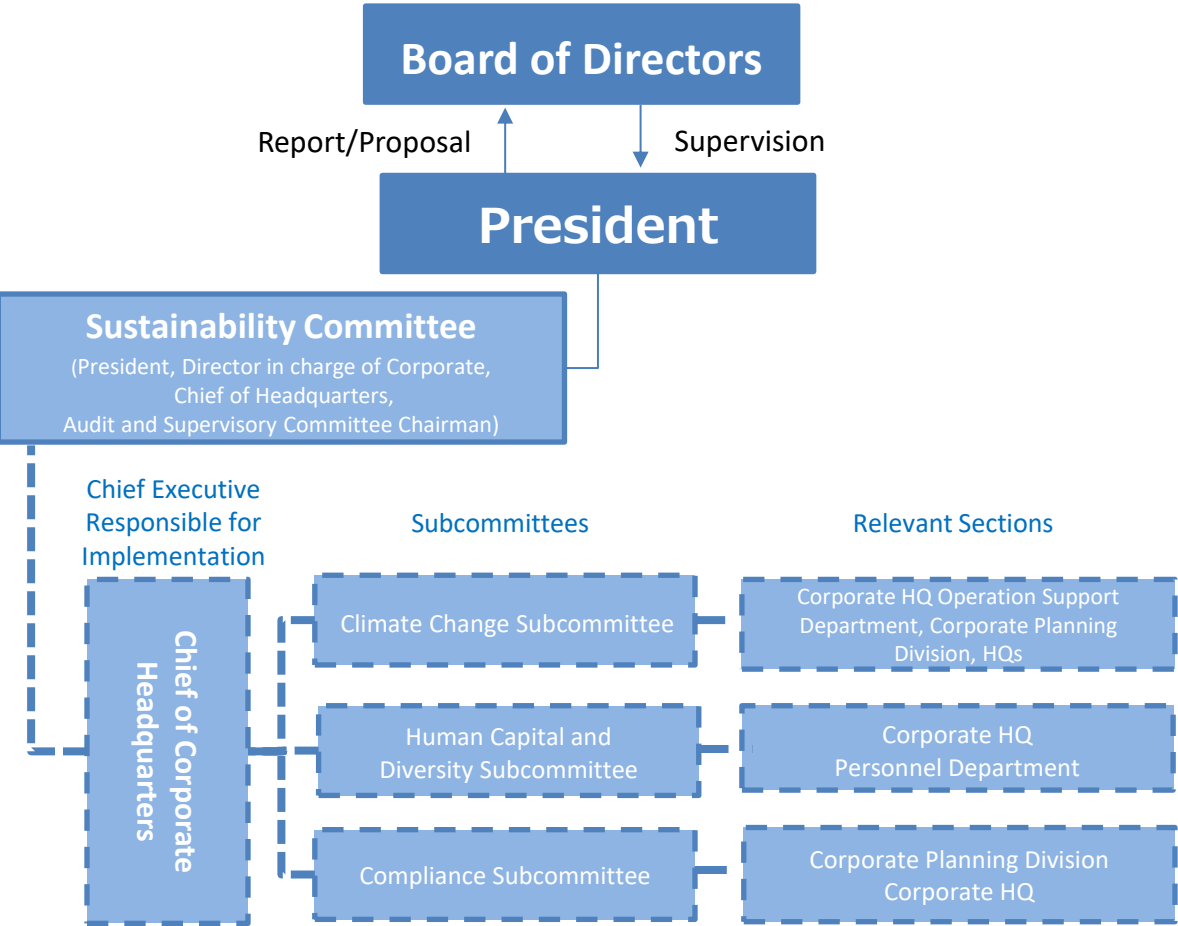
Stakeholder Policies

Customers	With our new challenge of “creating and providing unique value,” we support our customers’ manufacturing businesses, and contribute to technological development and fuller, more convenient lifestyles around the world.
Suppliers	We strive to build relationships as a trusted business partner based on the spirit of fairness and the philosophy of mutual prosperity through free and equitable business dealings.
Employees	We adhere to the principle of mutual respect for one another's values and thinking, regardless of nationality, race, gender, age, religion, and other differences. We are committed to creating a workplace environment where employees can work with peace of mind as they take on challenges together, supporting our employees in their aim to build more enriching lives.
Shareholders/ Investors	We disclose information to our shareholders and investors in a timely and appropriate manner and emphasize constructive dialogue aimed at enhancing medium- to long-term corporate value.
Local Community	As a good corporate citizen with roots in the community, we actively engage in programs that contribute to society.

Sustainability System

Based on our Sustainability Policy, the NIPPO Group has established the Sustainability Committee, which is chaired by the president, as a framework for promoting initiatives to improve medium- to long-term corporate value and create a sustainable society. To promote sustainability, we plan to identify and review materiality as well as review efforts to address identified materiality. Subcommittees will promote specific initiatives to maintain and improve each identified materiality, with the results of the activities being reported to the Sustainability Committee every six months. In addition, the Board of Directors will supervise the activities of this committee and subcommittees via the annual management review.

Sustainability System Chart



Roles of Each Institution (Organization)

