

## E: Environment

The NICHIAS Group contributes to the realization of a society centered on sustainable development by utilizing our “TATSU-TAMOTSU (Insulation and Protection)” technology solutions in the reduction of a variety of negative environmental impacts including the mitigation of global warming.

### NICHIAS Group Environmental Policy

Since establishing the NICHIAS Environmental Charter in 2001, the NICHIAS Group has implemented various initiatives to reduce environmental impact.

In April 2025, with the establishment of our Sustainability Policy, the Environmental Charter was redefined as the NICHIAS Group Environmental Policy, which explicitly sets forth the initiatives we must now prioritize as an environmentally conscious company. This policy declares our commitment not only to legal compliance but also to actively promoting environmentally friendly initiatives in collaboration with our stakeholders.

Based on this newly established policy, the NICHIAS Group will further strengthen its efforts as a company that contributes to a bright future for the planet.

#### Compliance with Laws and Regulations

As part of actions based on the NICHIAS Philosophy, we not only comply with laws and regulations but also establish our own standards to fulfill our social responsibility.

#### Initiatives as an Environmentally Conscious Company



#### Environmentally Conscious Design

We assess the environmental impact across the entire life cycle of our products and services, and promote development that leads to reducing such impact.



#### Response to Climate Change

Through our “TATSU-TAMOTSU (Insulation and Protection)” technology, we are working across the entire value chain to reduce greenhouse gas emissions, including efforts to save energy.



#### Resource Recycling

We promote effective use of resources by encouraging recycling and reducing waste.



#### Coexistence with Nature

We promote the conservation and restoration of water resources and biodiversity, while coexisting with local communities.



#### Chemical Substance Management

We are committed to the responsible management of chemical substances.

#### Collaboration with Stakeholders

Through proactive information disclosure, we engage in communication with stakeholders and work together to address social issues.

### Promotion Framework

We have set up an Environment Committee to apply the NICHIAS Group Environmental Policy to specific activities and implement them. This committee is made up of the three subcommittees of Products, Management, and Factories. In the Product Subcommittee, discussions focus on promoting environmentally conscious design, including conducting environmental assessments and managing chemical substances. Administration Subcommittee discusses energy saving of offices and waste discharged from the offices. In the Factory Subcommittee, discussions address compliance with environmental laws and regulations, as well as activities related to energy conservation, resource recycling, and biodiversity conservation.

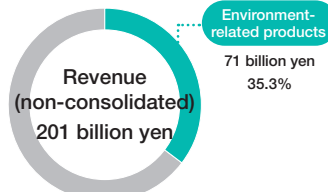
### Environmentally Conscious Design

Since FY2021, the NICHIAS Group has mandated the Group companies to carry out a product environmental assessment when developing new products and changing the design. In the product environmental assessment, two points, “risk” and “environment-friendliness,” are assessed. In “risk” assessments, the aim is to minimize environmental regulatory compliance issues and impacts on the surrounding environment. We identify and improve environmental problems related to raw material procurement, production, customer use, and disposal. Meanwhile, in “consideration” assessments, we evaluate how products can be made more environmentally friendly across their entire life cycle. In FY2024, about 30% of the products that completed assessment were found to be more environmentally friendly compared to conventional products. For example, some products eliminated the use of organic solvents, improved transportation efficiency, or reduced CO<sub>2</sub> emissions through process improvements.

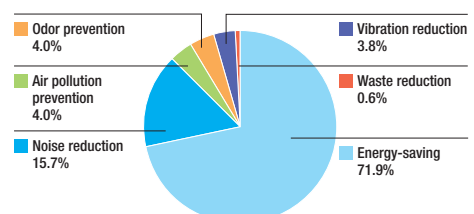
### NICHIAS' environment-related products

The NICHIAS Group defines the products and services that help society and customers reduce the environmental burden through saving energy, preventing noise, etc. as “NICHIAS environment-related products.”

**FY2024**  
Sales (non-consolidated) and ratio of NICHIAS environment-related products



**FY2024**  
Ratio by item of NICHIAS environment-related products



### Approach to Climate Change and Nature-Related Issues

Through our business activities, the NICHIAS Group makes use of natural capital such as minerals and water, while also impacting the global environment through greenhouse gas emissions and other factors. While the intensification of climate change and the loss of natural capital, including biodiversity, pose significant business risks, the NICHIAS Group believes that its “TATSU-TAMOTSU™ (Insulation and Protection)” technology can contribute to solving environmental issues and lead to the creation of new business opportunities.

