The NITTO KOGYO Group's Sustainability

The NITTO KOGYO group believes that a management strategy for sustainable business growth that gives consideration to sustainability of the environment, society and the economy is essential.

Through our 2023 Mid-term Management Plan, aimed at the realization of a sustainable society, we have identified material issues (key issues) that come with the changing business environment. Further, from our 2026 Medium-term Management Plan, we will have [Provide reliability and peace of mind when it comes to the future of our planet] as our mission and [Strive to solve problems sincerely and continue to tackle the challenge of creating new value] as our vision.

With the goal of remaining a company that is needed by society, our group is going to promote effective initiatives towards the realization of a sustainable society that will make contributions to the resolution of societal problems, and we are aiming to increase our medium to long-term enterprise value.

Sustainability Basic Policy

From the perspective of corporate value enhancement, with regard to sustainability initiatives, we pursue the value unique to NITTO KOGYO and put five management principles into practice as our basic policy of contributing to the realization of a sustainable society.

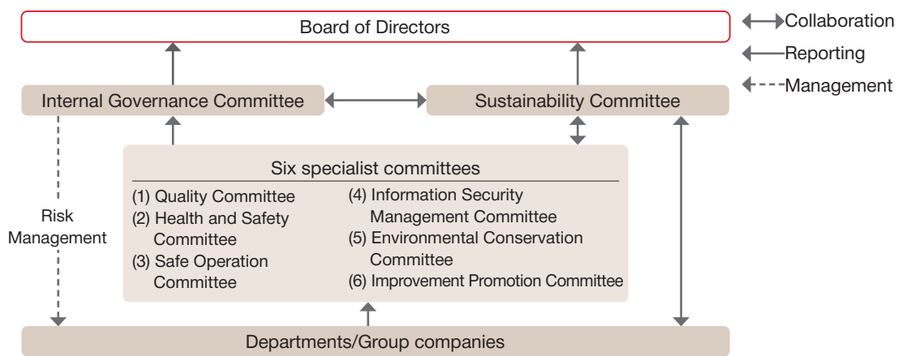
·We shall continue to create new values that will satisfy our customers.
·We shall promote corporate activities based on respect for human beings.
·We shall implement compliance management rooted in high ethical and moral values.
·We shall contribute to maintaining our beautiful earth for the next generation.
·We shall always conduct management that increases the values of our shareholders.

Sustainability promotion system

We have established a Sustainability Committee to further reinforce our sustainability initiatives.

The Sustainability Committee collaborates with each committee, department and group company, deliberates on basic sustainability policies, monitors the state of progress within each department and group company and reports to the Board of Directors. In turn, the Board of Directors listens to those reports, drafts the Sustainability Basic Policy, makes decisions regarding sustainability promotion systems and supervises sustainability promotion.

Sustainability promotion system



Environmental Philosophy

The NITTO KOGYO Group recognizes the conservation of the global environment as one of the most important issues common to humanity, and throughout product development, production activities, sales and other activities, conducts initiatives toward the realization of the SDGs and the governmental goals of a zero-carbon, recycling-based society coexistent with nature in order to contribute to the sustainable society.

NITTO KOGYO GROUP Environmental Policy

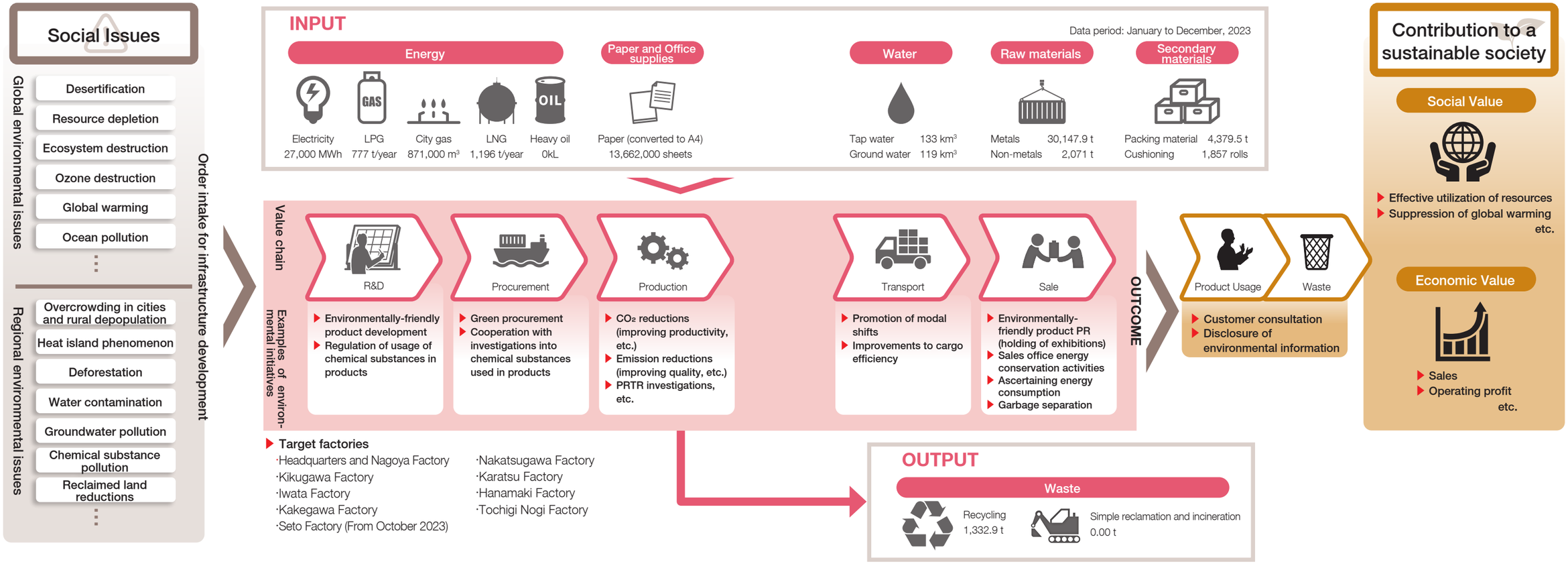
“Creating new value in contribution to the environment, passing on this beautiful earth to the next generation”