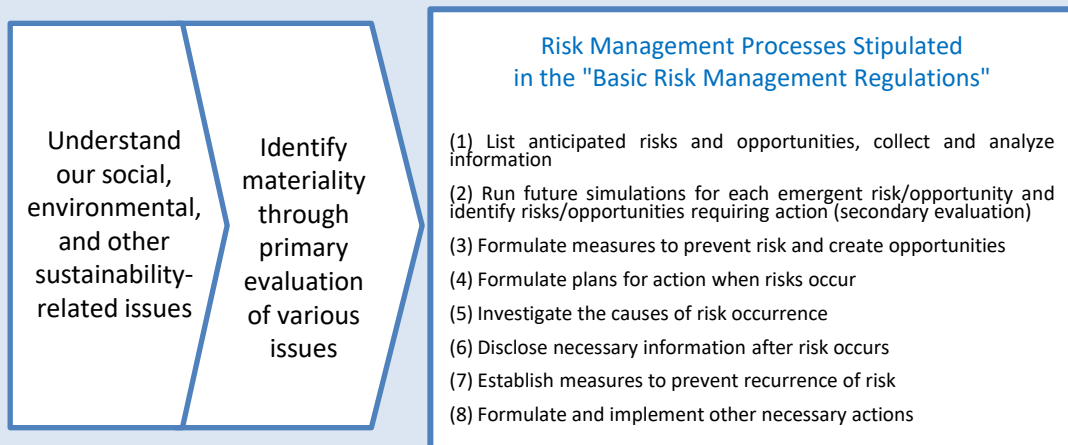
	Roles
Board of Directors	<ul style="list-style-type: none"> • Determine basic policies for sustainability-related initiatives • Supervise sustainability-related management issues
President	<ul style="list-style-type: none"> • Chief executive responsible for dealing with sustainability-related management issues • Report and provide recommendations to the Board of Directors regarding sustainability-related management issues • Develop Sustainability Committee activities with advice from the Board of Directors
Sustainability Committee	<ul style="list-style-type: none"> • Identify and review materiality • Review subcommittee's initiatives for each identified materiality • Resolve other sustainability-related problems and issues
Subcommittees	<ul style="list-style-type: none"> • Promote specific initiatives to maintain and improve identified materiality • Report to the Sustainability Committee on the results of activities <p>*In order to link the sustainability promotion system and the Group's risk management system, Chief Executive Responsible for Implementation of the subcommittees and Chief of Risk Management Headquarters are appointed concurrently.</p>

Materiality Identification and Review Process and Risk Management System

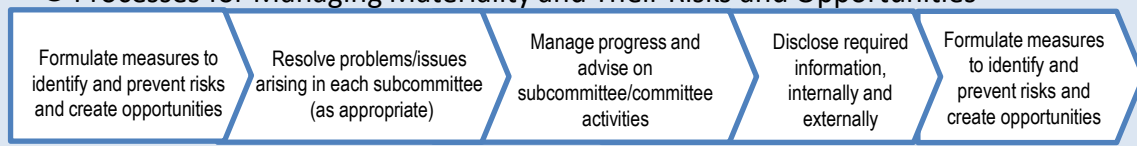
The Sustainability Committee is tasked with providing the NIPPO Group with an understanding of the company's social and environmental problems and other sustainability-related issues, identifying materiality following a primary evaluation of the impacts these issues have on NIPPO's stakeholders, on society, and on the company's management and business. A secondary evaluation of materiality that have been identified involves elucidating the risks and opportunities for each one and determining the specific efforts necessary to maintain and improve them. The aim is to create an efficient and effective management system by integrating each process for identifying, reviewing, maintaining and improving materiality with the Risk Management System, based on the Basic Risk Management Regulations separately established by the Group.

Materiality Identification and Review Processes

● Processes for distinguishing, identifying, and evaluate materiality and their risks and opportunities



● Processes for Managing Materiality and Their Risks and Opportunities



Be constantly aware of link between the "long-term vision" and "medium-term management plan," proceed through the PDCA cycle

Integration with Risk Management System

Risk Management System Stipulated in the "Basic Risk Management Rules"		Sustainability System	
Risk Category	Chief of Risk Management Headquarters	Subcommittee	Chief Executive Responsible for Implementation
<ul style="list-style-type: none"> • Risks related to climate change • Risks related to labor issues (human capital, diversity, etc.) • Risks related to compliance • Risks related to disasters and accidents • Risks related to information security • Risks related of trade, other risks 	Chief of Corporate Headquarters	<ul style="list-style-type: none"> • Climate Change Subcommittee • Human Capital and Diversity Subcommittee • Compliance Subcommittee 	Chief of Corporate Headquarters
<ul style="list-style-type: none"> • Risks related to technology and patents • Risks related to sales transactions • Risks related to purchasing transactions • Risks related to distribution • Other risks related to transactions 	Chief of Business Headquarters	—	—

* The aim is to create an efficient and effective management system by integrating the framework for materiality initiatives carried out by subcommittees under the Sustainability Committee with the risk management system stipulated in the Basic Risk Management Regulations.

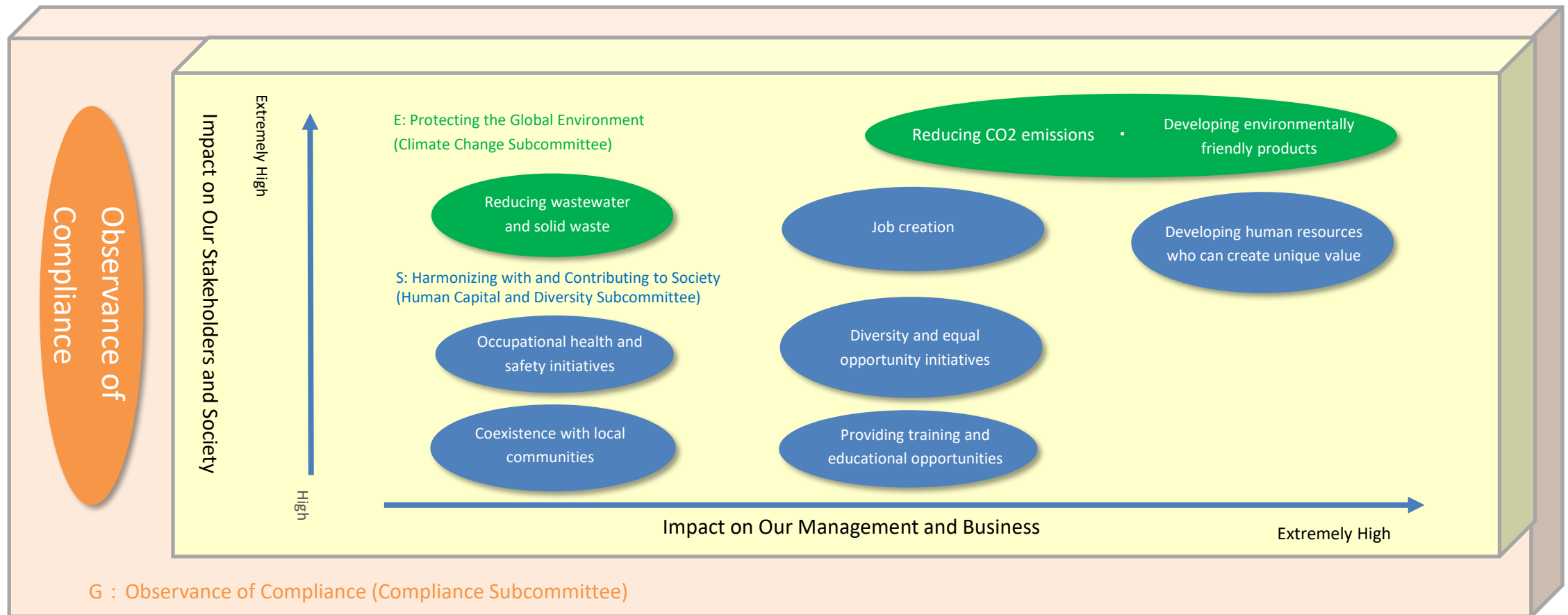
* Please refer to "Risk Management System" under "Basic Risk Management Regulations" on Page 29.