### Information Disclosure in Line with TCFD and TNFD Recommendations

In June 2023, the NICHIAS Group expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in July 2025, we registered as an Adopter of the Taskforce on Nature-related Financial Disclosures (TNFD). We will continue to actively promote information disclosure in line with these recommendations.



#### ► Key Environmental Priorities

Important environmental matters were reviewed and discussed by the Sustainability Promotion Committee and the Environment Committee, and finalized accordingly. The five identified focus areas, including “Promotion of Environmentally Conscious Design,” “Response to Climate Change,” “Resource Recycling Initiatives,” “Coexistence with Nature,” and “Chemical Substance Management,” were established as the NICHIAS Group Environmental Policy in April 2025.

#### ► Scope of Disclosure

For climate change, the scope covers the entire value chain, and for nature-related issues, it covers both direct operations and the upstream portion of the value chain.

#### ► Time Axis for Consideration

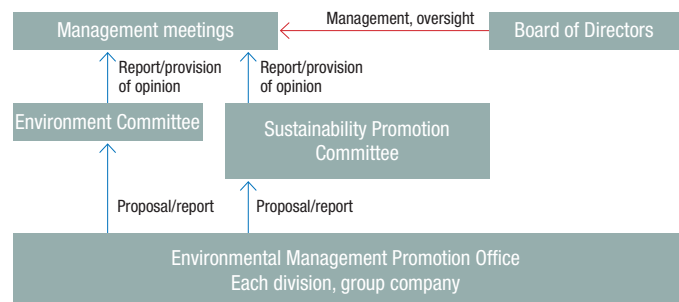
The evaluation of dependencies, impacts, risks, and opportunities related to climate change and nature was conducted with the following time frames: short-term as FY2026 (the final year of the Medium-Term Management Plan), medium-term as FY2030 (the interim target year for GHG\* emission reductions), and long-term as FY2050 (the target year for achieving carbon neutrality).

\*GHG: Greenhouse Gas

### Governance and Risk Management

TCFD • TNFD

The evaluation of issues related to climate change and nature, as well as related opportunities and risks, is led by the Environmental Management Promotion Office in consultation with each business division and Group company. Findings and proposals are then reported to the Sustainability Promotion Committee and the Environment Committee. The Sustainability Promotion Committee, chaired by the executive officer in charge of sustainability, convenes on a monthly basis. The Environment Committee, chaired by the President and Chief Executive Officer, meets once every quarter. Within the Environment Committee, matters such as goal and policy setting, strategy formulation, and the status of initiatives are deliberated, and the items discussed are then managed and overseen by the Board of Directors.



### Climate Change Strategy

TCFD

The NICHIAS Group conducts scenario analysis using the 1.5°C and 4°C temperature rise pathways, referencing sources such as the World Energy Outlook (WEO) published by the International Energy Agency (IEA).

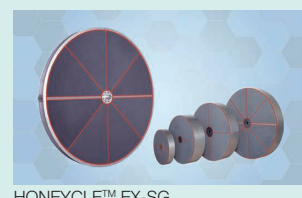
© Reference scenarios

1.5°C scenario	IEA Net Zero by 2050 (NZE Scenario), WEO 2023	4°C scenario	Intergovernmental Panel on Climate Change (IPCC) RCP8.5 Scenario
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Looking toward 2030, we anticipate increasing demand for energy conservation as part of the transition to carbon neutrality. By leveraging our wide range of insulation products and energy-saving diagnostic services, which are the NICHIAS Group's strengths, we expect to contribute to customers' energy efficiency. Looking toward 2040, the 7th Strategic Energy Plan has indicated that nuclear power generation will be utilized to the maximum extent possible. We also view the growing demand for safety upgrade construction work related to nuclear power plant restarts as a business opportunity. Looking ahead to the realization of a carbon-neutral society in 2050, we are advancing the development of next-generation vehicles, including electric vehicles, as well as next-generation energy-related products such as hydrogen, and by participating from the demonstration stage, we aim to capture future demand.