Environmental Policy [NITTO KOGYO non-consolidated]

1. We will comply with environmental laws, regulations, conventions, etc.
2. The influence of our business activities, products, and services on the environment will be understood as part of a life cycle, with initiatives conducted regarding the following environmental objectives.
   - ·Reduction of CO_2 emissions
   - ·Reduction of waste, maintenance of zero emissions
   - ·Development of environmentally-friendly products
3. In order to further active environmental protection activities, we will address the following topics.
   - ·Production of eco-friendly products to customers
   - ·Promotion of harmony with nature through regional conservation activities as a member of regional society
   - ·Promotion of eco-friendly “green procurement”
   - ·Provision of safety and security to regional society (implementation of environmental pollution prevention)
   - ·Promotion of ecological logistics and transportation
   - ·Promotion of initiatives aimed at improvements to water usage efficiency and reductions in pollutant load in effluent
4. We will disclose environmental information.
5. We will notify all employees, including officers, of this policy.

NITTO KOGYO Value Chain [NITTO KOGYO non-consolidated]

NITTO KOGYO designs and develops products in three different business domains: electricity generation and materials, IA and control, and information and communications, and we procure and produce raw materials and parts to sell for use in production. Towards the resolution of societal issues, we have identified environmental issues in our value chain, from research and development to procurement, sale, product usage and even the waste stage, all from a lifecycle standpoint. We are working towards reducing our environmental impact, which will allow us to create social and economic value and make contributions to sustainable societies.



Creating Social Value (achievement of Environmental Policy) [NITTO KOGYO non-consolidated]

We have set environmental targets from FY1995 on, as activities proceed. As of 2023, we are working to realize our 9th mid-term environmental activities plan (FY2021-2023). The results are as follows.

Global environmental issues / Regional environmental issues	Social problems		Response to social problems (our environmental activities)				9th mid-term environmental activities plan (FY2021-2023)			10th mid-term environmental activities plan	Relevant SDGs
			Themes			Details of activities	FY2023			FY2024	
							Target	Outcomes	Progress	Target	
Air pollution Water contamination Ozone destruction Illegal dumping, etc.	Laws, regulations	Air Pollution Control Act Water Pollution Prevention Act Act on Rational Use and Proper Management of Fluorocarbons Act on Waste Management and Public Cleaning ...	Environmental Policy	Observance of Laws, Ordinances, and Agreements		Created our own criteria to prevent pollution before it happens.	Compliance with legal and regulatory value limits	Within legal and regulatory value limits (see our homepage for details)	○	Compliance with legal and regulatory value limits	—
Global warming	Sustainable energy supply and demand Reducing the effects of climate change			Environment targets	Suppression of global warming	Reducing CO_2 emissions	FY2020 standard Reducing comparative intensity by 3.0%	Reducing comparative intensity by 15%	○	FY2023 standard Reducing comparative intensity by 1.0%	7, 11, 13
Air pollution Illegal dumping Reduction of landfill sites International movement of waste	Realization of sustainable cities and ways of living Ensuring sustainable production methods (Recycling-oriented society)				Zero-emission reinforcement	Maintenance of zero emissions achieved in FY2003 (waste recycling rate 99% or higher)	Waste recycling rate 99% or higher	Recycling rate at each factory Achievement of 99% or higher	○	Zero-emission permeation and maintenance	12
						Reductions in waste	FY2020 standard Reducing comparative intensity by 1.5%	Reducing comparative intensity by 10%	○	FY2023 standard Reducing comparative intensity by 0.5%	
Global warming	Sustainable energy supply and demand				Products in their design and development stage Reduction in environmental load	Planning and development of eco-friendly products	Environmentally-friendly products certification rate 70% or higher	Environmentally-friendly products certification rate: 96% ·Green fit: 17 products ·Green support: Five products	○	Environmentally-friendly products certification rate 70% or higher for new products	7, 9, 12
Resource depletion Chemical substance pollution and damage to human health	Sustainable industry and innovation Ensuring sustainable production methods (Product life cycle)			Company-initiated activities	Provision of environmentally-friendly products to customers	PR for our environmentally-friendly products through advertising mediums, exhibitions, homepage, and other channels (see our homepage for details)					12
					Promotion of eco-friendly material procurement and logistics	Promotion of green procurement among business partners		See our homepage	○	Promotion of green procurement among business partners	12
Air pollution	Realization of sustainable cities and ways of living (Ecological transportation)					Logistics: Modal shift initiatives		See our homepage	○	Logistics: Modal shift initiatives	11
Ecosystem destruction Deforestation	Ecosystem protection and restoration				We will promote harmony with nature through regional conservation activities as a member of regional society	Implementation of activities for local communities		See our homepage	○	Implementation of activities for local communities	15
					Engage in prevention of environmental pollution and provide safety and security to regional society	Identify environmental risks at all departments of factories and conduct emergency drills		See our homepage	○	Identify environmental risks at all departments of factories and conduct emergency drills	—
	Accountability to a sustainable society			We will work to disclose environmental information		Publication of 2023 CSR Report, 2023 Environmental Report		Publication of 2023 CSR Report, 2023 Environmental Report	○	·Publication of Integrated Report 2024 ·Published on our homepage	—
Population increase ...	Fair and good education			Notify all employees, including officers, of this policy.		·Implementation of ISO14001: 2015 education aimed at internal auditors ·Implementation of environmental management education for newly appointed managers ·Implementation of elementary environmental education for new employees		See our homepage	○	Implementation of education	4

