

ESG AT THE CORE

SUSTAINABILITY REPORT

NITTO BELGIUM NV · FY 2022

Dear stakeholders,

It is with pleasure that I present to you Nitto Belgium's Sustainability Report, which provides a comprehensive overview of our commitment and the progress we have made in the fiscal year 2022 towards a more sustainable future. As the Managing Director of Nitto Belgium, it is an honor for me to share our results, challenges, and ambitions in our pursuit of making a positive contribution to the world around us.

At Nitto Belgium, we place ESG (Environmental, Social, and Governance) at the core of our management. We make decisions based on both financial and non-financial objectives, which we refer to as "future-financial" objectives because we believe that, although that "something may not have any financial value now, it will develop into "something financial" and start yielding profits. In that sense, we have also redefined our concept of "customers" to include not only "those with whom we have direct contact" but also the global environment, humankind, and society.

Our company has always been driven by the conviction that responsible business behavior and care for the environment are fundamental to long-term success. As we navigate through the complexities of the 21st century, we are committed to aligning our operations with the principles of sustainable development and exerting a meaningful impact on the global environment, humankind, and society.

This sustainability report is a snapshot of our ongoing journey towards sustainability. It describes our key initiatives, accomplishments, and the progress we have made in integrating sustainable practices into all aspects of our operations.

Within this report, you will find detailed information about our efforts to reduce our carbon footprint, improve energy efficiency, lower VOC emissions, and minimize waste. We have implemented new technologies and processes to optimize our resource consumption and reduce our environmental impact while maintaining a high standard for product quality and customer satisfaction.

Furthermore, we remain dedicated to a culture of inclusion, diversity, and respect within our organization and the communities in which we operate. Our employees are at the heart of our success. We prioritize their safety, well-being, and professional growth. We actively engage with all stakeholders to ensure an open and transparent dialogue.

This report also highlights our commitment to strong governance practices, ethical behavior, and compliance with global standards. We adhere to the highest integrity standards and strive for excellence in all aspects of our business operations.

We are extremely proud of our accomplishments, but at the same time, we recognize that a sustainability journey never ends. We will continue to set ambitious goals, monitor our progress, and adapt our strategies to new challenges and opportunities. Collaboration and knowledge-sharing are essential to achieving our sustainability objectives. We invite you to join us on this path towards a more sustainable future.

I would like to express my gratitude to our employees, customers, suppliers, and all stakeholders who have supported us in our sustainability efforts. Together, we can make a positive impact on the world.

Best regards,

Stefan Maussen

NBE IN NUMBERS



TURNOVER
236.5M

CO₂
20.3K
TONS

PROFIT
231.3 K

EMPLOYEES
549

VOC
80 TONS

TRAINING
45U/PERS

ECOVADIS
PLATINUM

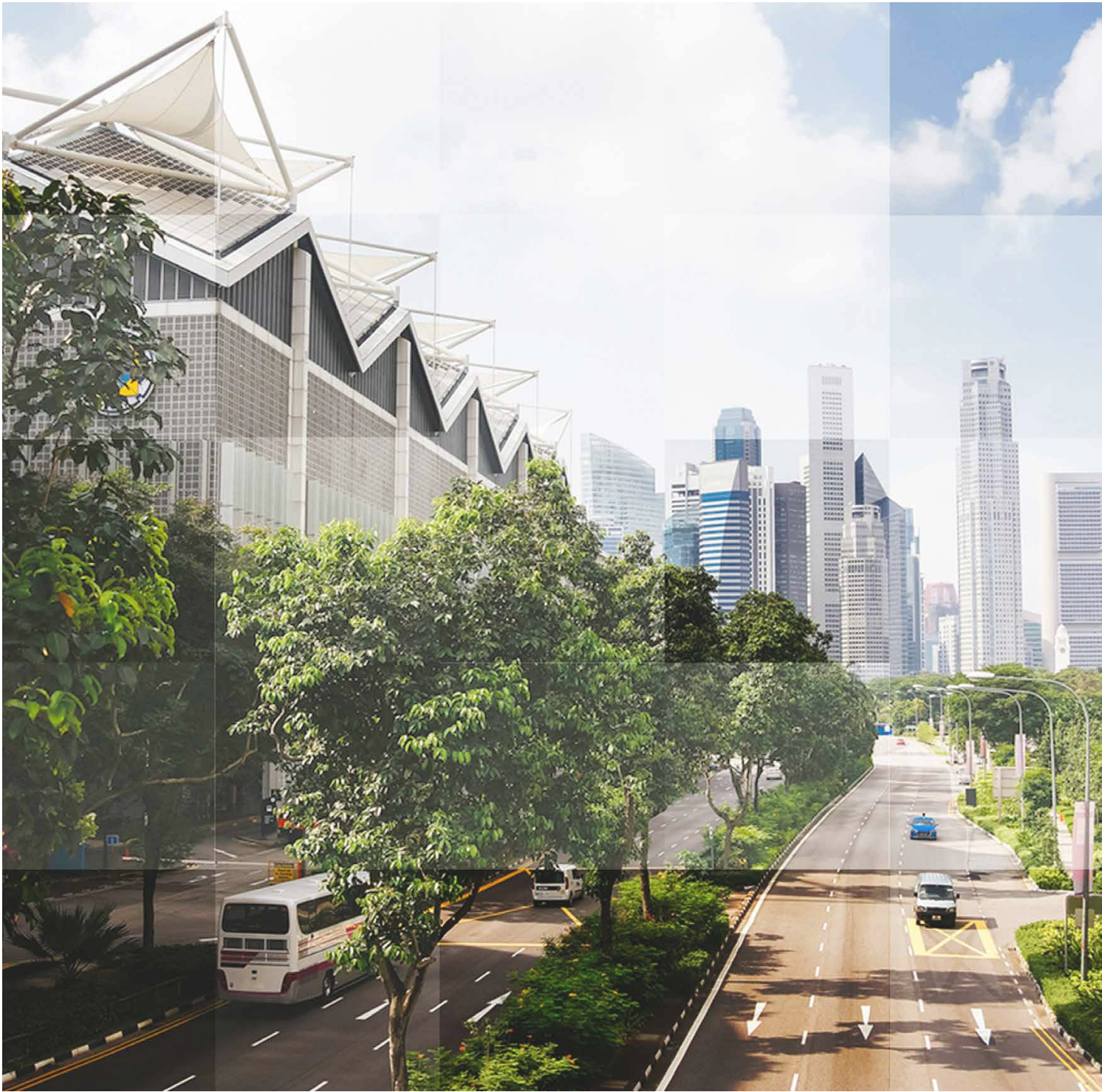
DIVERSITY
17,4%

GREEN
ELECTRICITY
100%

ISO
14001

TABLE OF CONTENTS

FOREWORD	2
TABLE OF CONTENTS	4
SUSTAINABILITY WITHIN NITTO BELGIUM	6-9
VALUE CREATION	6
"PLACING ESG AT THE CORE OF OUR MANAGEMENT"	8-9
FROM "MID-TERM PLAN" TO "STRATEGY EXECUTION ROADMAP"	
SUSTAINABILITY REPORT	
MATERIALITY ANALYSIS NITTO BELGIUM	10-13
STRENGTHEN GOVERNANCE	14-37
ENVIRONMENTAL GOVERNANCE	14-25
CARBON REDUCTION	
WASTE MANAGEMENT (CIRCULAR STRATEGY)	
CLEAN AIR	
SAFETY GOVERNANCE	26-29
KPIs FOR ACCIDENTS	
SAFETY HEALTH & ENVIRONMENT ACTIONS	
SAFETY & ENVIRONMENT DAY	
ETHICAL GOVERNANCE	30-31
BUSINESS CONDUCT GUIDELINES	
INFORMATION SECURITY - TISAX	
EMEA WHISTLEBLOWING SYSTEM	
HR GOVERNANCE	32-37
HR KPI'S	
SEEDS21	
SUPPLY-CHAIN GOVERNANCE	38-39
SUSTAINABILITY GOVERNANCE	40-41
ECOVADIS	
VCDO	
UNGC	
GROWTH STRATEGY	42-43
PLANET & HUMAN FLAGS	
SUSTAINABLE BUSINESS FOUNDATION	44-47
CARBON FOOTPRINT ANALYSIS (SCOPE 1+2+3)	44-45
SUSTAINABILITY RATING TOOL	46-47
INDIVIDUAL CONTRIBUTIONS	48-49
CLOSING WORDS	50



SUSTAINABILITY WITHIN NITTO BELGIUM

VALUE CREATION

Intending to be a Niche Top creator, the Nitto Group seeks to become an “irreplaceable top ESG company” that continues to surprise and inspire. With R&D, Production, Sales, and Administration working as one, we never cease to create innovative and broad values through customer-oriented approaches and unique business models.

The intangible side of value creation

The Nitto Group’s Corporate Philosophy is comprised of three elements: our corporate Mission, the Vision which aligns our way of thinking in attaining our Mission, and the Nitto Way, is our Values. We at Nitto Group hope to retain an attitude of relentlessly pursuing products, systems, and ideas that customers would find valuable.

Our Mission is to deliver safety, prosperity, comfort, and affluence not only to customers whom we contact directly but also to every stakeholder. In order to achieve our Mission, ‘Contribute to customers’ value creation with innovative ideas’ as one team, all Nitto employees around the world must hold the same vision, or outlook. We have set this vision as ‘Creating Wonders.’ Each and every employee will challenge themselves to wonder and inspire the world; in other words, we will endeavor to create wonders in our everyday work. Together, they will generate the power to change the world in many different domains.

The Nitto Way is a set of values that indicate what every Nitto employee should practice to achieve Nitto’s vision for the future.