#### High-Performance Dehumidifying Filter Contributing to Energy Savings in Battery Manufacturing Plants

With the spread of electric vehicles and energy storage systems, demand for lithium-ion batteries is expected to increase further in the future. In the manufacturing process, moisture in the air can affect battery performance and lifespan, making humidity control extremely important. By using NICHIAS' industrial dehumidification rotor TOMBO™ No.8800-EX-SG “HONEYCLE™ EX-SG,” it is possible to produce dry air with a dew point of -50°C, and compared to conventional products, it requires a lower temperature for the hot air used in regeneration, resulting in a significant improvement in energy-saving performance. This technology not only reduces running costs and lessens environmental impact but also meets the stringent humidity control requirements in lithium-ion battery manufacturing processes.



HONEYCLE™ EX-SG

## Risks and opportunities for transition to carbon neutral society (1.5°C scenario)

	Expected scenario	Impact on businesses	Financial impact	Time axis	Major measures	Related businesses				
						Plants	Industrial products	Advanced products	Auto parts	Building materials
Policies and legal regulations	Manufacturing costs increase due to the introduction of carbon taxes and response to environmental issues.	Increase in energy costs used for manufacturing processes of the company's factories	Risk	Middle	Mid term	- Reduction of GHG emissions by transforming businesses and manufacturing methods of high CO <sub>2</sub> emission segment - Proactive introduction of renewable electricity - Promotion of energy-saving activities	○	○	○	○
		Increase in costs due to carbon tax imposed on suppliers and costs for response to environmental issues passed on	Risk	Middle	Mid term	- Replacement with low-CO <sub>2</sub> emission products - Improvement of yields	○	○	○	○
Reputation	Investment and purchasing actions of investors and customers considering the climate change risks expand.	Less credibility from stakeholders due to delay in response to climate change and passive attitude toward information disclosure	Risk	Middle	Mid term	- Setup of new targets for reducing GHG emission that conforms to the Paris Agreement (SBT certification acquired)	○	○	○	○
Market	Demand for energy-saving products in the transition stage for carbon neutrality increases.	Increase in demand for heat diagnosis and proposal for energy-saving, expansion of demand for energy-saving, high thermal insulation products	Opportunities	Middle	Short to mid term	- Expansion and enhancement of heat diagnosis and proposal for saving energy - Development and launch of energy-saving, high thermal insulation products	○	○	○	○
	Electrification spreads due to green transformation, and smart city initiatives are strengthened.	Increase in sales for semiconductor manufacturing devices due to increase in the demand for generative AI and power semiconductors	Opportunities	Large	Short to mid term	- Development and sales expansion of energy-saving products by proactive investment in development - Establishment of a production system through appropriately grasping the market trend and making forward-thinking prior investment		○		
	The need for environment-friendly products increases because environmental awareness is enhanced.	Increase in demand for low-GHG-emission products considering the life cycle of the product and resource-recycling products	Opportunities	Small	Short to long term	- Launch of products contributing to reduction of GHG emissions in the entire life cycle - Launch of resource-recycling products - Promotion of eliminating organic solvents		○	○	○
	The shift from internal combustion engine vehicles to electric vehicles (EVs) and fuel cell vehicles (FCVs) is progressing	Decrease in sales of products for internal-combustion cars	Risk	Large	Short to long term	- Launch of parts with sound, heat, and sealing functions for next-generation automobiles - Enhancement in development and production capability of high-performance dehumidifying filters for lithium-ion manufacturing devices		○	○	
		Increase in need for new parts for next-generation vehicles (EVs, FCVs, hydrogen engines) and demand for parts for lithium-ion battery manufacturing devices	Opportunities	Large	Short to long term					
	Fossil fuels like petroleum and coal are replaced with sustainable fuels like ammonia and hydrogen.	As a transition measure away from coal-fired power generation, demand is rising for ammonia co-firing power generation and LNG thermal power generation	Opportunities	Middle	Short to mid term	- Expansion of orders for construction work related to ammonia co-firing and LNG power generation plants	○	○		
		Creation of opportunities due to the expansion of low-carbon energy market, such as ammonia, hydrogen, biomass, SAF, and CCUS	Opportunities	Middle	Short to long term	- Development of new manufacturing methods and new technologies for the low-carbon energy market (ammonia, hydrogen, biomass, SAF, and CCUS)				
		The restart of nuclear power generation and demonstration projects for next-generation innovative reactors are driving increased demand for safety-related construction work	Opportunities	Middle	Short to long term	- Enhancement of production capacity for products used in nuclear power generation - Expansion of safety upgrade construction to comply with new regulations	○			
		Increase in demand for water electrolysis devices due to expansion of green-hydrogen-manufacturing market	Opportunities	Middle	Short to long term	- Market launch and capacity expansion of products for alkaline water electrolysis equipment and solid oxide water electrolysis equipment		○		