Evaluation and Identification of Materiality

The NIPPO Group recognizes that compliance is the most important undertaking for a company seen as a public institution. In addressing this, we identify the social and environmental problems and other sustainability-related issues (materiality) that affect the company and incorporate this materiality in our business strategy so as to enhance our medium- to long-term corporate value and successfully achieve a sustainable society through the creation of unique value.






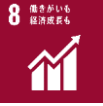



Materiality Identified by the Company and Subcommittees Responding

E: Environmental Issues S: Social Issues G: Governance Issues



Specific Initiatives to Identify Materiality

The NIPPO Group identifies risks and opportunities related to the identified materiality and promotes initiatives in line with the countermeasures formulated for each, and we strive to improving medium- to long-term corporate value and achieving a sustainable society.

	Materiality	Risk and Opportunity		NIPPO Initiatives	Related SDGs
E Environment	Protecting the Global Environment <ul style="list-style-type: none"> Reducing CO2 emissions Developing environmentally friendly products Reducing wastewater and solid waste 	Risks <ul style="list-style-type: none"> Increased costs following stricter reporting requirements for CO2 emissions and reducing wastewater and solid waste. Decreased sales due to delayed responses to market changes, such as lower demand for printers resulting from the shift to paperless operations and the electrification of automobile engines Increase demand from the business partners to reduce CO2 emissions and impact of that on company's evaluation Damage to our own factories due to increases in abnormal weather and natural disasters 	Opportunities <ul style="list-style-type: none"> Increasing need for environmentally friendly products that help reduce environmental impact and lower CO2 emissions Increasing need for products related to CO2 separation, capture, and utilization, with "carbon neutral" being the operating key phrase Increasing need for components related to hydrogen energy, which is attracting attention as a next-generation, non-CO2-emitting energy source 	E-1 Reducing CO2 emissions	 
				E-2 Developing environmentally friendly products	  
S Social	Harmonizing with and Contributing to Society <ul style="list-style-type: none"> Developing human resources who can create unique value Job creation Diversity and equal opportunity initiatives Providing training and educational opportunities Occupational health and safety initiatives Coexistence with local communities 	Risks <ul style="list-style-type: none"> Results of decline in the working population: <ul style="list-style-type: none"> Increased workload Increased wages Lower productivity and work engagement Employee attrition Recruitment difficulties Work environments not meeting world's needs: <ul style="list-style-type: none"> Lower productivity and morale Reduced innovation Employee attrition Troubles with neighbors 	Opportunities <ul style="list-style-type: none"> We will contribute to sustainable corporate growth and a sustainable of society by ensuring this is a company where all employees—who are the source of our strength—respect each other's individuality and can continue in their work with peace of mind. 	S-1 Initiatives to Strengthen Human Capital -1 Initiatives to Strengthen Human Capital	 
				S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role -1 Creating a Workplace Environment Where Employees Can Work Safely and Securely -2 Creating a Workplace Environment Where Everyone Can Play an Active Role	
G Governance	Observance of Compliance	Risks <ul style="list-style-type: none"> Decline in social trust/credibility due to non-compliance 		G Continuing Compliance Awareness Programs with Auditing and Oversight	

E-1 Reducing CO2 emissions

The NIPPO Group has identified the global issue of “protection of the global environment” as one of its material issues, and recognizes that it is a company’s responsibility to address this issue. Among these, we believe that concrete efforts to address climate change are urgently needed. In December 2022, we announced our support for the TCFD recommendations, and the Climate Change Subcommittee discussed the risks and opportunities, and responses that climate change could affect our business. We are also disclosing information in accordance with these recommendations.

※ For risks and opportunities identified by our company and specific initiatives, please refer to "Information Disclosure Based on TCFD Recommendations" (https://www.nip.co.jp/english/esg/.assets/tcf_d_en.pdf).

● Metrics and Targets

	FY2024 Results	FY2025 Target	FY2050 Target
Reduction rate in CO2 emissions (in comparison with FY2021)	±0%	Reduce ≥25%	Carbon neutrality (effectively zero CO2 emissions)

- We have set a target for reducing CO2 emissions, the greenhouse gas with the greatest impact on global warming.”
- Results for each fiscal year : https://www.nip.co.jp/english/esg/.assets/esg_environment_en.pdf
- We will make an announcement about the range and calculation method of “SCOPE 3” that can be managed in practice once we have determined that information and are prepared to disclose it.