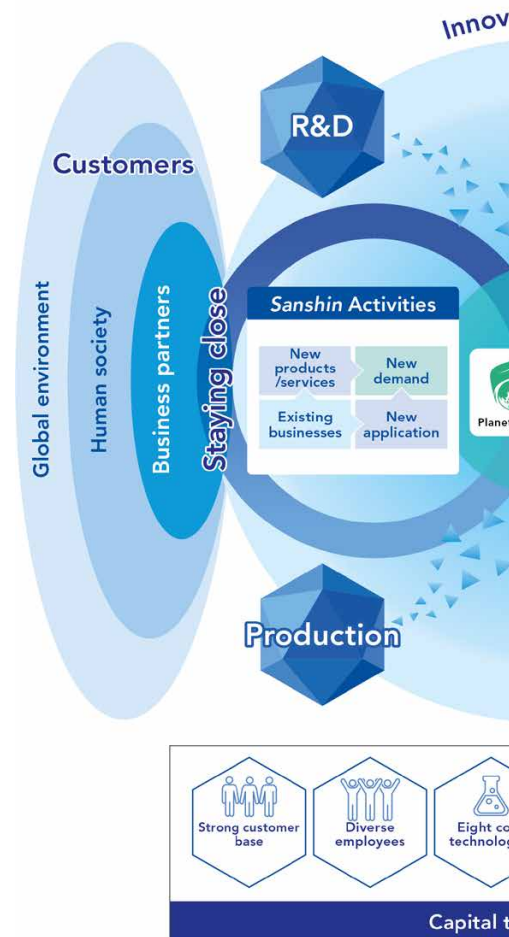
All Nitto Group employees should understand “The Nitto Way” and work vigorously, with attention to physical safety and mental wellbeing, to realize our “Mission” and “Vision”. These values form the DNA of a Nitto Belgium. “No matter what we do as Nitto Belgium’s member, we will always do it in a safe and ethical manner, keeping diversity and ecology in mind.”

The mission, vision, and the Nitto Way are the fundamental elements that shape the Nitto Belgium’s company culture. This is a unique way of value creation that Nitto Belgium expresses at three levels: through its (1) core activities, (2) secondary business activities, and (3) individual actions.

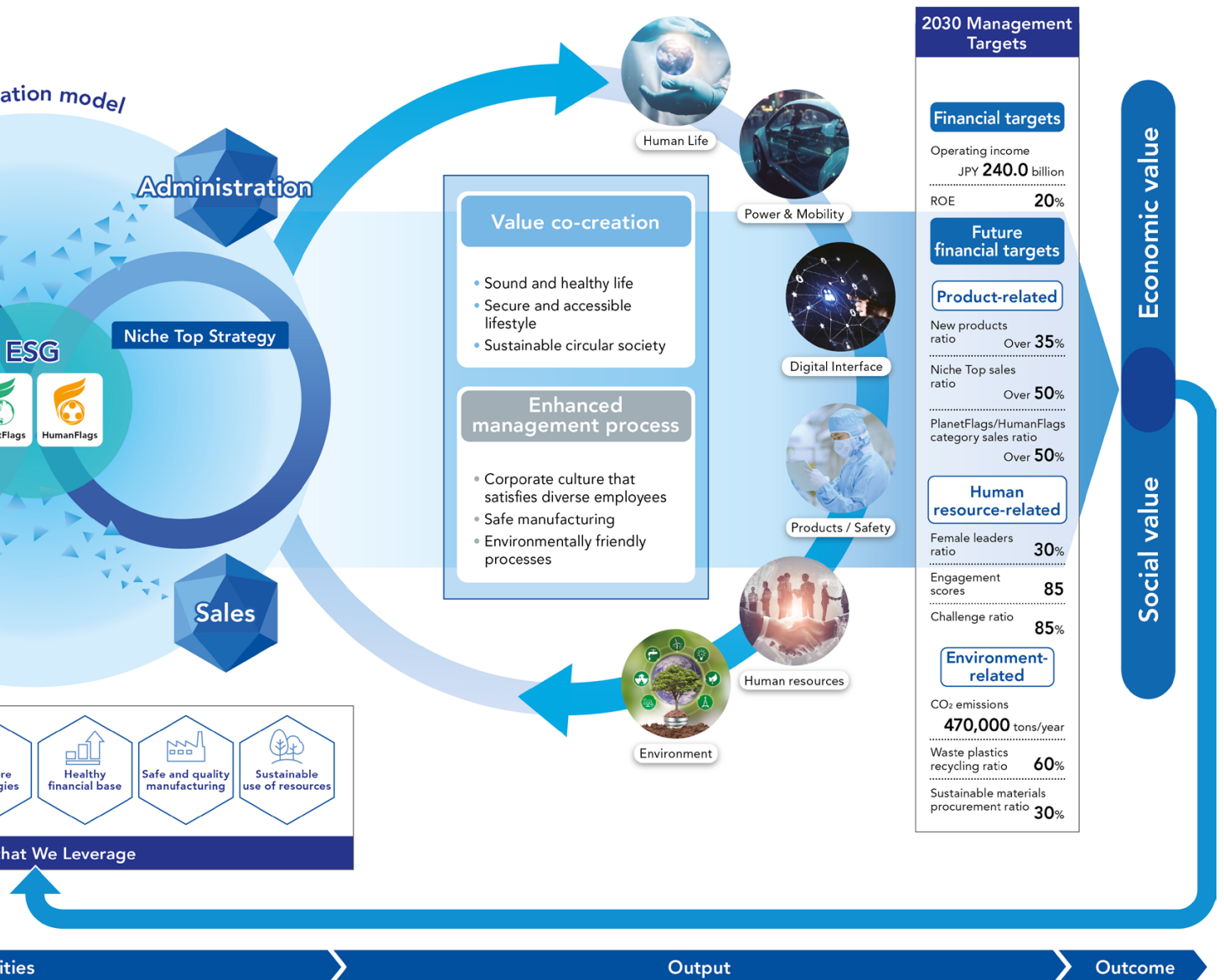
As a company, Nitto Belgium has a direct impact on its core activities. When Nitto Belgium invests in a new machine, it determines how safe or environmentally friendly that machine will be.

Furthermore, Nitto Belgium has an indirect impact on secondary business activities. The company can develop a well-thought-out sustainability vision, but it can only switch to biogas when there is sufficient supply. However, Nitto Belgium continues to search for more sustainable alternatives and energy-efficient processes through its core activities.

The culmination of this approach lies in individual actions. Ultimately, Nitto Belgium wants every colleague, every Nitto



Business activ



Person, to translate the defined values into behavior. Acting safely in every situation, turning off the lights when leaving the room, or reverse parking. Small actions with a big impact.

The mission, vision, and the Nitto Way guide Nitto Belgium’s employees in their core activities, secondary activities, and individual actions. That is the intangible but foundational power of Nitto Belgium.

The tangible side of value creation

In its business strategy, Nitto Belgium determines how it will concretely fulfill its mission. Such a strategy does not exist in a vacuum and is subject to external influences. Within the EMEA region, Nitto Belgium sees the “EU Green Deal” and “digitalization” as megatrends that cannot be ignored. A company can choose to ignore them, but it will fall behind. Therefore, it is important for Nitto Belgium to incorporate these megatrends into its strategy. An example of this is “ESG at the core” or how Nitto Belgium translates sustainability and the EU Green Deal into its strategy.

'PLACING ESG AT THE CORE OF OUR MANAGEMENT'

The Nitto Group places Environment, Social, and Governance (ESG) at the core of its management. This is also visible in the infographic on page 6-7, which represents the value creation process as communicated in the Nitto Group Integrated Report 2023. The company makes decisions based on both financial goals and non-financial goals, which the Nitto Group refers to as “future-financial” goals because it is confident that these goals will generate financial value in the future. In this sense, the Nitto Group has also redefined its concept of “customers” to include not only “those with whom we have direct contact” but also the environment, humanity, and society.

FROM “MID-TERM PLAN” TO “STRATEGY EXECUTION ROADMAP”

Traditionally, Nitto EMEA translates its strategy into 3-year plans called its “Mid-term plan.” In these plans, the company determines the direction of corporate divisions and each business unit. What investments are needed? Which products and services will be further developed? How will markets and applications evolve in the next 3 years?



MATERIALITY ANALYSIS

NITTO BELGIUM

MATERIALITY ANALYSIS

With the launch of its Environmental Strategy in 2018, Nitto EMEA has already indicated which ESG parameters it considers important within the EMEA region (CO₂ emissions, VOC waste within its production process, health and safety, etc.). This report shows how Nitto Belgium has formally conducted this materiality analysis and what the results are.

Nitto Belgium used the double materiality approach prescribed by the CSRD (Corporate Sustainable Reporting Directive) for the materiality analysis. The company examined which themes have a (financial) impact (outside-in approach) and how it itself impacts the environment and society (inside-out approach).

For the materiality analysis, various sources were consulted:

- The materiality analysis of the Nitto Group
- The materiality analysis of the chemical industry in Belgium
- Relevant topics according to EcoVadis
- An internal stakeholder analysis

The Nitto Group first published a global materiality analysis in the 2019 Integrated Report. This analysis shows where the Nitto Group, through its products and services, can have an impact in the value chain (inside-out: co-creating value through innovation) and which societal challenges influence internal processes (outside-in: enhancing management quality for co-creating value).

The Nitto Group is committed to addressing material issues for sustainability. These materiality issues are an important source of input for the local materiality analysis of Nitto Belgium.

For more information, please see the link.



In addition to the materiality analysis of the Nitto Group, benchmarking with the Belgian chemical, plastics, and life sciences industry, was important for Nitto Belgium. **Essenscia** published the results of an online stakeholder survey in a sustainability report. Nitto Belgium included the themes indicated in this report as relevant to the sector in its analysis.



For more information, please see link.