## Physical risks that arise when climate change becomes obvious (4°C scenario)

	Expected scenario	Impact on businesses	Financial impact	Time axis	Major measures	Related businesses				
						Plants	Industrial products	Advanced products	Auto parts	Building materials
Acute	Due to severe wind and flood damage, infrastructure disruption, human casualties, and property damage will increase.	Operations stop due to supply chain disruptions and factory damage, resulting in decreased sales and restoration costs, etc.	Risk	Small	Short to long term	- Reinforcement of BCP and establishment of manufacturing facilities and systems that suit the environment - Decrease in cost due to improved production efficiency	○	○	○	○
Chronic	The average temperature rises.	Costs increase due to reduced productivity and increased air conditioning costs at factories and construction sites, especially during the summer.	Risk	Small	Short to long term	- Improvement and creation of employee-friendly working environment realized by automation of operations with the help of robots, etc.	○	○	○	○

1. "Financial impact" is shown in the following three categories, based on the expected impact on profits and costs during the period shown under "Time axis." Small: less than 1 billion yen; middle: 1 billion to less than 5 billion yen; large: 5 billion yen or above
2. The following periods are assumed for the time axis.  
Short term: until FY2026 (final fiscal year of the current medium-term management plan)  
Mid term: until FY2030 (mid-term target fiscal year for the GHG emission reduction)  
Long term: until FY2050 (target fiscal year for achieving carbon neutrality)

## Climate Change Indicators and Targets

TCFD

The NICHIAS Group has declared its commitment to achieving zero GHG emissions from its own operations by 2050, thereby realizing carbon neutrality, and as a milestone toward this goal, we have set a target to reduce GHG emissions by FY2030 in alignment with the Paris Agreement's 1.5°C target.

<b>NICHIAS emissions (Scope 1 + 2)</b>	Reduce GHG emissions by 42% compared to FY2021 by FY2030 Achieve carbon neutrality by FY2050
<b>Non-company emissions (Scope 3)</b> *Target category: 1, 3, 11	Reduce GHG emissions of the target category by 25% compared to FY2021 by FY2030
<b>Renewable energy ratio</b>	Achieve a renewable energy ratio of 25% or more by FY2030



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In March 2025, the NICHIAS Group obtained SBT (Science Based Targets) certification\* for its greenhouse gas reduction targets for FY2030.

\*This certification indicates alignment with international decarbonization goals, specifically the Paris Agreement's 1.5°C target.

## FY2024 GHG Emissions Performance

(Unit: thousand tons-CO<sub>2</sub>eq)

Scope 3 upstream 475			Scope 1, 2 NICHIAS 180		Scope 3 downstream 540		
Category 1	Purchased products, raw materials	322	<b>Scope 1★</b> (Direct emissions by the use of fuel and gas)	<b>92</b>	Category 9	Transportation, distribution (downstream)	26
Category 2	Capital goods	31			Category 10	Processing of sold products	17
Category 3	Fuel and energy-related activities ★	35			Category 11	Use of sold products	479
Category 4	Transportation, logistics (upstream)	71			Category 12	Disposal of sold products	17
Category 5	Waste generated from business	3	<b>Scope 2★ (Market-based)</b> (Indirect emissions by purchase of electricity and heat)	<b>89</b>	Category 13	Leased asset (downstream)	0
Category 6	Business trips	2			Category 14	Franchise	0
Category 7	Commune of employees	8			Category 15	Investment	0
Category 8	Leased asset	2					

\*Each emission figure is shown to one decimal place, so totals may not match exactly.