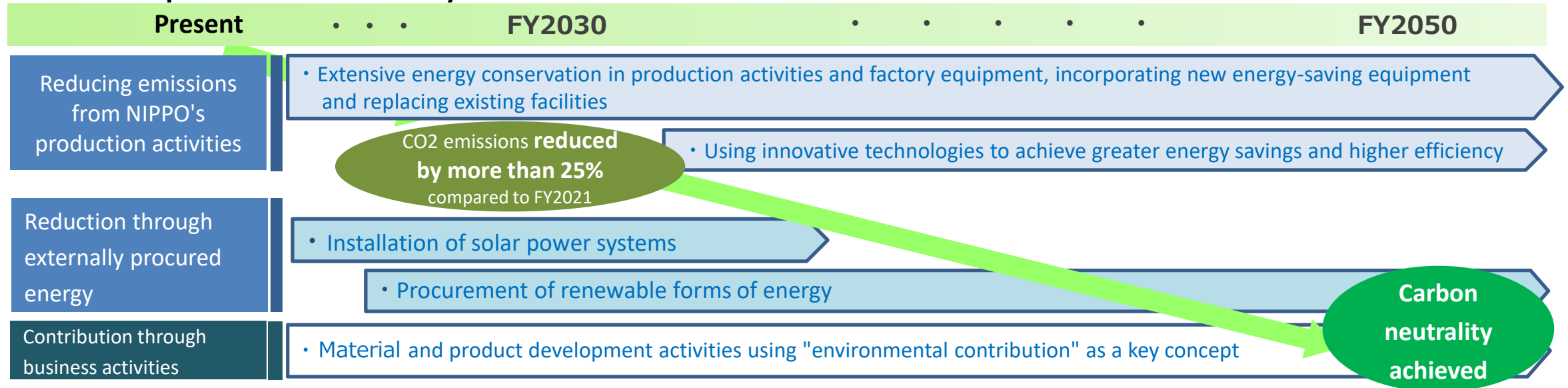
TOPICS

Installation of self-consumption solar power generation system

With an aim of reducing CO2 emissions and power costs by switching some of the electricity used in our factories to clean energy, we installed solar power generation systems at our production sites. We installed and started operation of self-consumption solar power generation systems at each of the Inazawa, Bangkok and Malaysia factories.



● Roadmap to Carbon Neutrality



E-2 Developing environmental contribution products

The NIPPO Group, by getting the eco-products division up and running and grow this segment into our 4th core business, help protect the global environment by promoting the material and product development activities using "environmental contribution" as a key concept.

Hydrogen-based Energy

Joint development and commercialization of key modules for water electrolysis through alliances

Key module of cell stack for water electrolysis that contributes to the cost reduction of hydrogen production.

Alliance

In-house development

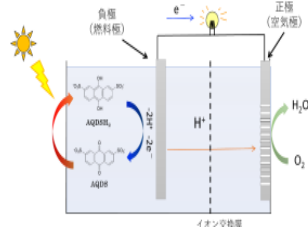
e.g. Gasket-integrated cell



Joint development and OEM of new fuel cells

Industry-academia collaboration

- Joint R&D with Nagoya Institute of Technology (New fuel cells that require no hydrogen gas supply)



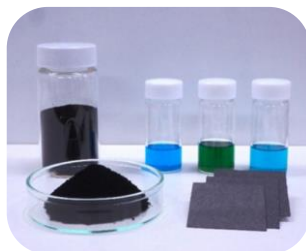
Joint sales expansion of fuel cell components

Alliance

Ion exchange resins

Insulation

High-performance catalyst "AZUL catalyst"



Hydrogen generation catalyst for water electrolysis equipment

Oxygen reduction catalyst for air batteries

Oxygen reduction catalyst for fuel cells

the Eco-friendly Material

Joint development and contract manufacturing of environmentally friendly new materials

Alliance

TBM

LIMEX, the eco friendly material

×

NIPPO

Precision plastic molding technologies

- LIMEX Pellets manufactured under contracts at our plant in Vietnam



- Joint development of new materials for industrial products



Reducing Emissions, Harnessing CO2 for Use

Using CO2 in Industrial Applications, e.g., Ultrafine Bubble Generators

Alliance

- Improved reaction efficiency of CO2 fixation
- Improved calcium carbonate production efficiency



Initiatives to Strengthen Human Capital and Increase Diversity

The NIPPO Group's employees—who we consider to be our technical innovators—are the source of our competitive advantage, and we may say that their existence is our strength. We enable "unique value creation" through the active participation and diverse perspectives of each employee as well as their mutual coexistence and cooperation. In order to continue this practice, the NIPPO Group is placing even greater focus on efforts to strengthen human capital and increase diversity.

■ Three Initiatives for "Unique Value Creation"

S-1. Initiatives to Strengthen Human Capital

• Developing human resources who can create unique value

Continuously maintaining our practice of unique value creation requires employees to continue honing their expertise, to respect each other's values and ways of thinking, and to support derivation of the ideas and challenges of "more than the sum." Thus, we strive to create a workplace environment in which employees have a high degree of work engagement and are actively involved.

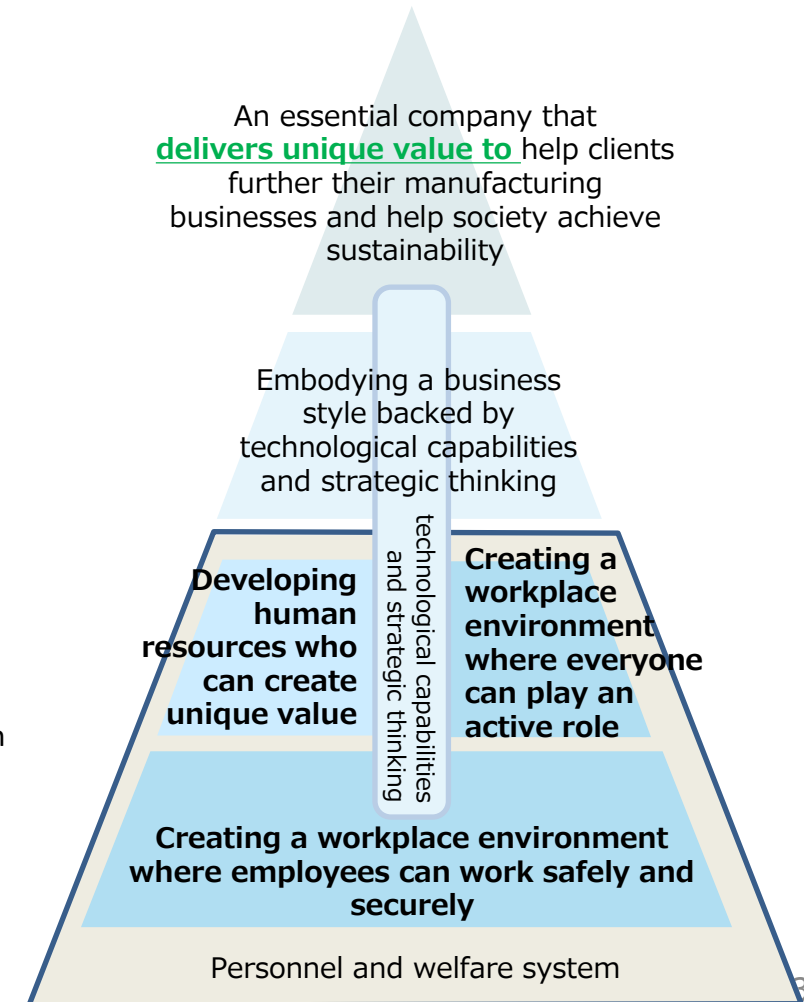
S-2. Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