MATERIALITY ANALYSIS

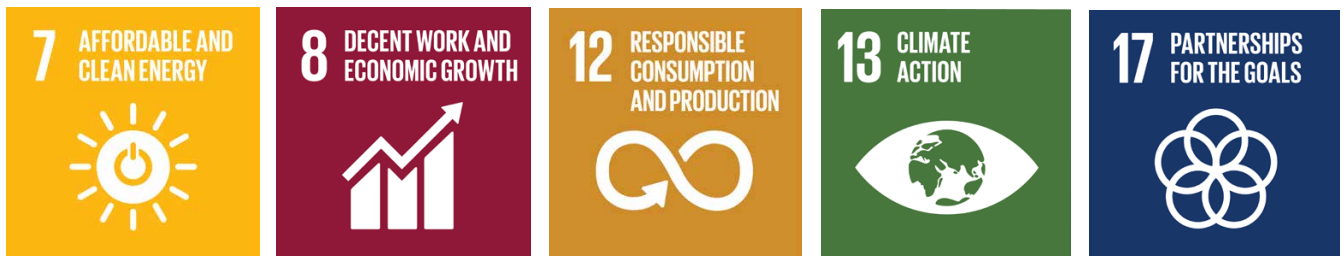
NITTO BELGIUM

Nitto Belgium also utilized the EcoVadis methodology. EcoVadis defines relevant topics for Environment and for Labor & Human Rights for the type of industry in which Nitto Belgium operates (manufacture of plastic products). (According to EcoVadis, Labor & Human Rights are even more relevant than Environment for the manufacture of plastic products.)

For more information about the EcoVadis methodology, [please see the link](#).

In addition to the above three sources, Nitto Belgium considered the opinion of internal stakeholders crucial in the materiality analysis. Members of the Operational Committee indicated, through a double materiality analysis, which themes they found relevant for Nitto Belgium.

The above described materiality analysis resulted in 5 ESG topics that are highly important for Nitto Belgium and the sector in which it operates. The company defines KPIs for each of these topics, which will be further explained in this report. Additionally, gender diversity and affordable and clean energy receive significant attention within Nitto Belgium.



ESG topics not mentioned above emerge as less relevant for Nitto Belgium based on the materiality analysis. However, it will become evident throughout this report that Nitto Belgium does not overlook these topics either.

MATERIALITY ANALYSIS



STRENGTHEN GOVERNANCE

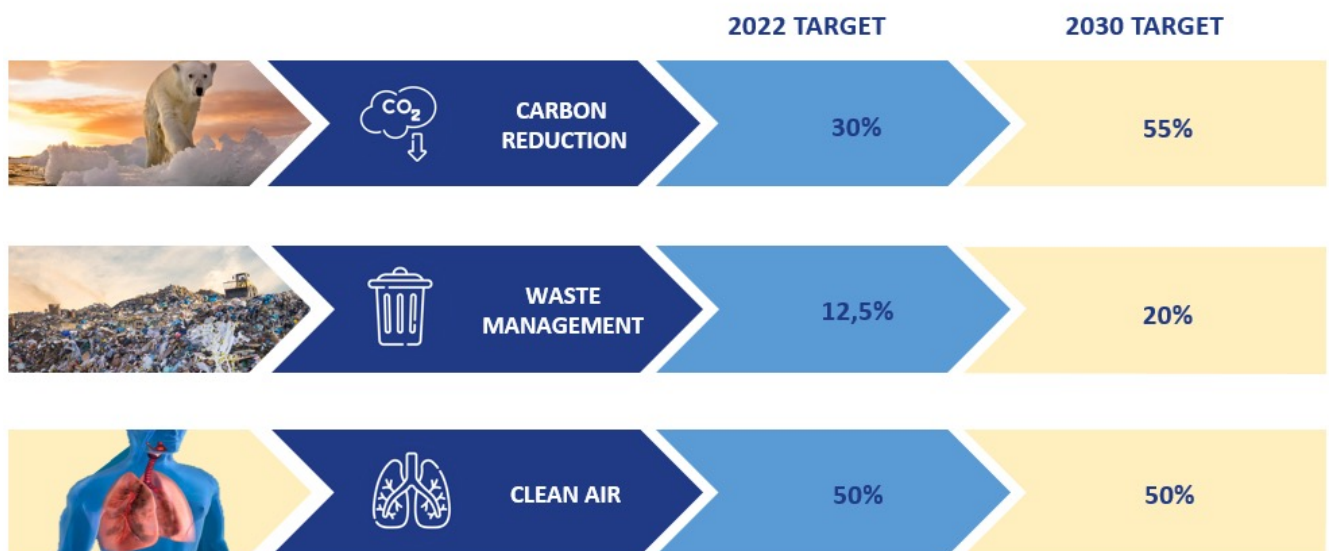
ENVIRONMENTAL GOVERNANCE

ENVIRONMENTAL GOVERNANCE

With 'ESG at the Core,' Nitto EMEA aims to enhance the sustainability of the organization by integrating ESG into the core of its business strategy. Nitto EMEA sees ESG not only as a responsibility but also as an opportunity to create value for all stakeholders.

Enhancing governance is essential in this regard. By implementing policies related to the environment, human resources, safety, ethics, and the supply chain, the organization improves effectiveness and transparency while being accountable to society. This can increase customer and investor confidence and strengthen the organization's reputation.

In 2018, Nitto EMEA established specific objectives to increase its contribution to a more sustainable future. Within its strategy, Nitto EMEA sets clear targets for carbon reduction, waste management, and clean air in the region.



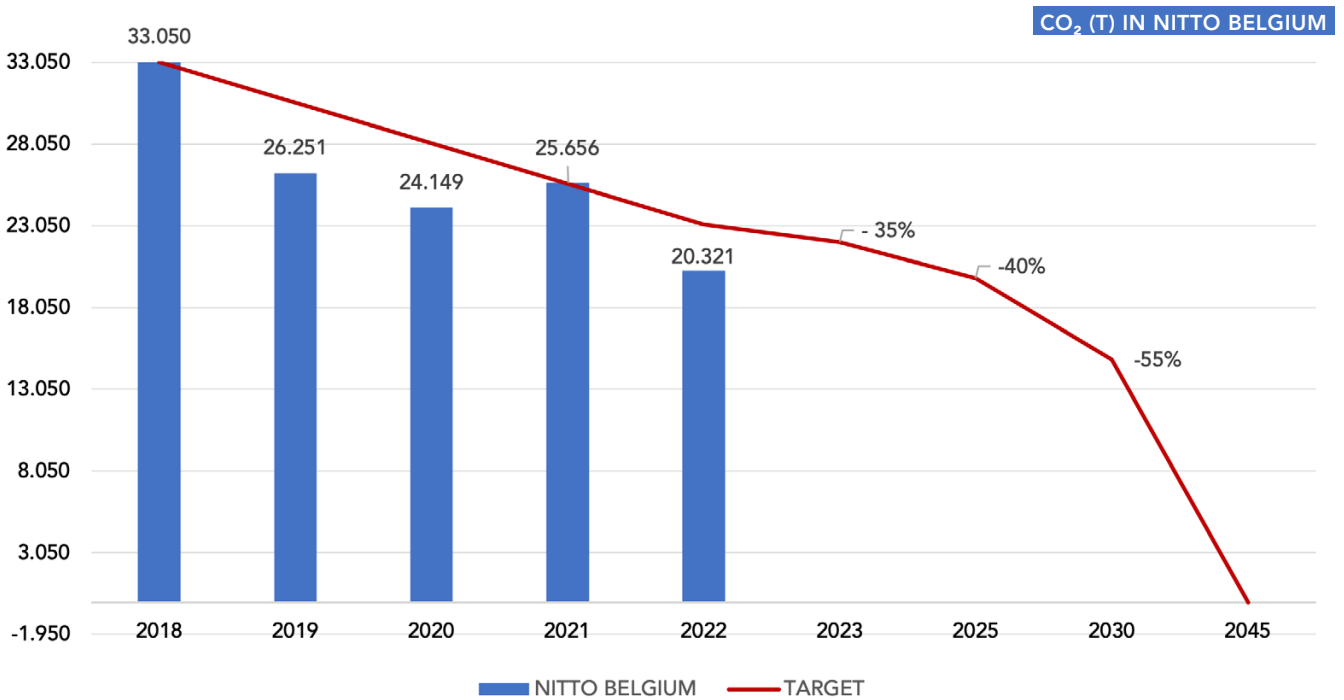
CARBON REDUCTION

The carbon reduction strategy of Nitto EMEA is based on the principles of the GreenHouse Gas protocol. Target setting within the region is directly related to direct emissions (on-site CO₂ emissions; scope 1) and indirect emissions resulting from the purchase of electricity (scope 2).

The figure below indicates the target setting for Nitto Belgium to reduce CO₂ emissions (scope 1+2). By the end of the fiscal year 2030, a reduction of 55% should be achieved. Nitto aims to become carbon neutral within the EMEA region by 2045.

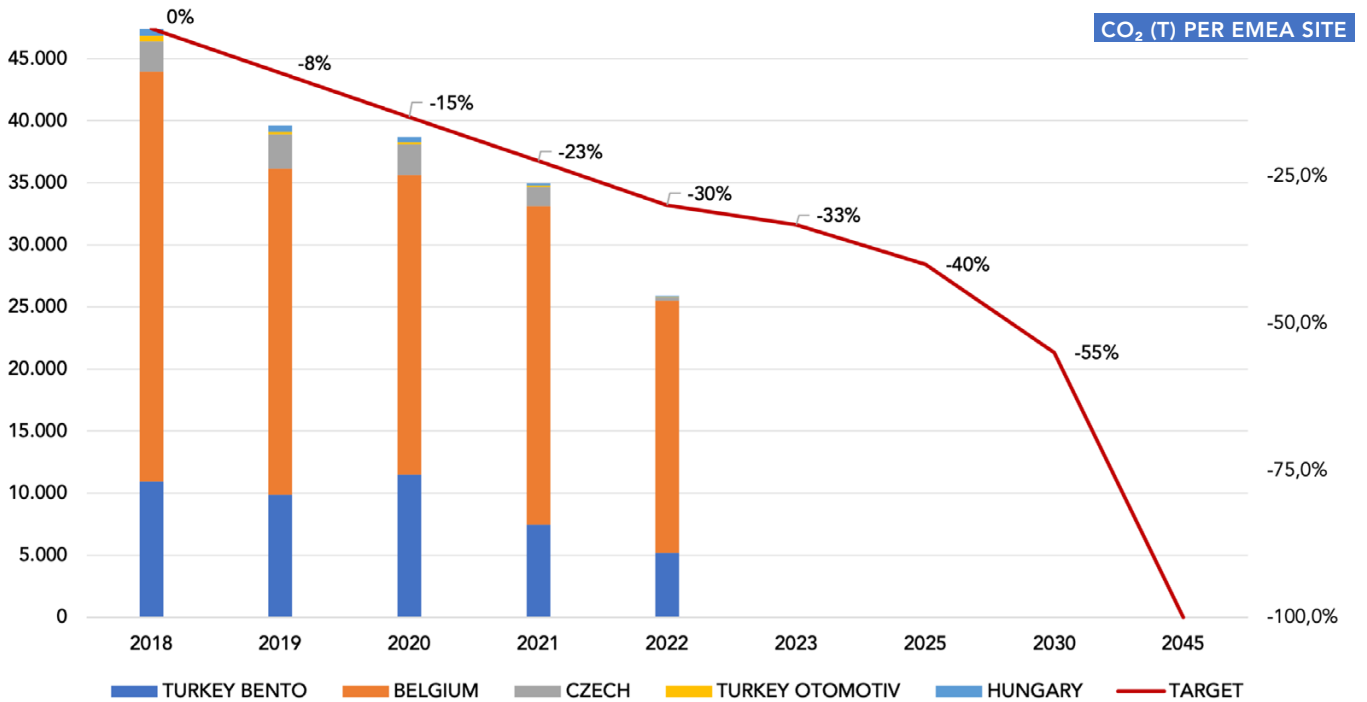
The set carbon reduction target for Nitto Belgium was achieved: there was a significant decrease in CO₂ emissions in the fiscal year 2022. This can be attributed to factors such as

- The installation of the second solvent recovery.
- A lower production due to the economic crisis.