Long-term targets aimed at carbon neutrality and FY2023 results

The NITTO KOGYO group sees global warming and other elements of climate change as a major management issue affecting Group business. Accordingly, we have set “realization of carbon neutrality” as a goal to be achieved by 2050, and “30% reduction in Scope 1, 2 and 3 emissions from the FY2020 level by FY2030” as a long-term goal.

An expansion of business led to an increase for the group overall in FY2023.

Initiatives for Climate Change Measures

Supply chain emission amounts

(Unit: t-CO_2)

	FY2020	FY2021	FY2022	FY2023
Scope1, 2	25,975	25,113	27,360	26,578
Scope3*	399,109	418,665	551,010	559,296

* The Scope 3 emissions cover the three segment-leading companies, namely: NITTO KOGYO, SunTelephone Co., Ltd. and Kitagawa Industries Co., Ltd.

(Unit: t-CO_2)

Scope3		FY2020	FY2021	FY2022	FY2023
Category 1	Purchased goods and services	317,168	330,515	439,767	427,394
Category 2	Capital goods	6,931	7,322	27,982	51,239
Category 3	Fuel and energy activities outside Scope 1, 2	5,056	4,893	5,019	4,891
Category 4	Upstream transportation and distribution	5,513	5,534	5,648	8,687
Category 5	Waste generated in business	446	431	469	434
Category 6	Business travel	528	537	544	590
Category 7	Employee commuting	2,549	2,575	2,464	2,416
Category 8	Leased assets (upstream)	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 9	Downstream transportation and distribution	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 10	Processing of products sold	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 11	Use of products sold	56,546	62,073	64,273	59,062
Category 12	Disposal of sold products	4,372	4,786	4,843	4,581
Category 13	Downstream leased assets	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 14	Franchises	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 15	Investments	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation

*Calculated by multiplying amount of activity (money, weight, etc.) by basic unit of emission
Basic unit of emission defined via one of the following
·“Database of emissions unit values for calculating greenhouse gas emissions throughout the supply chain”
·“IDEA v2 (For calculation of supply chain greenhouse gas emissions)”

FY2023 implementation items and future initiatives (Scope1, 2) [NITTO KOGYO non-consolidated]

Items implemented in FY2023 and initiatives planned for FY2024 are as follows. We will steadily proceed towards the achievement of our FY2030 targets.

Items implemented in FY2023

- Solar sharing for neighboring areas around the Kakegawa Factory Establishment of “SafaLink Farm Kakegawa” (49.5 kW)
- Establishment of photovoltaic power generation facilities (1,110 kW) on the roof of the Kikugawa Factory logistics warehouse
- Establishment of photovoltaic power generation facilities (1,312 kW) at Seto Factory
- Switch to purchase of carbon free electricity for Tochigi Nogi Factory

Establishment of photovoltaic power generation facilities (on the roof of the Kikugawa Factory logistics warehouse)

Initiatives planned for FY2024

- Established photovoltaic power generation facilities (1,134 kW), contracted supply of the power generated to Nakatsugawa Factory
- Switch to purchase of carbon free electricity for Karatsu Factory

Establishment of photovoltaic power generation facilities (1,134 kW at Seto Factory)

Response to Climate Change

Information disclosure based on TCFD recommendations

Based on recommendations from the Task Force on Climate-related Financial Disclosure (TCFD), we have started climate change scenarios analysis to identify the risks and opportunities climate change will have on our business. We are also working to disclose information in line with the TCFD framework.