• Creating a workplace environment where employees can work safely and securely

We consider an environment in which employees can work in safety and with peace of mind to be a basic condition in continuing to create unique value. We will introduce and review various personnel systems as we strive to create a comfortable working environment based on work style reform/innovation.

• Creating a workplace environment where everyone can play an active role

We consider an environment in which diverse perspectives—that is, an environment enabling discussions between those with diverse characteristics, including gender and internationality, regardless of position, career, or age—to be a basic condition in continuing to create unique value. We will introduce and review various personnel systems for the diversification of human resources as we strive to create opportunities for everyone to play an active role.



S-1 Initiatives to Strengthen Human Capital

■ Developing Human Resources Who Can Create Unique Value

● Metrics and Targets

	FY2024 Results	FY2025 Target
Participation rate of level-specific training	91.0%	100%
Participation rate of training for managers	98.0%	100%

• Results for each fiscal year : https://www.nip.co.jp/english/esg/.assets/esg_society_en.pdf

(1) Stratified Human Resource Development System

To develop technical innovators with technology and strategic thinking from a medium- to long-term perspective, we have been phasing in a mutual learning form of training based on the concept of "teaching, learning, and growing together." In concrete terms, based on work requirements set for each level, we provide opportunities to carefully consider what employees want to be in the future and steps in achieving that.

(2) Developing Candidates for Management

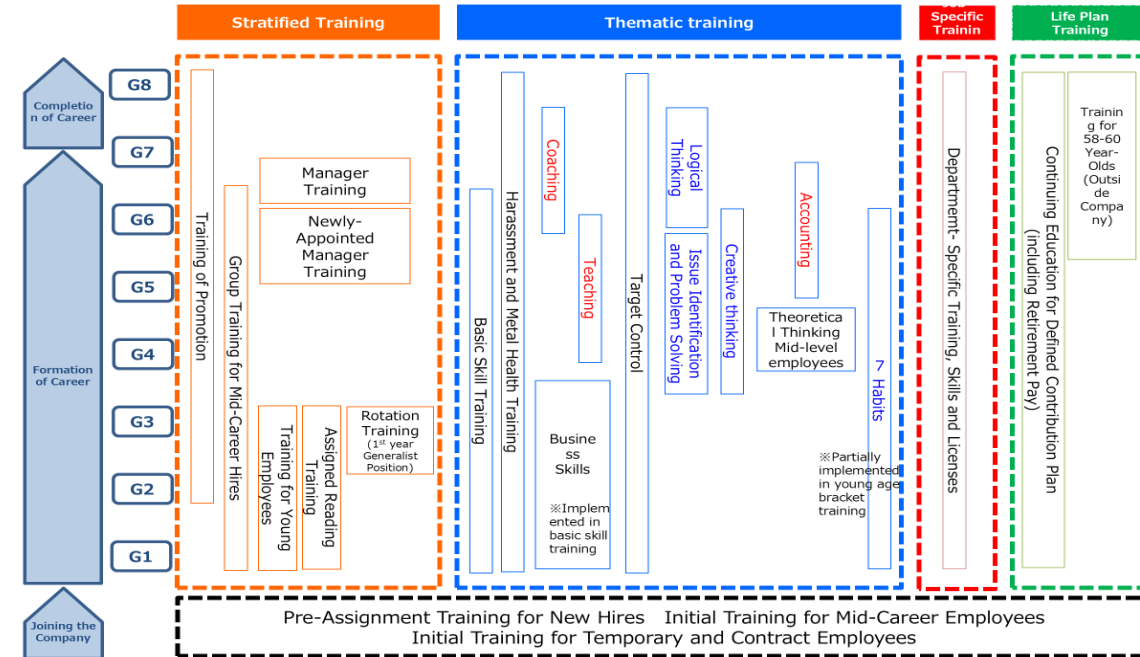
For the purpose of improving the organization's ability to achieve goals, we conduct training in line with the training system aimed at strengthening management capabilities for managers and candidates for management positions. For example, at the "Basic Management Training" program for management candidates, they learn basic knowledge about management, such as how to lead the organization to achieve its goals and producing results through subordinates, and then they analyze issues in their own departments and integrate the results and action plans with their department heads in an aim to provide them with an opportunities to acquire practical basis knowledge and experience.

(3) Enhancement Through Job-Specific Training

We conduct training specific to each business division, allowing trainees to acquire the knowledge and skills required in their specialized fields, as we strive to create a system that enables our personnel to grow through their work.