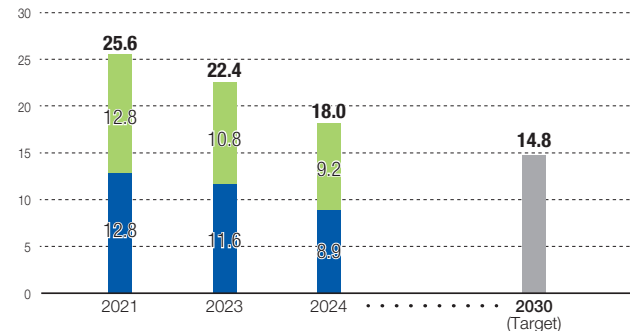
\*Figures shown in blue represent categories of non-company emissions (Scope 3) that are subject to reduction targets.

\*Items marked with ★ have undergone third-party verification.

### GHG Emissions (Scope 1 + 2)

■ Scope 1 ■ Scope 2

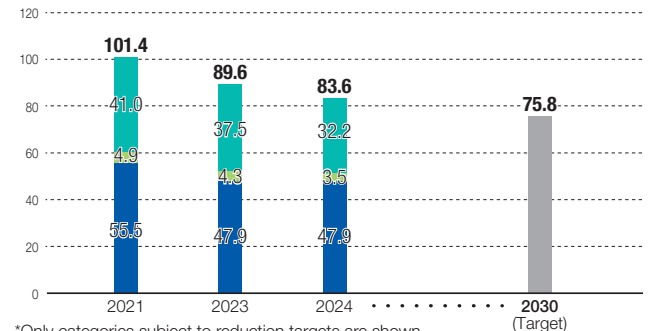
(10,000 t-CO<sub>2</sub>eq)



### GHG Emissions (Scope 3)

■ Category 1 ■ Category 3 ■ Category 11

(10,000 t-CO<sub>2</sub>eq)

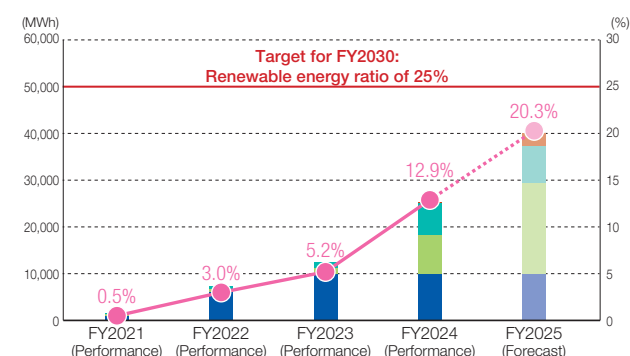


\*Only categories subject to reduction targets are shown.

## FY2024 Renewable Energy Usage Performance

Trends in renewable energy consumption (MWh) and renewable energy ratio (%)

■ Non-fossil certificates ■ Green power ■ Solar power generation (for in-house consumption)  
■ Off-site PPA ■ Renewable energy ratio



### Start of Off-site PPA Electricity Procurement at Fukuroi Factory

In March 2025, the Fukuroi Factory began procuring electricity through the NICHIAS Group's first off-site PPA. As a result, the Fukuroi Factory can reduce annual CO<sub>2</sub> emissions from electricity use by approximately 842 tons (9%). The solar power generation facilities are installed on idle land owned by NICHIAS. Together with an energy storage system, they can also serve as an emergency power source for local community associations during disasters, providing electricity both day and night.



Solar power generation facilities installed on idle land owned by NICHIAS



Through business activities such as raw material procurement and product manufacturing, the NICHIAS Group both depends on and impacts natural capital, including biodiversity. In line with the TNFD recommended framework, we analyze dependencies on nature, impacts, and nature-related risks and opportunities, and consider appropriate countermeasures.

## 1 General Requirements

Application of Materiality	We apply the concept of double materiality, assessing both the impact of nature on our business and the impact of our business on nature.
Scope of Disclosure	Within the NICHIAS Group, the scope is limited to businesses involved in the manufacturing and sale of products (construction businesses are excluded). This report specifically discloses information on the upstream value chain and direct operations (domestic and overseas manufacturing sites), where dependence on and impact on nature are considered significant.
Integration with Other Sustainability Issues	Evaluations were also conducted based on the TCFD recommendations. Our governance and risk management framework covers all nature-related issues, including climate change.