STRENGTHEN GOVERNANCE

ENVIRONMENTAL GOVERNANCE



The targeted goal for carbon reduction within the region was also achieved. To become carbon neutral by 2045, Nitto EMEA, both within the region and locally, needs to move away from conventional techniques and explore other possibilities. Some long-term options being explored are:

- Carbon capture and utilization/segregation (CCU/CCS).
- The purchase of biogas and/or H₂ as alternatives to natural gas.

The following sections describe various actions that contributed to achieving the target for Nitto Belgium. Examples are also provided of how Nitto Belgium addresses its impact beyond scope 1 and 2.

SCOPE 1: SOLVENT RECOVERY

Nitto Belgium uses self-designed and produced adhesives in its tapes. Solvents such as toluene and ethyl acetate are important raw materials for Nitto Belgium's adhesives. Tapes based on these solvents are typically less susceptible to moisture, making them highly stable and reliable for various applications.

Solvents are process materials, meaning they are necessary for adhesive production but are not present in the final product. To reduce the environmental impact of solvents, those that evaporate during production are captured and further processed. This processing can be done through solvent incineration or solvent recovery.

Solvent incineration

Since 1989, Nitto Belgium has been using a regenerative thermal oxidizer to process evaporated solvents through incineration. This process not only helps reduce the environmental impact of solvent emissions but also generates energy used to heat the ovens for industrial tape production. As a result, Nitto Belgium became less dependent on natural gas for thermal energy and reduced its carbon footprint at a time when others were not yet focused on this.



STRENGTHEN GOVERNANCE

ENVIRONMENTAL GOVERNANCE

Solvent recovery

In 2011, Nitto Belgium commissioned its first solvent recovery installation. At the Nitto Belgium in Genk, evaporated solvents from the drying process are captured and processed through an activated carbon filter system. The solvents are adsorbed by the activated carbon, releasing clean air. Once the carbon filters are saturated, they are cleaned with hot nitrogen, and the solvents are then condensed into a liquid phase, which is further processed through distillation. The purified solvents are reused in adhesive production, while the residue fraction is processed by external companies for further purification.

In 2022, Nitto Belgium installed a second solvent recovery system, increasing the recovery rate, especially for toluene and contributing to CO₂ reduction.

TOLUENE

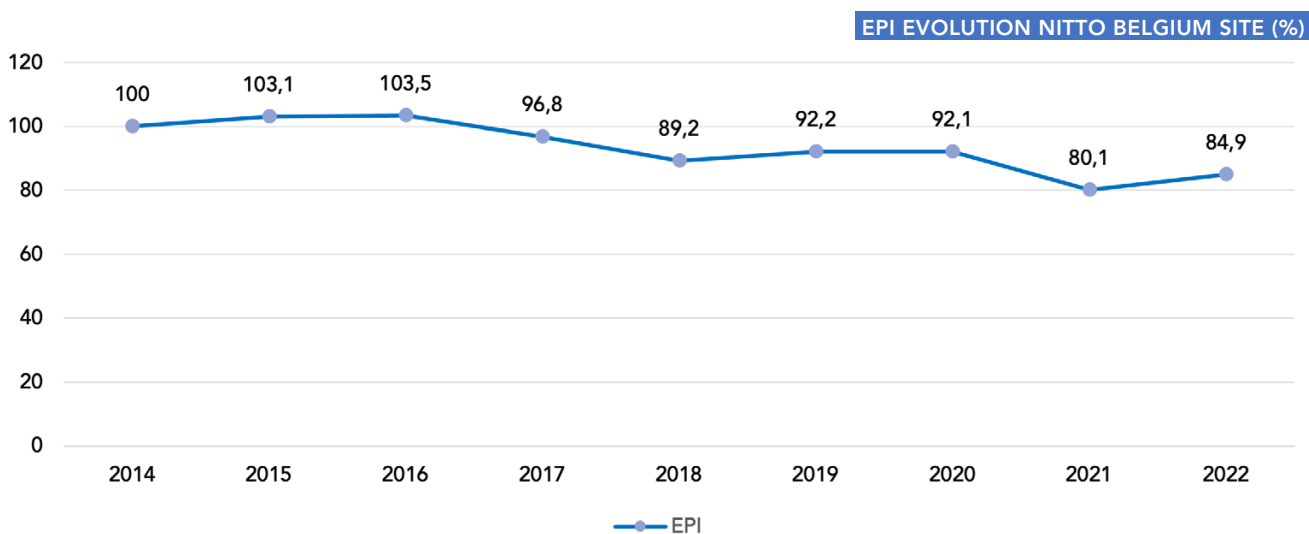
	Recovered	Recovered vs. used (%)
FY18	841	14,6
FY19	1216	28,1
FY20	863	21,4
FY21	1170	25,9
FY22	1161	34,5

ETHYL ACETATE

	Recovered	Recovered vs. used (%)
FY18	154	13,3
FY19	287	26,8
FY20	220	23,0
FY21	305	27,8
FY22	273	26,5

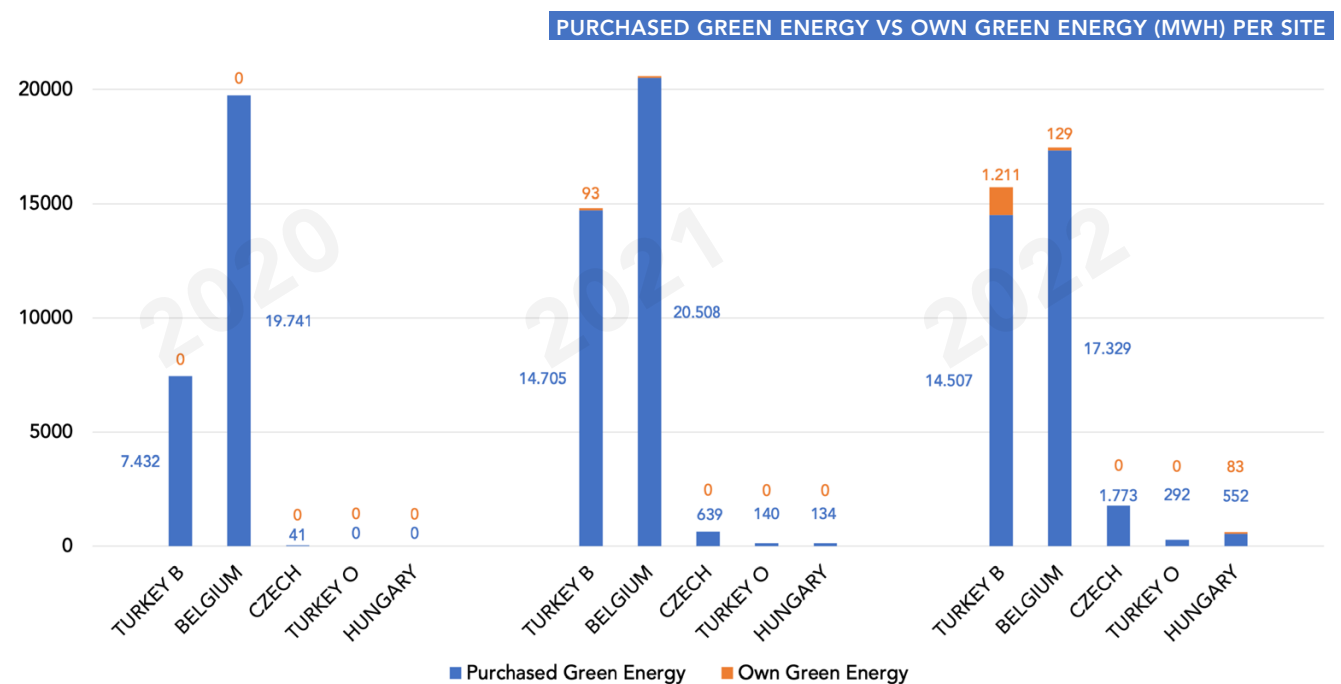
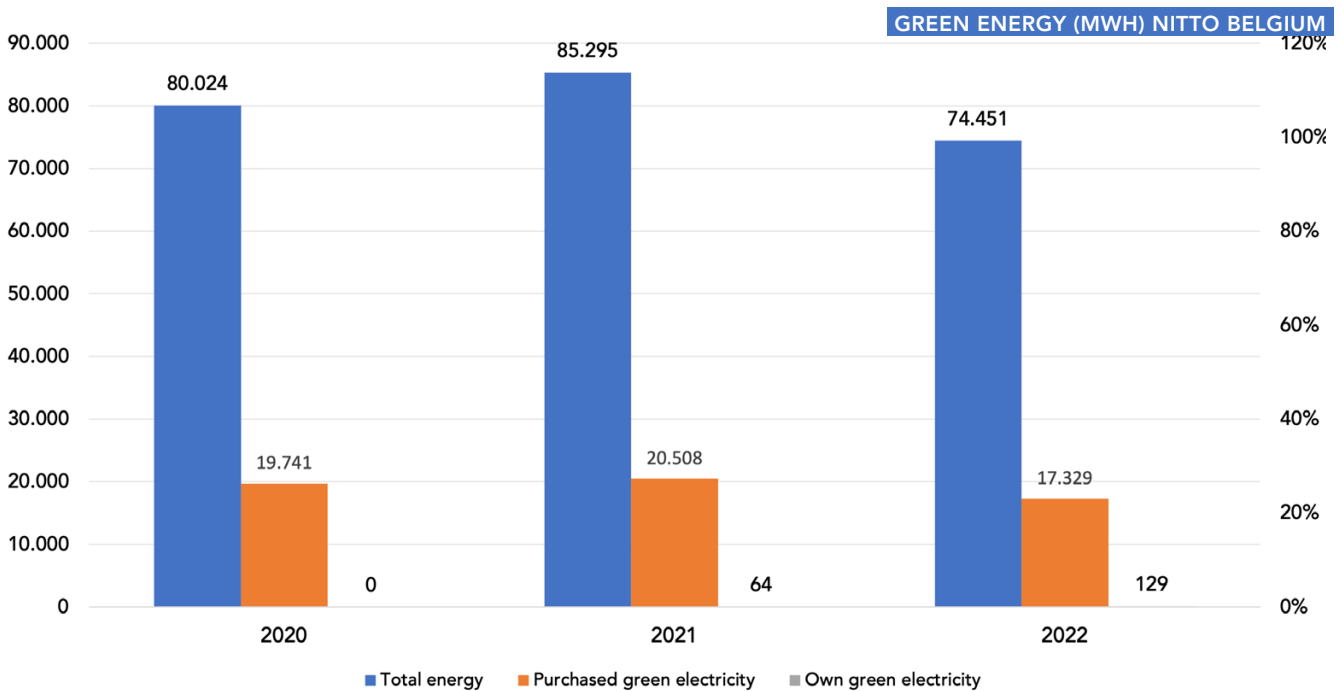
SCOPE 1: ENERGY EFFICIENCY