● FY2025 Human Resource Development System

• Black : On-going training
• Red : Training schedule for FY 2025
• Blue : Training schedule for FY 2026

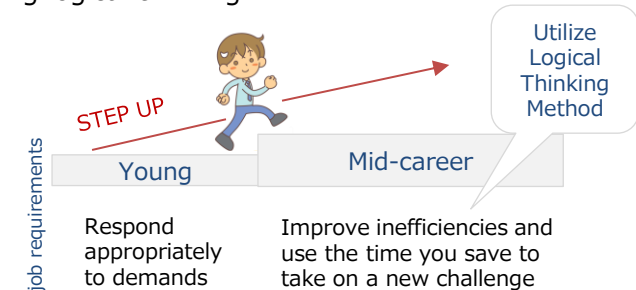


TOPICS

Holding "Mid-level Logical Training" to improve strategic thinking skills

We held a "Mid-career Logical Training" for 23 young and mid-career employees with the aim of improving daily communication, smooth problem solving, and work efficiency by utilizing logical thinking.

In the training, participants learned how to gather and organize information and reach a consensus in order to achieve a goal (logical thinking), and then through repeated practical exercises they mastered how to use logical thinking to write and communicate in an easy-to-understand manner.



S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

■ Creating a Workplace Environment Where Employees Can Work Safely and Securely

(1) Periodic Examinations with a “Management and Labor Assessment” by a Certified Labor and Social Security Attorney

As we aim to be a company that values each and every employee, we were certified as a company that has passed the management and labor assessment, following a certified social insurance and labor consultant's assessment of our compliance with labor and social insurance laws and regulations and of our initiatives to reform the workplace environment.



(2) Increasing the Childcare Leave Rate

We have focused on creating a system and workplace environment that allows employees to take leaves of absence for a childbirth, childcare, or other reasons without worrying, while also enabling them to return to work without difficulty.

	FY2024 Results	FY2025 Target
Male Employees	71.4%	≥ 80% ※1
Women Employees	100%	100%

※1 Based on past performance, we revised our target in May 2025 from over 15% to over 80%.

(3) Initiatives to Improve Mental Health and Employee Satisfaction

Recognizing that our employees' mental health is a basic condition in leading a happy life for them and their families as well as in maintaining a lively workplace, we have been working to improve mental health, not only in terms of mental illness, but also with measures to revitalize communication in the workplace.

	FY2024 Results	FY2025 Target
Stress Check Index *1	97	94
Employee Satisfaction *2	63.2%	≥ 65%
High Stress Percentage*3	19.5%	< 10%
Turnover Rate *4	4.3%	< 5%

*1 Stress Check Index: An indicator of "comprehensive health risk" established by the Ministry of Health, Labor and Welfare. The national average is set at 100. The higher index (above 100) indicates the higher risk that the working environment is having a negative impact on workers' health.

*2 Employee Satisfaction: Index of job satisfaction based on stress checks (percentage of employees who are "satisfied" or "somewhat satisfied" with their jobs)

*3 High Stress Percentage: Percentage of "employees deemed to be highly stressed" according to stress checks

*4 Turnover Rate: Turnover rate of regular employees (excluding mandatory retirement)

• Results for each fiscal year: https://www.nip.co.jp/english/esg/.assets/esg_society_en.pdf

TOPICS

Fostering a Supportive Workplace for Employees on Leave – Launch the “Workplace support encouragement fund”

We are committed to creating a workplace environment where employees can focus on childcare, caregiving, medical treatment, and other personal needs with peace of mind. Recently, we introduced the “Workplace support encouragement fund” system, which provides financial support for meals, recreational activities, and other forms of appreciation for colleagues who assist with the duties of employees on leave. Moving forward, we will continue to foster a workplace culture that supports employees taking leave for childcare and other reasons, and encourages collective understanding and acceptance across the organization.



S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

■ Creating a Workplace Environment Where Everyone Can Play an Active Role

(1) Ensuring Diversity in Core Human Resources

As we believe a multifaceted perspective enhances an organization's growth, one aim is to increase the percentage of woman employees in career-track and professional positions as well as employees at assistant manager level.

	FY2024 Results	FY2025 Target
Percentage of woman employees in career-track and professional positions (not including managers)	10.0%	15%
Percentage of woman employees among employees at assistant manager level (including general staffs)	36.4%	40%

• Results for each fiscal year : https://www.nip.co.jp/english/esg/assets/esg_society_en.pdf

(2) Company-wide Project Initiatives

We continue to create a system that allows any interested individual to take on the challenge of new initiatives and gain successful experience without the limits imposed by occupational classifications or specializations, thereby providing opportunities to encounter “more than the sum,” an experience that results from discussions featuring multiple perspectives, including Open application-based internal project formation system and Internal dual job system & Internal internship system.

TOPICS

Holding a dialogue session aimed at promoting women's empowerment.

With the aim of identifying and analyzing the barriers faced by female employees in pursuing managerial positions, we held a discussion session between female employees and the HR Department.

Going forward, we will work to raise awareness of various HR systems and case studies that support balancing childcare and work, and implement strategic measures to address the identified barriers. Through these efforts, we aim to encourage female employee to aspire management roles and further improve our workplace culture.

Examples of Barriers

- Concerns about future relocations and flexible working arrangement
- Lack of role models
- The lingering implicit perception of gender-based role assignments shared by both the workplace and female employees

INTERVIEW

Internal dual job system・Internal internship system

As a system that enables employees to gain diverse work experience while remaining within the company, we introduced the "Internal dual job system" and the "Internal internship system" starting in fiscal year 2024.

<Comments from Participating Employees and Hosting Department Managers>

Dual job

Admi. Dept.
► Business Development Dept.



Being directly involved in new business development was a series of exciting experiences that boosted my motivation. Additionally, being exposed to new fields further increased my desire to learn.

Dual job

Manager of the Hosting Department



The dual job members delivered outputs in ways that existing team members could not, which broadened the scope of our organizational activities. Furthermore, her strong ambition served as a positive stimulus for existing members and encouraged those who had wanted to participate in the program but had not yet taken the step.

G Continuing Compliance Awareness Programs with Auditing and Oversight

The NIPPO Group has identified "observance of compliance" as the company's most important materiality. We have incorporated the "Compliance Declaration and Code of Conduct" into our "Compliance Guidebook" as a fundamental set of directives to be observed in the execution of our daily duties. We always take the ethical path and proceed with good social sense so that we may be deemed a good corporate citizen.

■ Compliance Training System



- Training for managers
Labor management, harassment, etc.