## 2 Points of Contact with Nature

The NICHIAS Group uses raw materials such as natural minerals, resins, and steel to manufacture and sell various products, and we recognize that there are many points of contact with nature in raw material procurement. For direct operations (domestic and overseas manufacturing sites), we evaluated points of contact with nature using GIS (Geographic Information Systems) and related databases. As a result, the points of contact shown in the table on the right were identified.

### Evaluation of points of contact with nature

Evaluation indicators	Number of applicable business sites
Regions important for biodiversity <sup>*1</sup>	Two overseas business sites
Regions with high ecosystem integrity <sup>*2</sup>	One domestic business sites
Regions with high water risk <sup>*3</sup>	Five overseas business sites

\*1: Sites overlapping with WWF Global 200 (2012)

\*2: Sites where Mean Species Abundance (2015) is 60% or higher

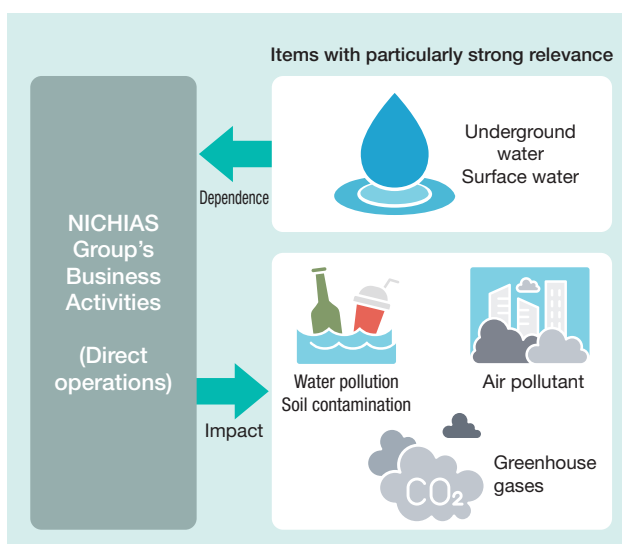
\*3: Sites identified as "Extremely High" water stress in Aqueduct 4.0

## 3 Evaluation of Dependence and Impact on Nature

Based on the TNFD-recommended tool (ENCORE) and adjusted to our business environment, we evaluated our dependence on and impact on nature. This evaluation focused on businesses engaged in in-house product manufacturing.

In the upstream segment of the value chain, raw materials such as sand and minerals that involve mining processes are considered to have a significant impact on ecosystems through extraction activities. Through supplier surveys and other measures, we encourage environmentally responsible mining, while also promoting the recycling of products that use these raw materials to reduce environmental impact.

In our direct operations, we found a high dependence on water resources, along with significant impacts from GHG emissions, soil and water pollutants, and non-GHG air pollutants. We will work to reduce environmental impact by cutting GHG emissions and will also strengthen initiatives that contribute to the conservation of water resources.



## 4 Evaluation of Risks and Opportunities

Referring to TNFD guidance, we assumed Scenario I (where ecosystem service degradation is limited and market and non-market drivers are aligned) to evaluate risks and opportunities.

At manufacturing sites, we anticipate stricter environmental regulations and stronger stakeholder demands for environmental protection, and recognize the importance of reducing current environmental burdens while also working to conserve water resources.

In raw material procurement, future risks were identified, such as difficulties in obtaining non-renewable resources or increased costs.

To mitigate these risks, we will diversify procurement sources, strengthen traceability, and promote recycling.

### Response to Water Risks -Strengthening Wastewater Monitoring-

At the Okayama Factory of Metakote Industry Corporation, we manufacture rubber-coated metal gaskets for automobiles. Wastewater generated during the manufacturing process undergoes various treatments, including coagulation and sedimentation, before being discharged into the Seto Inland Sea via the Asahi River.

Previously, wastewater treatment facilities were inspected twice daily, but in 2023, to enable early detection of equipment or wastewater abnormalities, we installed a surveillance monitor inside the production building that displays key equipment data, allowing for real-time monitoring of wastewater management values. Going forward, we will continue to work toward the preservation of the Seto Inland Sea through enhanced monitoring and proper response.