Nitto Belgium has an energy reduction program that spans multiple years, optimizing the energy consumption of all production lines. The focus is primarily on heat recovery, and then attention turns to optimizing airflow. Nitto Belgium expresses its energy efficiency using the Energy Performance Indicator (EPI), which indicates the amount of energy used per unit produced. In 2022, there was an increase in EPI due to a decrease in production during the economic crisis combined with high idle power consumption.



SCOPE 2: GREEN ELECTRICITY

Nitto Belgium has been purchasing 100% green electricity for years, which has a significant impact on achieving the carbon reduction target (scope 2). Additionally, Nitto Belgium aims to generate its own green energy. Next to the existing panels, 3,400 new solar panels will be installed in 2023, which are expected to generate around 1,100 MWh. The graph shows the proportion of total energy, purchased green electricity, and self-generated green electricity. The amount of self-generated green energy is currently low, but it is expected to increase in the coming years with the installation of additional solar panels.

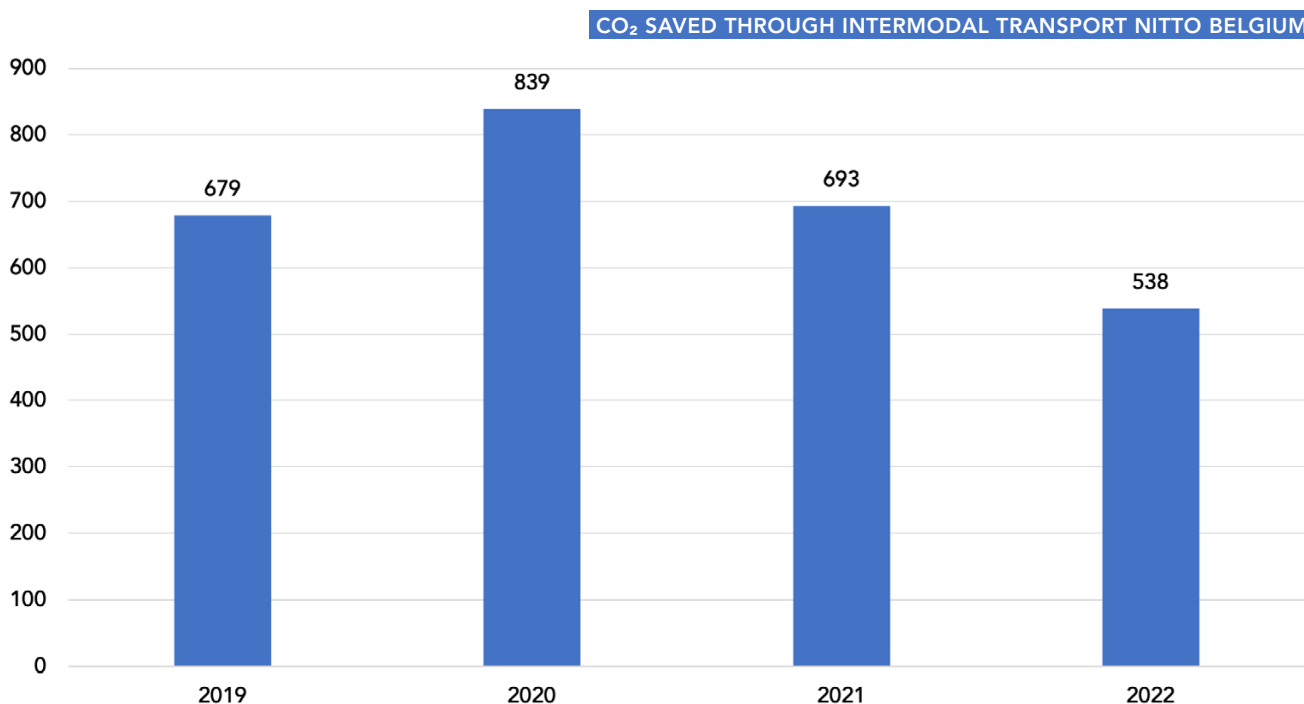


STRENGTHEN GOVERNANCE

ENVIRONMENTAL GOVERNANCE

SCOPE 3: INTERMODAL TRANSPORT

As mentioned earlier, Nitto Belgium also addresses carbon reduction beyond scope 1 and 2. One way to reduce scope 3 emissions is to switch to intermodal transport as an alternative to road transport. In this approach, containers are removed from the road and transported by barge or train to their destinations, typically resulting in reduced CO₂ emissions. For Nitto Belgium, the focus of intermodal transport is on shipments from Nitto Belgium to sister companies. Nitto Belgium is also working with its forwarders to explore further sustainability measures and quantify their impact, which will become clearer in the coming years.



Compared to previous years, fiscal year 2022 shows a decrease in CO₂ saved via intermodal transport. This is directly related to less container transports due to downsizing of activities in Nitto Denko UK, decreasing business because of the economic crisis and rerouting activities. It is expected that this situation will recover in fiscal year 2023. The fact that Nitto Belgium cooperates with its forwarders, who set high standards in reducing their emissions, will result in an additional CO₂ saving related to transport (for all transport modi) in the coming years.

SCOPE 3: COMMUTING

The commuting of Nitto Belgium employees has a CO₂ impact, falling under scope 3. Nitto Belgium aims to reduce the impact of commuting in various ways. One example is the teleworking policy, allowing employees to work from home for two days a week if their job allows it. Another approach to address the CO₂ impact of commuting is the introduction of a new car policy (since fiscal year 2021) promoting the choice of electric or hybrid vehicles. Since the policy launch, Nitto Belgium has leased 32 cars, with only 1 being diesel and the remaining 31 being 16 plug-in hybrids (PHEV) and 15 electric vehicles (EVs). By summer 2023, Nitto Belgium will adjust the car policy to comply with Belgian legislation, allowing only electric vehicle choices. In addition to promoting electric cars, Nitto Belgium has a bike leasing plan. In the past year, 207 bikes were leased, of which 158 are currently active. There are 30 charging points for electric bikes, and the installation of 6 additional charging points is planned.



STRENGTHEN GOVERNANCE

ENVIRONMENTAL GOVERNANCE

WASTE MANAGEMENT (CIRCULAR STRATEGY)

Within the complete sustainability strategy, it is becoming increasingly relevant to work across the entire supply chain. Naturally, Nitto Belgium as a company has a direct impact on the amount of waste it produces. There is a clear target setting regarding waste reduction (waste generated on site) within the region and also within Nitto Belgium. However, the company also has a significant impact upstream and downstream, as described further in this report.

The circular strategy formulated by Nitto Belgium is as follows:

Nitto Belgium invests in the circular economy by:

- eliminating the presence of hazardous substances and reduce the use of fossil based raw materials.
- designing and placing products on the market which help customers to realize their circular strategy while minimizing the environmental impact on the supply chain.
- continuously improving the material efficiency in operational processes and hereby contributes to the disconnection between economic growth and raw material consumption.



UPSTREAM

Reduced use of fossil raw materials.

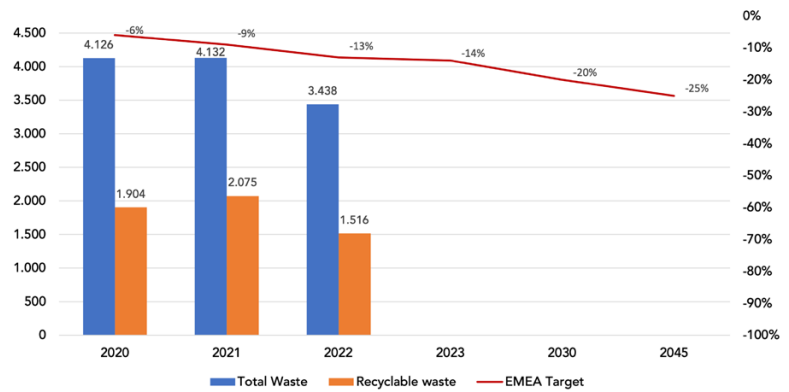
Within the region, Nitto Belgium is exploring the use of biobased and (bio)recycled materials as alternatives to fossil raw materials. In this way, Nitto Belgium believes it can make a valuable contribution to the global waste problem. The first products with the mentioned materials will be launched on the market during fiscal year 2023. These include surface protection tapes and sealing materials. Nitto Belgium is responding to future regulations such as the Packaging and Packaging Waste Regulation. This regulation aims to reduce packaging waste and to promote reuse and recycling. In certain countries within the EU, this regulation translates into legislation that imposes a tax on "virgin" packaging materials, meaning packaging materials without recycled input. The introduction of recycled packaging materials addresses this requirement. By introducing recycled materials in EPDM based sealing materials, Nitto Belgium is responding to customer demands for these types of solutions, especially in the automotive industry.