- Compliance training for all employees
- Thematic compliance training (optional)
Subcontracting law,
environmental laws and
regulations, harassment, etc.



- Pre-assignment training for new hires
- Mid-career employee training
Importance of compliance,
internal management systems, etc.

Basic Issues Requiring Compliance in the Execution of Regular Operations as Stipulated in the "Compliance Guidebook"

- Respect for Human Rights
- Prohibiting Discrimination
- Prohibiting Harassment
- Ensuring Health and Safety
- Fair Manufacturing
- Tackling Environmental Challenges
- Compliance with Chemical Substance Regulations
- Proactive Communication
- Fair Procurement Practices
- Free and Fair Competition
- Compliance with Import/Export Regulations
- Appropriate Information Disclosure
- Ensuring Accuracy of Financial Reporting
- Prohibiting Insider Trading
- Prohibiting Transactions Constituting Competition with Company Business or Conflicts of Interest
- Prohibiting Corruption
- Eliminating All Connections to Anti-Social Forces
- Prohibiting Private or Unauthorized Use of Company Property
- Protecting Classified Company Information
- Protecting Personal Information
- Protecting Intellectual Property

TOPICS

Company-wide compliance training

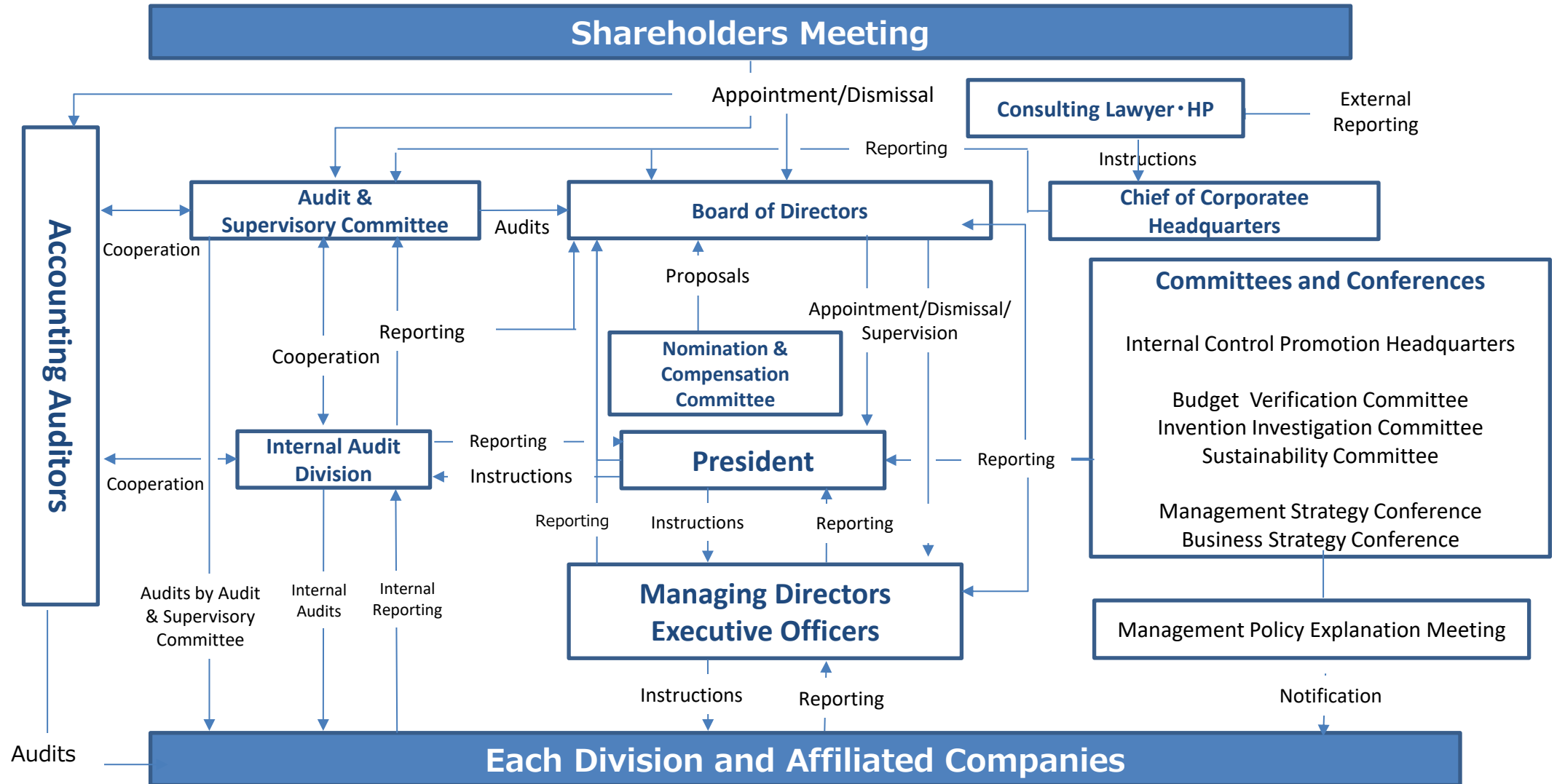
As part of our compliance awareness initiatives, we hold an annual "Compliance Training" for all employees. In FY2024, we focused on the themes of "Respect for Human Rights" and "Protecting Classified Company Information," and provided information on the latest laws and regulations, internal company rules, risks associated with violations, and examples of violations both domestically and internationally.