Governance Structure

In order to further advance its initiatives toward the realization of a sustainable society, NITTO KOGYO Group, guided by the Sustainability Committee established with the President as chair and in collaboration with the existing Internal Governance and Environmental Conservation Committees among others, will monitor risks and opportunities as well as plan and execute strategies for environmental issues.

Regarding the status of climate change initiatives and future strategies, the Board of Directors will receive reports from this Committee, oversee its progress, and give directions on its measures.

Strategy (Analysis of climate scenarios and the risks and opportunities present in them)

We identified risks and opportunities that climate change has on our supply chain and analyzed the effects they would have on business.

Looking ahead to 2030 and 2050, we have qualitatively and quantitively analyzed and evaluated the impact of a 4℃ scenario and a 1.5℃ scenario by referencing the climate change scenario predictions of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

Based on our view of the expected world, we are working to increase our business activity resilience by responding both flexibly and strategically to any potential climate change scenario.

Risk Management

Our Internal Governance Committee and Sustainability Committee work together to identify, analyze and evaluate climate change risks to ensure that we can sustainably develop our business.

We take the measures necessary to mitigate each identified risk at a department level.

Both the Internal Governance Committee and the Sustainability Committee report about the response to serious risks to the Board of Directors, which then supervises the progress of said response.

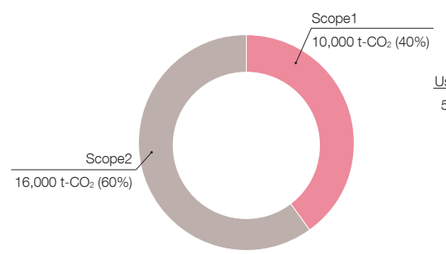
Indicators and Targets

The NITTO KOGYO Group has established the following targets toward realizing a sustainable society and improving corporate value, with measures in progress to reduce supply chain emission amounts.

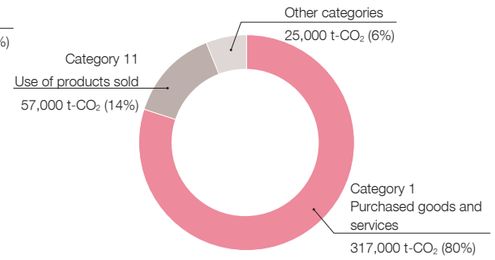
	2030 long-term targets	2050 goal
Scope1, 2	30% reduction compared to FY2020	Realization of carbon neutrality
Scope3*	30% reduction compared to FY2020	

* The Scope 3 emissions cover the three segment-leading companies, namely: NITTO KOGYO, SunTelephone Co., Ltd. and Kitagawa Industries Co., Ltd.

FY2020 NITTO KOGYO emission amounts (Scope 1, 2)

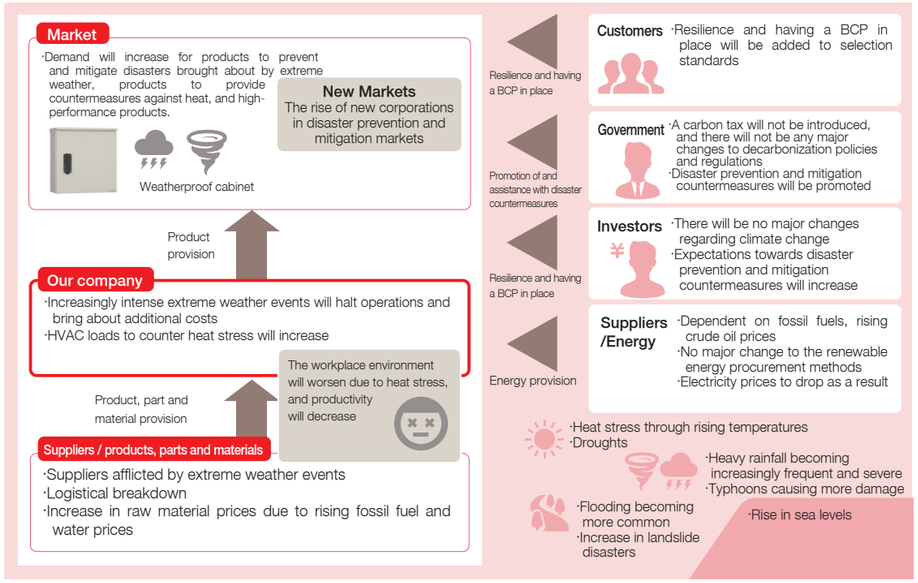


FY2020 Other indirect emission amounts (Scope 3)