As a management tool for the use of these raw materials, Nitto Belgium uses ISCC+ certification. ISCC+ (International Sustainability and Carbon Certification) is a system that certifies the voluntary introduction of biobased and (bio)recycled materials in the supply chain. The implementation ensures that sources within the supply chains are fully traceable and guarantees the sustainability of raw materials and products. All participants in the chain of custody must be ISCC+ certified. A characteristic of ISCC+ is that the certified raw materials have the same quality as virgin raw materials. It follows a mass balance approach, indicating that biobased and (bio)recycled materials are introduced at the beginning of the chain, and the production process towards the end-user continues in the same way as for virgin raw materials. The ISCC+ certification process includes the evaluation of used raw materials, the production process, and the final product, as well as the associated administration (such as mass balance registration and issuance of certificates) to ensure that the product meets specific sustainability criteria. Nitto Belgium aims to obtain the ISCC+ certificate in October 2023. For more information on the [ISCC methodology](#), see the link provided.

In-house

In fiscal year 2022, Nitto Belgium achieved the targeted waste reduction. Some examples of actions that contributed to this achievement include:

- Waste reduction by increasing production efficiency.
- Engaging in discussions with waste processors to explore better recycling options instead of incineration. Nitto Belgium places great importance on recycling waste whenever possible, whether by waste processors or further down the supply chain.
- Improved sorting, partly due to the installation of a new container park in the previous fiscal year.
- Better control of waste quantities through the installation of a weighbridge.



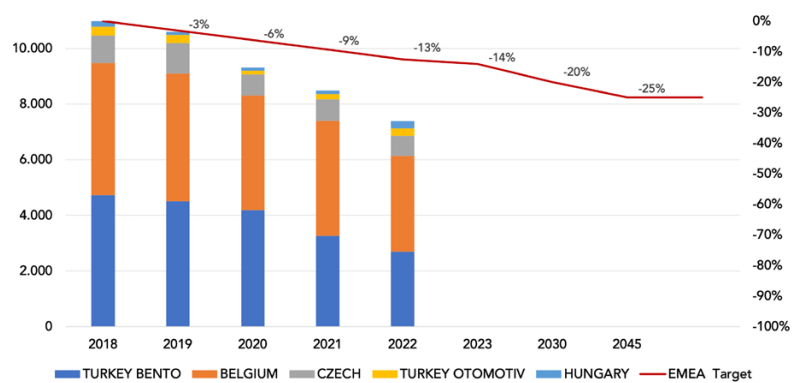
TOTAL VS RECYCLED WASTE (T) NITTO BELGIUM

Furthermore, Nitto Belgium has initiated several small circular projects, such as:

- Repairing and sorting pallets for reuse or sale.
- Recovering and repairing supplier packaging for internal reuse.

Nitto Belgium continues to improve in this area. One of the challenges for the next fiscal year is to start separate collection of green waste.

The graph shows the total waste of all EMEA sites. It is worth mentioning that the target has been met for three consecutive years within the region. Nitto EMEA aims to achieve a 25% reduction in waste by fiscal year 2045 (compared to the reference year 2018).



TOTAL WASTE (T) EMEA REGION

DOWNSTREAM

As mentioned earlier, Nitto Belgium also takes responsibility towards its customers within its circular strategy. On one hand, it does this by openly and transparently communicating about the presence of hazardous substances in the delivered products, as required by the applicable REACH regulations.

On the other hand, Nitto Belgium provides all necessary information to its customers so that they can engage in discussions with their local waste processors to find the best solution for giving the waste a second life and avoid landfilling and incineration.

STRENGTHEN GOVERNANCE

ENVIRONMENTAL GOVERNANCE

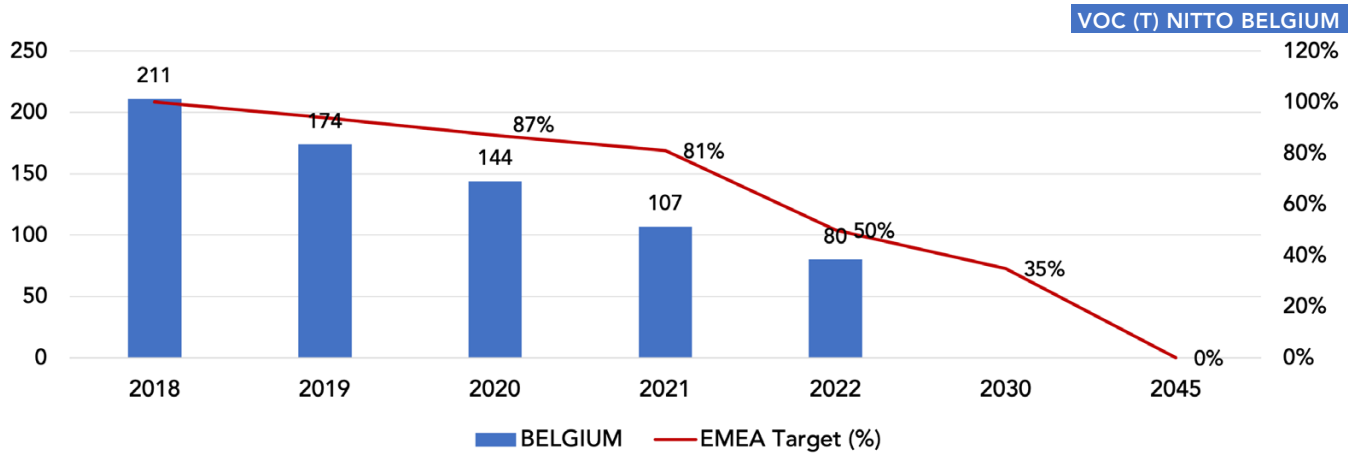
CLEAN AIR

A healthy and clean air quality is the third pillar around which there is a clear target setting in Nitto Belgium's environmental strategy within the EMEA region. Nitto Belgium focuses on reducing VOC emissions (Volatile Organic Compounds) and maintaining optimal air quality. Within the region, these VOCs are directly related to the use of solvents. Therefore, limiting solvent emissions is equivalent to reducing VOCs.

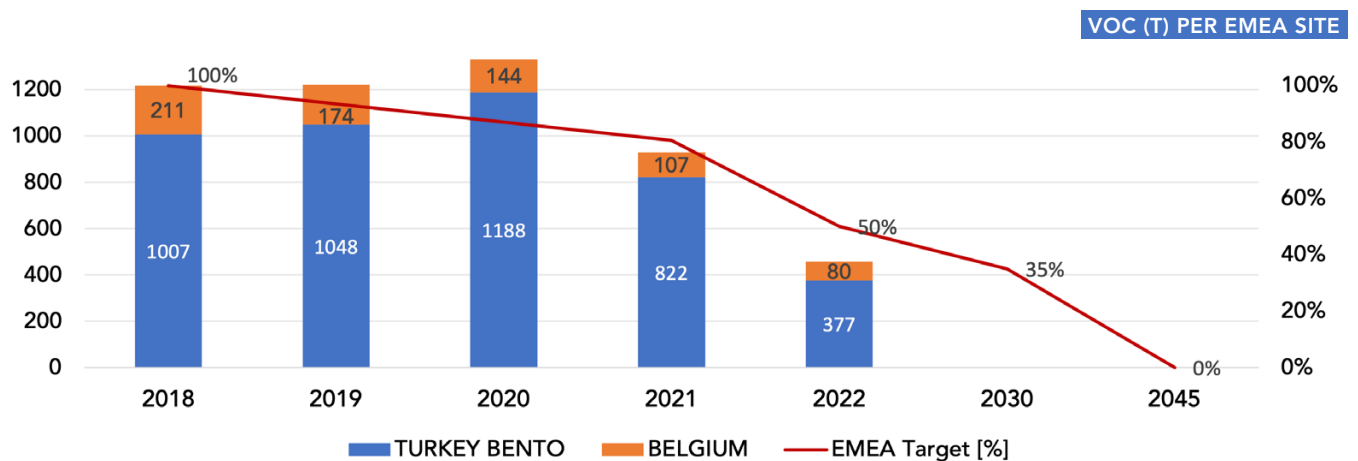
This also applies to Nitto Belgium. By formulating actions and implementing measurement campaigns, Nitto Belgium provides a healthy and safe working environment for all its employees.