Surveillance monitor

## Initiatives for Coexistence with Nature

TNFD

One of the natural capitals the NICHIAS Group depends on in its business activities is water. We use water for wet molding, cleaning, equipment cooling, and boiler operations, making it an indispensable resource for continuing our business. Meanwhile, the dragonfly, which is also the symbol of NICHIAS, lays its eggs on aquatic plants, and its larvae (nymphs) grow in the water. Dragonflies serve as indicators of a rich water environment, requiring clean water and surrounding vegetation.

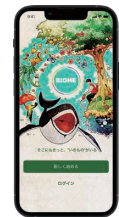
With this in mind, NICHIAS has decided to promote activities to protect dragonflies as part of our efforts to achieve coexistence with nature. We have started with initiatives such as creating biotopes on factory grounds and participating in local conservation groups. On a nationwide scale, we have also launched the "Dragonfly Survey Team," which collects basic information on the habitats and species of dragonflies. This activity uses the "Biome" app, operated by Biome Inc., as a platform to gather data on dragonflies and aquatic plants.

By thoroughly reducing our immediate environmental impact and promoting activities that enhance biodiversity, we aim to contribute to the realization of a society that coexists with nature.

### Factory Biotope



### Dragonfly Survey Team



"Biome" app

## Initiatives for Resource Recycling

Regarding industrial waste, although emissions increased in some business offices due to increased production, emissions in FY2024 were reduced by 29% compared with those in FY2019 because of the improvement of yield rate and the promotion of reduction of industrial waste. In addition, discharged industrial waste production unit was reduced by 45% compared with FY2019. 61% of the unnecessary substances of the NICHIAS Group\*1 are recycled\*2. At each manufacturing site, we will conduct initiatives to reduce waste during manufacturing and efficiently use resources.

In the NICHIAS Group Environmental Policy established in April 2025, we set forth initiatives for resource recycling, specifically focusing on reducing waste emissions and promoting recycling. We will expand the volume of recycled materials such as rock wool products, which have obtained wide-area certification, while also promoting the use of recycled resources to further reduce GHG emissions.

\*1 Waste discharged from the NICHIAS Group, including those sold as valuables.

\*2 Intermediate treatment recycling excluding permanent disposal (landfill), selling waste as valuables, and in-house recycling are defined as "recycling."

### Initiatives for Reduction of Unnecessary Substances and Industrial Waste

Amount of discharged industrial waste  
Target: 30% reduction compared with FY2019 in FY2030

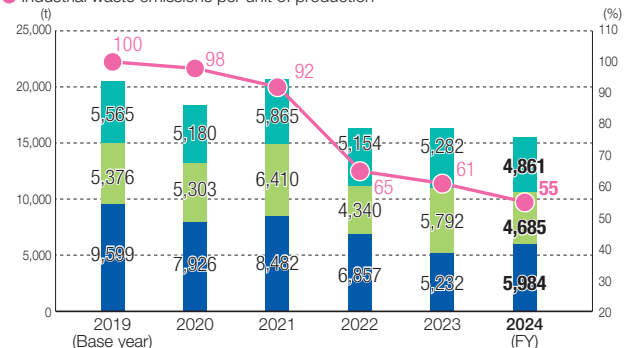
FY2024 results

**29% reduction**

### Transition of amount of discharged unnecessary substances and industrial waste

(NICHIAS Group's domestic manufacturing sites)

■ Landfill ■ Intermediate process recycling ■ Selling as valuables  
● Industrial waste emissions per unit of production



## Environmental Performance

\* All the data on this item refer to the NICHIAS Group's domestic manufacturing offices.