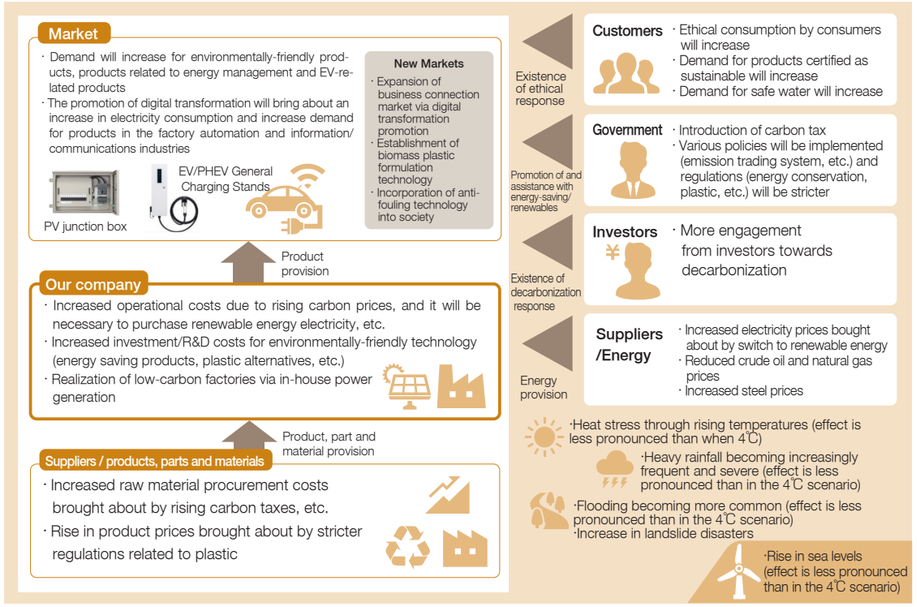
4℃ scenario (SSP5-8.5: if we continue to depend on fossil fuels)

·Demand will increase for products to prevent and mitigate damage brought about by increasingly intense extreme weather events, products to provide countermeasures against heat, and high-performance products.
·It will be difficult to obtain fossil fuels, and stocking prices will increase as prices for commodities increase.



1.5℃ Scenario (SSP1-1.9: if the temperature rise is limited to 1.5℃)

· Demand will increase for environmentally-friendly products, products related to energy management and EV-related products brought about by promotion of renewable energy and changes to consumer behavior. On the other hand, environmentally-friendly technology is going to be required, and research and development costs are going to increase.
· Rising carbon prices will lead to increased operational costs as a result of the purchase of greenhouse gas emission rights, and electricity costs will rise via the impact of the promotion of renewable energy.