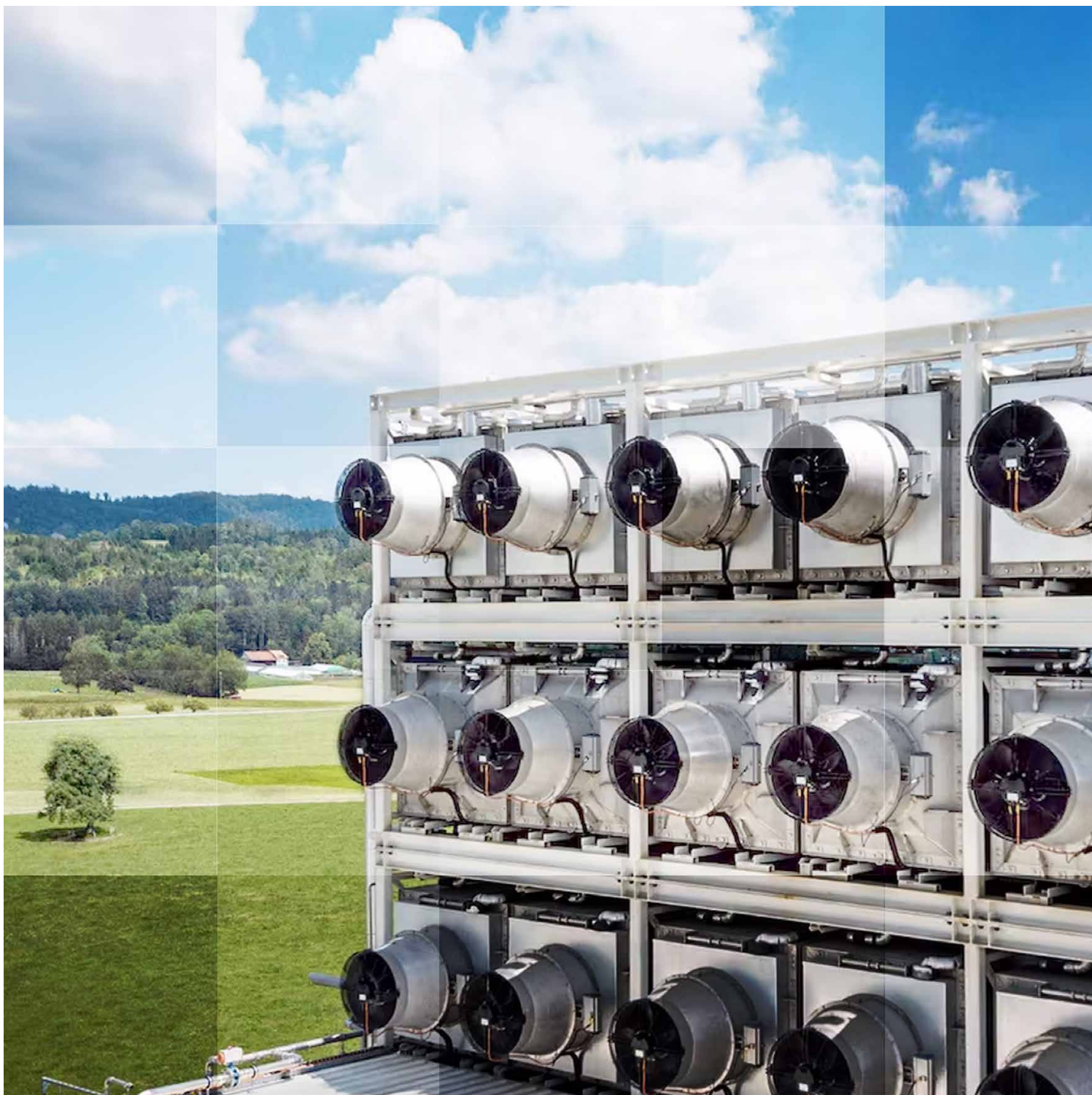
In-house activities

The following graph represents the VOC emissions of Nitto Belgium. It is evident that Nitto Belgium achieves its target for VOC reduction. The decrease shown is related to the encapsulation of open coaters, which avoids diffuse solvent emissions.



The graph below shows the VOC emissions for the EMEA region. It is clear that the VOCs originate from Nitto Belgium and Nitto Bento, the Turkish production site where solvents are also used. The reduction target is also well surpassed within the region.





STRENGTHEN GOVERNANCE

SAFETY GOVERNANCE

SAFETY GOVERNANCE

The Nitto Group prioritizes safety as a group and aims for zero accidents. The management is convinced that this is possible by actively focusing on safety awareness. Additionally, it is important for Nitto Belgium to integrate safety into its entire business operations. The company aims to obtain the ISO45001 certificate in fiscal year 2023. ISO45001 is a globally recognized management system for occupational health and safety. Within ISO45001, there are seven well-being domains: occupational safety, health, psychosocial aspects, ergonomics, occupational hygiene, workplace beautification, and internal environment. The organization examines which aspects of well-being are relevant to each department and various stakeholders. Nitto Belgium also investigates the risks and opportunities associated with these aspects. This translates into a comprehensive action plan that is regularly updated, ensuring that well-being is embraced by the entire organization.

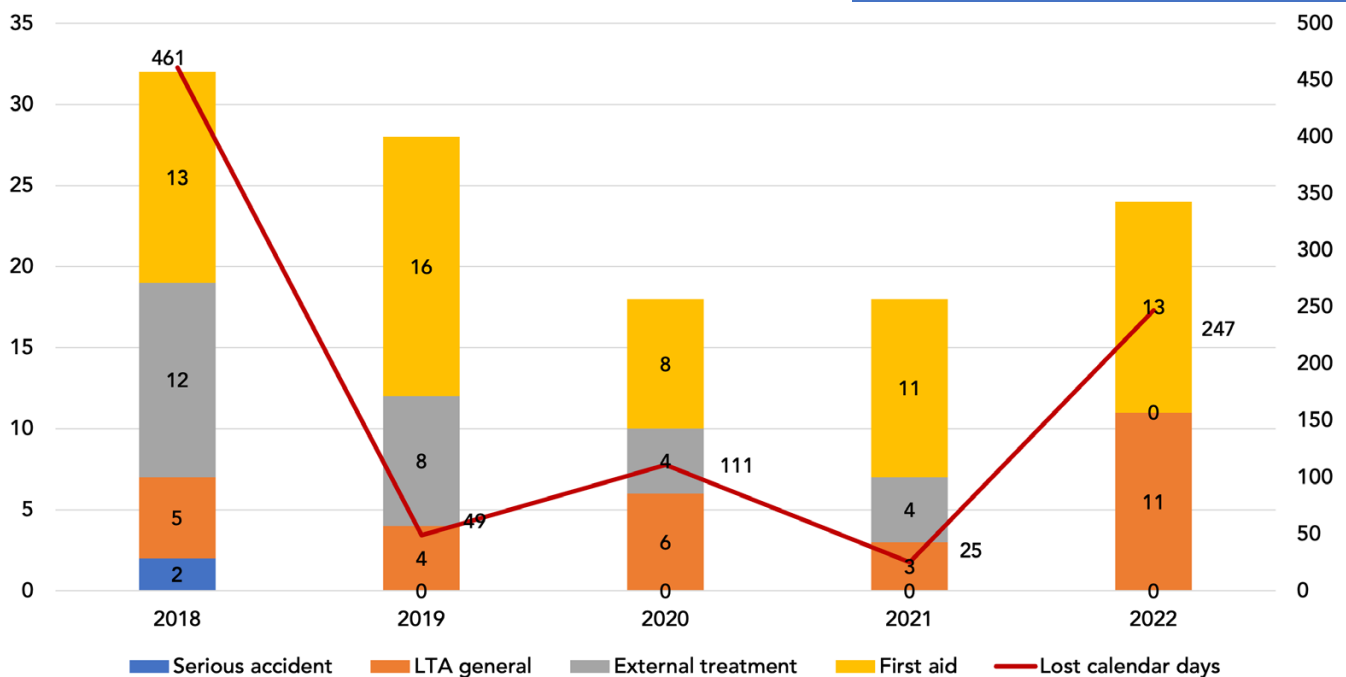


KPI'S FOR ACCIDENTS

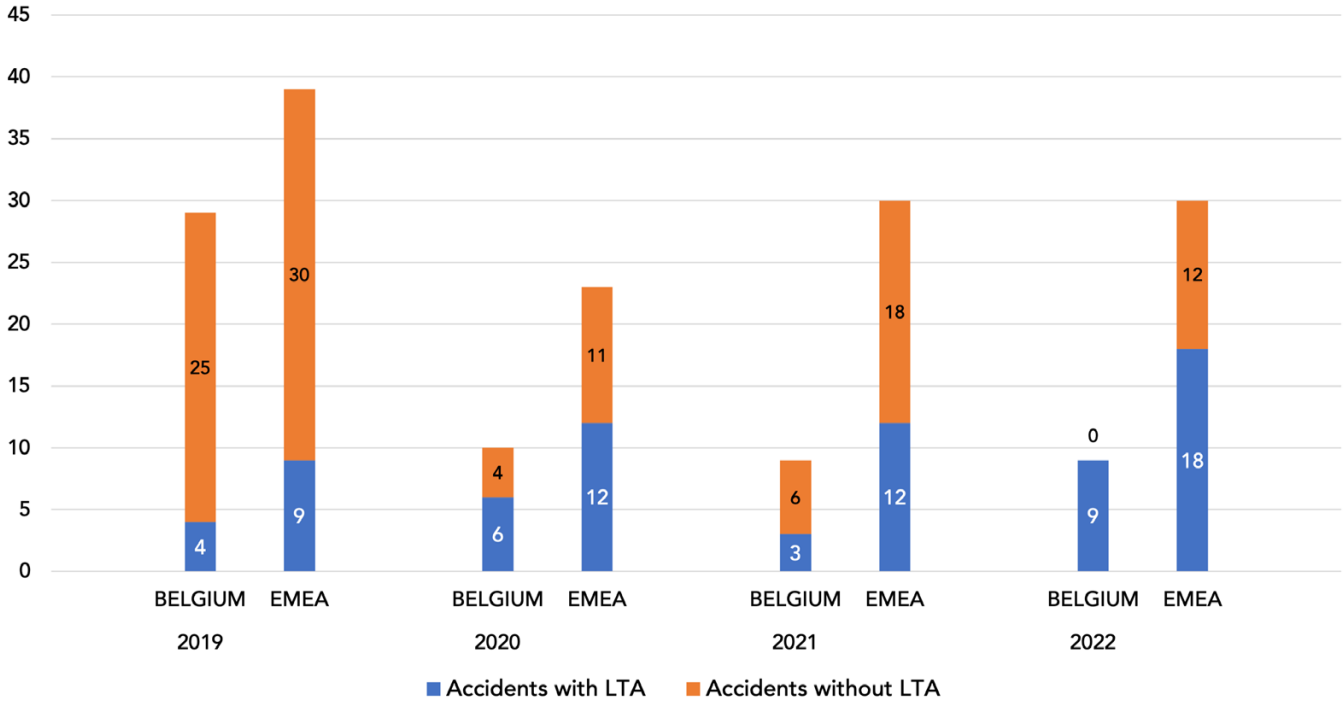
An important KPI within the Nitto Group is the number of work-related accidents. The target of "zero accidents" applies throughout the entire group. Nitto Belgium records and analyzes all work-related accidents. The graph below shows the trend of work-related accidents within Nitto Belgium. It is positive that there have been no serious work-related accidents in the last four fiscal years. However, there have been more accidents resulting in lost work time (LTA = Lost Time Accidents). For each incident and accident a root cause analysis is done and clear corrective actions are defined. These actions are integrated in a general action plan and involve specific remediation actions but also more communication on safety during 5 minute meetings, increasing awareness, ...