### INPUT

#### Energy

Type	Consumption
Electricity	129,380 thousand kwh
Petroleum-based fuel	5 thousand kL
Gaseous fuel	6,890 thousand m <sup>3</sup>
Coke	6 thousand t

#### Water resource

Type	Quantity of water intake
Clean water	182 thousand m <sup>3</sup>
Industrial water	593 thousand m <sup>3</sup>
Underground water	507 thousand m <sup>3</sup>

#### Substances subject to PRTR\*

Type total	69
Consumption	3,278t

\*Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

### OUTPUT

#### CO<sub>2</sub>

Type	Emissions
CO <sub>2</sub>	152 thousand t-CO <sub>2</sub>

#### Air pollutant

Type	Emissions
Sulfur oxides	14.6t
Nitrogen oxide	54.6t
Dust	8.6t

#### Discharged water

Type	Emissions
Amount of discharged water	448 thousand m <sup>3</sup>

#### Water pollutant

Type	Emissions
Suspended solids (SS)	9.6t

#### Industrial waste

Type	Emissions
Industrial waste	10,669t

#### Environmentally Impactful Substances (PRTR Reportable Substances)

Substance name	Emissions
Toluene	146.0t
Xylene	0.2t
Ethylene Glycol Monoethyl Ether	3.2t
Formaldehyde	1.3t
Triethylamine	1.0t
Phenol	4.4t

## Environment Management System

The NICHIAS Group will be committed to various environmental issues and aim to realize environmental management based on the Environment Policy and Carbon-Neutral Declaration.

Among the NICHIAS Group, NICHIAS' factories and major companies in Japan and overseas acquired ISO14001 and strengthened their initiatives to reduce the environmental burden and establish a sustainable society.

Please check here for the status of acquiring ISO14001.



## Environmental risk management

### ▶ Initiatives for Management of Chemical Included in Products

The NICHIAS Group continues the initiatives for thorough compliance with chemical regulations in each stage of the product, from development design, procurement, and manufacturing to sales. Taking advantage of the "database for managing chemical substances contained in products" established in FY2022, we respond to the Safety Data Sheet (SDS), product labels, and regulations on chemicals and provide customers with information about chemicals contained in products.

### ▶ Environment Patrol

With the purpose of coexisting with the local communities, the NICHIAS Group has implemented environmental patrol since 1990. In this activity, employees patrol the area around the business office to check the four points, that are, "beauty of the view," "air (dust, odor)," "noise and vibration," and "discharged water" according to the characteristics of the business office.

In FY2024, the patrol was conducted 154 times by the entire Group, and 230 cases pointed out were improved. We continue this activity to reduce the environmental risk, if only a little, by doing what we can.

### ▶ External Feedback

In FY2024, we received one piece of feedback regarding noise generated from a manufacturing site across the Group. For the concern raised, we investigated the root cause, provided an appropriate response, and offered an explanation. To prevent recurrence, the details of the feedback and our response have been shared across the entire Group. Up to now, we have created an "Environmental Complaint Risk Map" and continuously checked for potential risks that could lead to complaints, while raising awareness in the workplace, but, we take this recent feedback very seriously and will further strengthen initiatives to prevent both occurrence and recurrence.

### ▶ Environmental Awareness Activities

At NICHIAS, we carry out environmental awareness activities for all employees with the aim of raising awareness about environmental protection and deepening knowledge related to the environment. As part of this effort, we regularly conduct environmental e-learning programs (held in December in FY2024), helping each employee take environmentally conscious actions in their daily work.

## Environment Audit Structure

In the manufacturing offices, environmental reviews are executed by the following three: (1) internal audits in the manufacturing office, (2) audits by the environment departments of the Head Office, and (3) audits by an outside organization. In Fiscal Year 2024, also, in the course of continued activities for ISO14001 integrated certification for the factories, we conducted a mutual internal audit with other business offices.

As a result of the audit cases, there was no serious violation of law although there was noise that exceeds a certain level at the property line. Items pointed out at the time of the audit will be shared with other offices, which will lead to the environmental improvement of the Group.

## Environmental Conservation Capital Investment

The amount invested in environmental conservation facilities related to business activities was 606 million yen.

As in previous years, we have continued investing in solar power generation facilities (introduction of renewable energy), equipment related to productivity improvement, and maintenance of existing facilities, all of which contribute to reducing our environmental burden. Going forward, we will continue making proactive capital investments to reduce GHG emissions and promote resource recycling.

Capital investment concerning environmental protection  
(NICHIAS Group's domestic manufacturing offices/FY2023)

(million yen)

Classification		Amount
Cost inside the business area	Cost for pollution prevention	61
	Cost for protection of global environment	21
	Cost for resource cycling	405
Cost for management activities		119
Total		606