Risks and Opportunities

		Type	Indicator	Risks	Opportunities	Impact
Transition risks	Policy/regulation	Rising carbon prices	Profits Expenses	· The governments of various countries will raise their carbon prices, resulting in an increase in energy costs, prices of commodities, and operational costs.	· Rising carbon prices will prompt energy switching, expand demand for renewable energy, and, consequently, increase demand for products related to energy management.	Medium
		Carbon emission targets / policies for each country	Profits Expenses	·Energy-saving regulations will be reinforced and greenhouse gas emission reductions will be made mandatory, which will increase the capital investment costs needed to improve the environmental performance of our facilities. ·If greenhouse gas emissions cannot be reduced, additional costs will occur as a result of the purchase of greenhouse gas emission rights, etc.	·There will be increased demand for environmentally-friendly products, widespread use of electric vehicles, and increased demand for charging infrastructure development and EV-related products as a result of decarbonization promotion policies.	Large
		Recycling regulations	Profits Expenses	·Stricter regulations related to plastic will lead to an increase in costs brought about by the adoption of alternative materials, etc.	·Making an early switch to alternative materials, such as recycled plastics, etc., will increase business opportunities.	Large
	Market	Energy price trends (Changes in energy mix)	Profits Expenses	·There is a call for a switch to renewable energies, so costs will increase via things such as investment in our own facilities and green power purchases.	·Expansion of investments into and increased utilization of renewable energy will bring about an increase in demand for products related to energy management.	Large
		Increase/decrease in important products	Profits Expenses	· A shift to demand for products with high environmental performance will lead to reduced demand for products that have a high environmental load. · Development costs will increase due to requirement to display products' carbon footprints.	· Energy-saving countermeasures will become increasingly important and necessary, resulting in an expansion of solution businesses that improve factory facility productivity and increase energy-saving performance, which will increase demand for products in the factory automation industry. · The promotion of digital transformation of production will bring about an increase in demand for products in the factory automation and information/communications industries. · An expansion of demand for renewable energy will increase demand for products related to energy management. · There will be increased demand for environmentally-friendly products, widespread use of electric vehicles, and an expansion of demand for EV-related products as a result of decarbonization promotion policies. · Demand will increase for products that are low carbon or decarbonized, those that have their carbon footprint displayed, and other environmentally-friendly products.	Large
	Technology	Widespread use of low-carbon technologies (Widespread use of next generation technologies)	Profits Expenses	· There will be a shift in needs towards products and materials that have higher environmental performance, and this will intensify competition for energy-saving performance of products, resulting in increasing costs for investment, research and development of environmentally-friendly technology.	· We will be able to differentiate ourselves from other companies by quickly developing and selling products with high environmental performance and link this into improved sales. · Improvements to the performance of environmentally-friendly facilities will lower fuel expenses and other operational costs. · Reinforcement of energy-saving initiatives will bring about reductions in greenhouse gas emissions and link into cost reductions. · Establishing a formulation technology that meets market demand (fire resistance, mechanical strength, price) will expand our biomass plastics market reach and give us an advantage.	Small
	Reputation	Investor and customer behavior change	Profits Capital	· The raising awareness of customers toward the environment means that companies that cannot respond appropriately to climate change will see their corporate brand decline and sales drop as they are abandoned by customers. Additionally, if the details of what we disclose are insufficient in the eyes of the investors and customers who have made information disclosure requests, our external evaluation will decrease.	· Responding appropriately to climate change and improving our corporate image will increase our evaluation from investors. · Responding appropriately to the growing public concern over climate change will garner us the trust of stakeholders and increase our reputation. · If we expand our lineup of energy-saving products and environmentally-friendly products in line with changes in customer behavior, we will gain an advantage in the market and this will link into increased profits.	Small
Physical risks	Acute	Increasingly intense extreme weather events	Profits Expenses Assets	· If employees or manufacturing bases are afflicted by more frequent and violent climate abnormalities and natural disasters, there will be additional costs borne out of halted operation at manufacturing bases, a loss of business assets, increased facility repair costs, and so on. · Suppliers being afflicted and logistics networks being broken will cause issues with material procurement.	· More frequent and violent climate abnormalities and natural disasters will increase demand for products to prevent and mitigate damage. · Setting up counter-disaster bases and reinforcing the supply chain with regard to products and logistics will allow us to flex our business continuation ability rather than simply minimizing damages.	Medium
	Chronic	Rising average temperatures	Profits Expenses Assets	· The workplace environment will worsen at each business location due to heat stress and productivity will decrease. · Increased HVAC loads will bring increased HVAC facility costs, such as increased energy costs.	· Demand will increase for products that provide countermeasures against heat brought about by rising average temperatures.	Small
		Changes to rainfall and weather patterns	Profits Expenses Assets	· If employees or manufacturing bases are afflicted by more frequent and stronger heavy rainfall, there will be additional costs borne out of halted operation at manufacturing bases and a loss of business assets, increased facility repair costs, and so on. · An increase in the occurrence of lightning and tornadoes brings the risk of power outages that increase the possibility of operations stopping at manufacturing bases, which will lead to an increase in costs, such as additional investment and insurance costs for facility recovery.	· Increased frequency and severity of heavy rainfall will bring about increased demand for highly weatherproof, high-performance products.	Medium
		Rising sea levels	Expenses Capital	· There are risks of employees living in coastal regions not being able to get to work and a breakdown of the supply chain overall.	—	Small
		Droughts	Profits Expenses	·Raw material prices will increase due to rising water prices.	·Amid shortages in the supply of safe water, we will be able to contribute to water positivity by incorporating anti-fouling technology into society.	Small

Countermeasures and their definition

By identifying risks and opportunities in the 4℃ scenario and the 1.5℃ scenario, we will increase our business activity resilience by continually investigating policies to avoid or ameliorate risks and to increase the feasibility of opportunities.

Scenario	Risks and Opportunities	Direction of Policies	Countermeasures (example)	Impact on profits*1 2030	Impact on profits*1 2050
4℃ scenario	Increased demand for disaster prevention/mitigation products	Creation of new products and services	·Establishment of disaster prevention/mitigation businesses ·Downsizing of production for low temperature countermeasure products (heaters, etc.)	++	+++
	Increased demand for heat countermeasure products			+	++
	Increase in demand for high-performance type products, like weatherproof cabinets			++	+++
	Increased cost of purchase	Reduction to materials used	·First-pass yield improvements	-	--
	Impact of physical risks	Extreme weather countermeasures	·Increase of expenses for BCP countermeasures (at our own company and at suppliers)	-	--
Common across scenarios	Increased energy costs	Switch to energy saving, suppression of electricity used	·Introduction of cost-effective energy-saving facilities	--	---
	Increased HVAC usage will bring about an increase to electricity charges as electricity usage will increase	Switch to energy saving, suppression of electricity costs	·Change to HVAC facilities that are highly efficient at cooling	-	--
	Carbon prices will increase, and there will be more additional costs from operational costs and the purchase of greenhouse gas emission rights, etc.*2	Achievement of carbon neutrality and switch to carbon positivity	·Setting of greenhouse gas emission reduction targets ·Carbon neutral (positive) declaration	--	+
	Increased investment costs for facilities with high environmental performance and for renewable energies	Energy creation and storage	·Introduction of energy creation and storage facilities	-	--
1.5℃ scenario	Increased sale of environmentally-friendly products	Creation of new products and services	·Development of even more environmentally-friendly products	-	--
	Stricter recycling regulations (for plastic material, etc.) will lead to an increase in costs brought about by the adoption of alternative materials, etc.		·Implement alternative products before regulations are reinforced	-	--
	Increased sales for products related to energy management and EV-related products		·Expansion of energy management and electric vehicle business	++	+++
	Increased sale of information/communications industry products		·Development and expansion of sales for digital transformation-related products	+	++
	Increased demand for safe water		·Incorporation of anti-fouling technology	+	++
	Increased investment and R&D costs for environmentally-friendly technology		·Scaling back of development of technologies and products that are not environmentally friendly	+	++

*1. The effect that main business items will have on profit in each scenario is noted with "+" or a "-". They are relatively evaluated in three levels.
*2. We assume we can mitigate the impact of rising carbon prices and the resulting increase in costs by reducing our greenhouse gas emissions.