Theme of FY2024

- Respect for Human Rights
- Protecting Classified Company Information



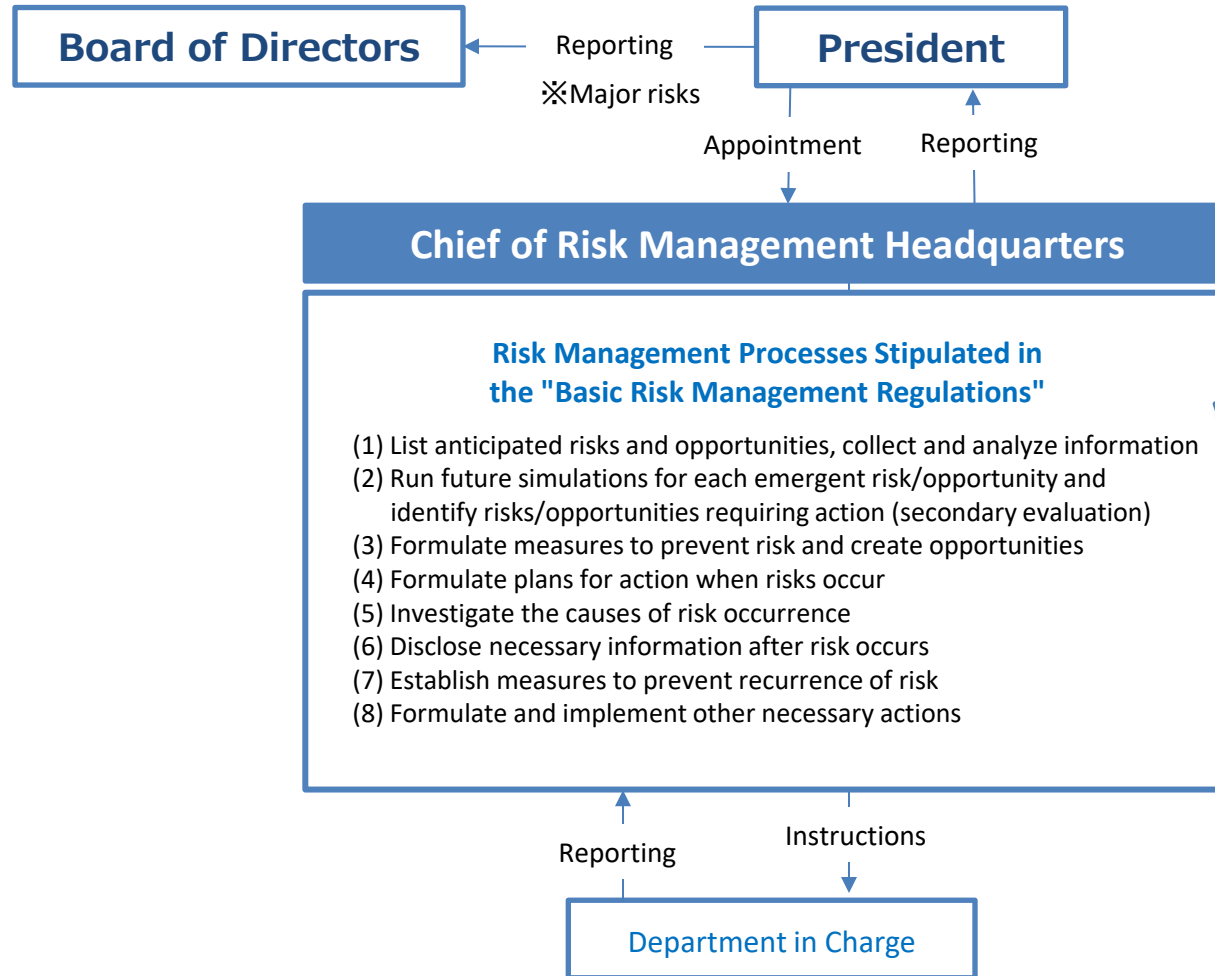
G Corporate Governance System



※ 1. For details on the status of the Corporate Governance Code initiatives, please refer to https://www.nip.co.jp/english/esg/assets/CorporateGovernanceCode_en.pdf

※ 2. To secure and enhance the company's corporate value and our shareholders' shared interests, the Company, upon approval of the 74th Ordinary General Meeting of Shareholders, implemented the "Countermeasures to Large-scale Purchases of Company Shares (Takeover Defense Measures)" plan. For details, please refer to https://www.nip.co.jp/english/ir/shareholder/ir_baishu_boei.html.

G Risk Management System



Appointment categories for Chief of Risk Management Headquarters

Risk contents	Chief of Risk Management Headquarters
<ul style="list-style-type: none"> • Risks related to climate change • Risks related to labor issues (human capital, diversity, etc.) • Risks related to compliance • Risks related to disasters and accidents • Risks related to information security • Risks related of trade, other risks 	Chief of Corporate Headquarters
<ul style="list-style-type: none"> • Risks related to technologies and patents • Risks related to sales transactions • Risks related to purchasing transactions • Risks related to logistics • Risk related to other transactions 	Chief of Business Headquarters

※ The diagram for auditing and supervision is the same as the corporate governance system.

Disclosure of ESG Information

Non-financial information on the environment, society, and governance is disclosed on our website as "ESG data."

* Respective data subject to disclosure may change based on the progress of this initiative at our company.

Information Disclosed		
E nvironmental Issues	<ul style="list-style-type: none"> • CO2 emissions • Waste emissions (non-consolidated) • Electricity usage 	<ul style="list-style-type: none"> • Water usage • Sales of energy-saving and environmentally friendly products
S ocial Issues	<ul style="list-style-type: none"> • Number of employees • New graduate and mid-career hires (number) • Managers (number of people) • Percentage of woman employees in career-track and professional positions (not including managers) • Percentage of woman employees among employees at assistant manager level (including general staffs) • Employment rate for persons with disabilities • Turnover • Length of service • Average annual income (by job category) • Occupational accidents (number of days) • Occupational accidents (frequency) • Average days of paid leave taken 	<ul style="list-style-type: none"> • Number of employees taking childcare leave • Number of employees taking nursing care leave • Stress Check Index • Employee Satisfaction Index • Percentage of high-stress employees • Regular health check-up rate • Participation rate of rank-based training • Participation rate of managerial training • Number of training sessions related to technology and skills • Number of participants in training related to technology and skills • Number of newly qualified employees
G overnance Issues	<ul style="list-style-type: none"> • Board of Director effectiveness (ratio of independent directors/ratio of women directors / ratio of foreign directors / number of board meetings / skill set) • Number of participants in compliance training • Number of legal violations 	<ul style="list-style-type: none"> • Number of internal reports • Number of external reports