Respect for human rights

At the NITTO KOGYO group, we are aware that giving consideration to human rights in business activities is a critical matter in ensuring the sustainability of both society and business. We formulated the “NITTO KOGYO Group Human Rights Policy” in July 2023 to show our policy towards respecting human rights.

To put the NITTO KOGYO Group Human Rights Policy into practice, we will promote initiatives based on our human rights due diligence process, identify human rights violation risks involved in our business and our supply chain, prevent them, work towards their reduction and disclose information with regard to evaluations of the effectiveness of those initiatives.

NITTO KOGYO GROUP Human Rights Policy

The NITTO KOGYO Group respects human rights as stipulated in the internationally recognized “International Bill of Human Rights” (Universal Declaration of Human Rights and International Covenants on Human Rights) and the “Declaration on Fundamental Principles and Rights at Work” of the International Labour Organization (ILO). The NITTO KOGYO Group will also conduct business activities in accordance with the United Nations “Guiding Principles on Business and Human Rights”. Additionally, it is positioned as a higher-level document to the existing document that stipulates our group’s effort towards the respecting of human rights.

Scan the QR code to see the details for the NITTO KOGYO GROUP Human Rights Policy.

NITTO KOGYO GROUP Human Rights Policy
- Scope of application
- Respect for human rights
- Human rights due diligence
- Corrective and remedial measures
- Dialogue and education
- System and persons in charge
- Policy development process and review

System

The Sustainability Committee chaired by the President receives reports and deliberates on the progress of initiatives on respecting human rights.

Initiatives Based on Human Rights Due Diligence Processes

We draw on the Ministry of Economy, Trade and Industry’s “Guidelines on Respecting Human Rights in Responsible Supply Chains” and “Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains” and promote our due diligence with human rights.

From FY2023, NITTO KOGYO and several other group companies have started investigating human rights due diligence processes and evaluating the details of investigations.

We are planning to evaluate their effectiveness, including in the supply chain, at the end of FY2026.

Examples of human rights initiatives

Human rights education for employees

We created an educational program for all employees.

Establishment of helpline and consultation services (hotline)

A Helpline is established as a common contact point for the entire Group, and an External Hotline is also available for overseas use, in order to detect and solve any violations of the Corporate Ethics Guidelines as early as possible.

Link to society

As a member of the local community, the NITTO KOGYO group conducts social contribution in close relation to our region.

By carrying out education for the children who are our future and building a livable community for the people of the region, we continually increase satisfaction for various stakeholders and enhance corporate value.

Additionally, we are promoting social contribution activities with domestic institutions, partner businesses and communities.

Examples of initiatives

Participation in Aichi Circular Economy Project

In Aichi Prefecture, we are part of the Aichi Circular Economy Project, which is based on the Aichi Circular Economy Promotion Plan (drafted March 2022). This project, with a planning period of 10 years from 2022 to 2031, is working towards the development of circular businesses to make the shift to a circular economy.

Participation in the GX League

We are a member of the Green Transformation (GX) League, a framework established by the Ministry of Economy, Trade and Industry to boldly take on the challenge of transitioning to carbon neutrality and drive green transformation in groups of companies that can win at an international level.

Nakatsugawa Outstanding Technology Project

We held a factory tour with 58 first year students from Nakatsugawa’s municipal Naegi Junior High School with the goal of having students learn from Nakatsugawa City’s “companies with outstanding technology that cannot be replicated”.

With the belief that time spent on interactions with local communities are important, we are going to continue to engage in local activities to grow alongside the region and its communities.

Ai N Clean Activities

We participated in the “Operation Ai N Clean” cleaning activities that took place in Nagakute City, Aichi Prefecture. The “Operation Ai N Clean” is a blanket cleaning activity that takes place in Nagakute City.

Sixteen employees and their families participated in the Ichigahora district, enjoying their time as they cleaned.

Moving forward, we are going to contribute to making our hometown, Nagakute City, safe and peaceful by participating in activities that make social contributions to regions.

Ael Kodomo Summer Festival 2023

We participated in the “Ael Kodomo Summer Festival 2023”, a science learning event for children held at the Kikugawa Cultural Hall Ael (Kikugawa City, Shizuoka Prefecture), where we taught 40 children about electric circuits through the making of an original iron detector using batteries and magnets.

We will continue to actively support science education for children.

Participation in corporate forest volunteer activities

We participated in the “Corporate Forest Activities” held in Hanamaki City, Iwate Prefecture. These activities involve grass cutting and cleaning up activities to protect the environment around the Miyazawa Kenji Memorial Hall and have been carried out every year since we formed an agreement with Iwate Prefecture and Hanamaki City in 2012.

We will continue to protect land tied to Kenji Miyazawa through active interaction with the region and engagement in environmental protection activities.

Brass Band Festival in NAGAKUTE

We held a brass band festival, featuring ensembles from junior high and high schools in Nagakute City, Aichi, called the “NITTO KOGYO presents 17th Brass Band Festival in NAGAKUTE”. We created a valuable opportunity for the 220 performers to show the results of their daily practice via joint performances, etc.

Dialogue with stakeholders

The NITTO KOGYO group uses communication with all of our stakeholders as an opportunity to ascertain what society expects from us and to become a better company.

Shareholder returns and dialogue with investors

FY2023 results

- Dividend ¥230 (interim ¥72, year-end ¥158)
- Consolidated payout ratio 100.1%
- Implementation of one-on-one meetings with institutional investors (quarterly)
- Financial results briefing for institutional investors and analysts
- Company briefing for individual investors, etc. (over the internet)

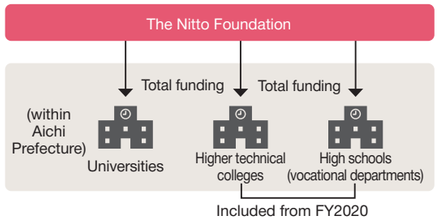
The Nitto Foundation

About the Nitto Foundation

The Nitto Foundation was created in 1984 on the initiative of NITTO KOGYO's founder Yoichi Kato to make local contributions through helping researchers. We provide funding for creative researchers at universities in Aichi as well as research projects in high school vocational departments and higher technical colleges.

What we do

(1) Funding for researchers
(2) Overseas dispatch for researchers
(3) Funding for research projects



40th The Nitto Foundation Financial Grant Presentation Ceremony

At the presentation ceremony, we awarded 59 researchers and three projects a total of 80,900,000 yen in grants to assist with their research and studies abroad. Since its establishment, we have awarded a total of 1,299 researchers and projects with over 700 million yen in grants.

Funding Recipients Composition (Field / No. of cases)

	No. of researchers					No. of researchers dispatched overseas					No. of research projects	Total	Total amount of aid (¥ thousand)
	Engineering	Medicine	Law Economics	Art	Subtotal	Engineering	Medicine	Law Economics	Art	Subtotal			
40th time	16	14	8	4	42	10	2	3	2	17	3	62	80,900
Total	268	133	162	46	609	449	117	68	44	678	12	1,299	730,500

Outside evaluation

Acquisition of third-party certifications

Status of acquisition for each group company

Name	Category	ISO9001	ISO14001	ISO/IEC 27001	Other
NITTO KOGYO CORPORATION	Domestic	○	○	○	
Aichi Electric Works Co., Ltd.	Domestic	○	-	-	
Tempearl Industrial Co., Ltd.	Domestic	○	○	-	
NANKAIDENSETSU Co., Ltd.	Domestic	-	○	○	Privacy mark approval JIS Q 15001:2017 compliant
Taiyo Electric Mfg. Co., Ltd.	Domestic	○	-	-	
NITTO KOGYO (CHINA) CORPORATION	Overseas	○	○	-	
GATHERGATES GROUP PTE. LTD.	Overseas	○	○	-	
ELETTO (THAILAND) CO., LTD.	Overseas	○	-	-	
NITTO KOGYO BM (THAILAND) CO., LTD.	Overseas	○	-	-	
SunTelephone Co., Ltd.	Domestic	-	-	○	
KITAGAWA INDUSTRIES CO., LTD.	Domestic	○	○	-	IATF16949: 2016 ISO/IEC17025: 2017

Our self-consumption storage battery system received the "Good Design Award (FY2023)" and the "Minister of Land, Infrastructure and Transport Prize (FY2022)"

Our environmentally-friendly self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities received the "Good Design Award (FY2023)" (from the Japan Institute of Design Promotion) and, at the 70th JECA Fair for Electrical Construction Equipment and Materials (Japan's largest electrical equipment and machine, material and tool exhibition) held in 2022, the "Minister of Land, Infrastructure and Transport Prize".

Our spark discharge detection device received the "recommended fire prevention product (2022)" certification and the "Minister of Economy, Trade and Industry Prize (FY2019)"

Our spark discharge detection device, which prevents electrical fire by detecting spark discharge in buildings, received accreditation in the recommendation system for fire prevention products from the Fire Equipment and Safety Center of Japan and was awarded the Minister of Economy, Trade and Industry Prize at the 67th JECA Fair for Electrical Construction Equipment and Materials in 2019.

Recognized by Kikugawa City, Shizuoka Prefecture

At the 2023 Kikugawa City commendation ceremony, we were recognized by Kikugawa City (in Shizuoka Prefecture) and celebrated for our achievements in contributing to the enrichment of education by contributing to the expansion of libraries at municipal elementary and junior high schools through the implementation of donations aimed at promoting education.