The graph on the right side, displays the figures for the EMEA region, distinguishing between work-related accidents with or without lost work time (LTA).

EVOLUTION OF ACCIDENTS NITTO BELGIUM



ACCIDENTS WITH OR WITHOUT LTA



SAFETY, HEALTH & ENVIRONMENT ACTIONS

To create a safe and healthy working environment, Nitto Belgium focuses on three pillars: Awareness, Involvement, and Accountability.

Awareness is the first pillar of focus. Nitto Belgium creates a culture in which employees are aware of potential risks and hazards in the workplace and take proactive actions to reduce risks and prevent accidents. Initiatives such as the “Do Not Look Away” campaign, safety training, and sharing of information (best practices and relevant incidents from other sites) contribute to increasing safety awareness.

The second pillar is Involvement. It is important that all employees, from top to bottom in the organization, are involved in safety and health issues. Developing a comprehensive action plan involving all departments is an example of this involvement. By fostering involvement, employees feel responsible for their own safety and the safety of their colleagues.

The third pillar is Accountability. Each employee must take responsibility for their own safety and health, as well as the safety and health of others. This includes ISO45001 certification, establishing measurable KPIs for safety and health, conducting risk assessments, and more. These three pillars form the basis for taking actions and implementing measures to minimize risks, prevent accidents, and ensure employee well-being throughout the organization.



STRENGTHEN GOVERNANCE

SAFETY GOVERNANCE

SAFETY & ENVIRONMENT DAY

The Nitto Group has a tradition of organizing an annual Safety Day at several Nitto sites. During this day, production is completely halted, and all Nitto Belgium employees participate in the "Safety Day" for the entire day.

This year, Nitto Belgium chose to focus not only on safety but also on the "The Nitto Way," the company values that have been recently updated. To encompass the full scope, the Safety Day was renamed the "Nitto Belgium Make It Happen Day."

During the opening speech by the Managing Director, several testimonials from Nitto Belgium employees were shared. These colleagues had experienced serious work accidents at Nitto Belgium. They shared their experiences about the nature and impact of the accidents and what it meant for their future lives. It was a confronting but also inspiring start to the "NBE Make It Happen Day."

The program consisted of two parts: the "**The Nitto Way**" and "**Safety**."

During an interactive workshop, employees were introduced to the updated Nitto Way. Using a video about one of the first products within the Nitto Group, they delved deeper into ways to translate these values into everyday practice and exchanged experiences among the staff.

Further strengthening the safety culture was highlighted through a corporate theater performance in which various "unsafe" scenarios were simulated. This prompted employees to reflect on their safety behavior. The theater aligned with the safety campaign "Don't Look Away," where employees were presented with various safety-related tasks.

During the lunch break, the annual Nitto Belgium GATE (Group Activities Towards Excellence) competition took place, where different project teams presented the improvement projects carried out in the past year. These projects focused on optimizations related to safety, health, time-saving, ergonomics, efficiency, waste reduction, and more. Each employee was allowed to cast 2 votes, one for the best safety project and one for the best improvement project. During the closing of the "NBE Make It Happen Day," the winners of the GATE competition were announced.



STRENGTHEN GOVERNANCE

ETHICAL GOVERNANCE

ETHICAL GOVERNANCE

Ethical governance means that the Nitto Group acts in accordance with ethical principles and values. Examples of how Nitto EMEA integrates ethical governance into its daily operations include the Nitto Group Code of Conduct, ensuring information security, and introducing a whistleblowing system within the region.

BUSINESS CONDUCT GUIDELINES

The business conduct guidelines that apply within the group provide a description of the behaviors expected of a Nitto Group employee.

The guidelines cover the following topics:

- Basic policy
- Safety and quality
- Employment and work
- Environment and society
- Company assets and information
- Relations with third parties

For more information, see the [link](#)

INFORMATION SECURITY – TISAX

In an increasingly digital environment, it is crucial for Nitto EMEA to properly safeguard the security of its information. With this in mind, Nitto has prepared for obtaining the TISAX management certificate for information security within the region over the past year, which is well-known in the automotive industry. In April 2023, Nitto Belgium, Nitto Czech Republic, and the Nitto EMEA entity obtained the certificate.

In preparation for certification, Nitto paid particular attention to:

- Information risk handling
- Establishing an information security management system and increasing awareness through training
- Implementing a measurement system for information security breaches

The focus is on continuous improvement. Follow-up is carried out through a roadmap that is adjusted annually based on internal factors (through self-assessment) and external factors (e.g., when the number of cybercrime cases increases).

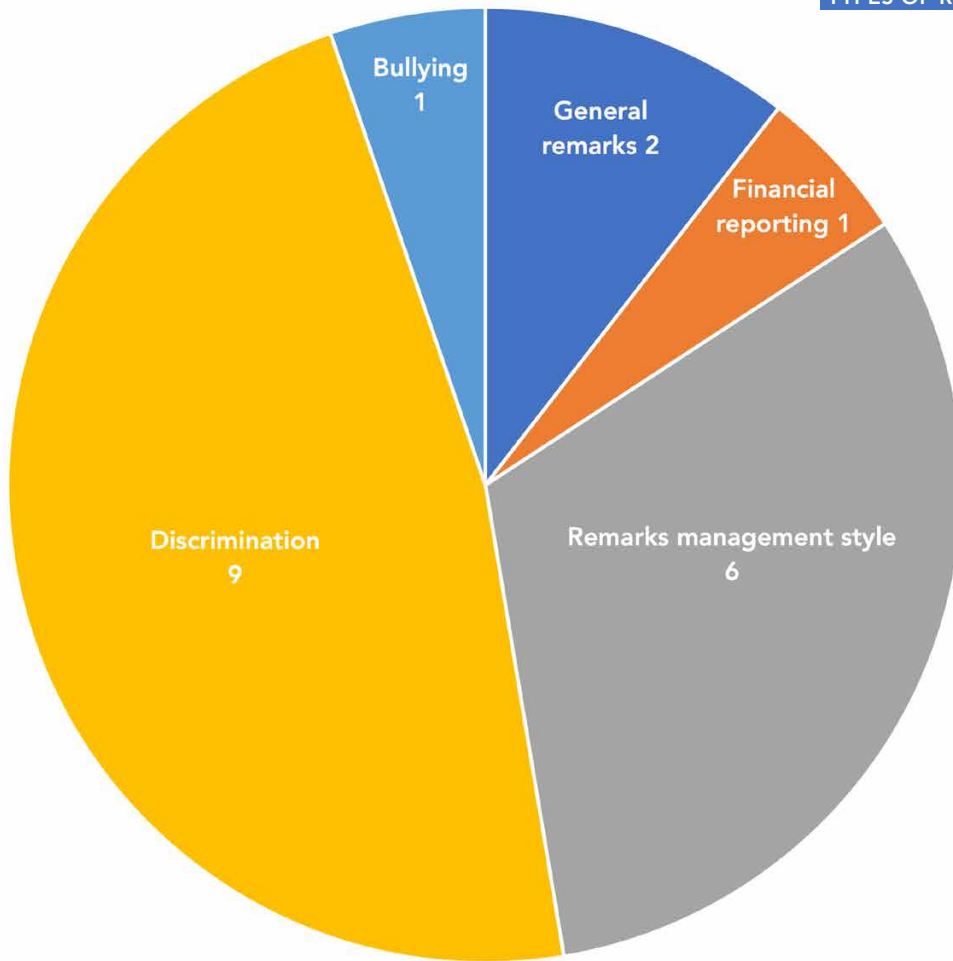
EMEA WHISTLEBLOWING SYSTEM

Nitto EMEA aims to create an environment without violations of its code of conduct and legal infringements. If such violations occur, anonymous reporting can be made through the whistleblowing system introduced by Nitto EMEA in fiscal year 2021 in the region.

The whistleblowing system was already accessible to all employees within the EMEA region, but since the start of the new fiscal year (fiscal year 2023), the scope has been expanded to suppliers of various EMEA sites under the name "Integrity Line." In the future, further expansion to other stakeholders may take place. Nitto EMEA strives to handle all reports within the legal timeframe.

Since the start of the program, 19 cases have been reported in the EMEA region, none of which are related to Nitto Belgium.

TYPES OF REMARKS RECEIVED



STRENGTHEN GOVERNANCE

HR GOVERNANCE

HR GOVERNANCE

The HR management policy of Nitto Belgium is based on three key pillars: engaged employees, effective teams, and a learning organization. Each of these pillars contributes to promoting a positive work environment and increasing the efficiency of HR management.

Nitto Belgium invests in **engaged employees** by developing talent and promoting employee engagement. They follow the approach “We **CARE** for our talents,” where CARE stands for:

Connect: Building a strong relationship with employees to foster communication and appreciation.

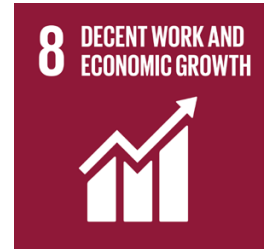
Act: Managers take action to provide employees with learning and growth opportunities, autonomy, and support.

Review: Regularly evaluating performance and reviewing processes to determine what is going well and what can be improved.

Engage: Effectively applying the CAR(E) cycle results in engaged employees.

Nitto Belgium bases its **effective team** policy on the work of Patrick Lencioni in his book “The Five Dysfunctions of a Team.” By following these principles, Nitto Belgium strives to create teams that collaborate well, communicate openly, trust each other, and pursue a common goal. This contributes to more efficient functioning of the departments.

Nitto Belgium aims to be a **learning organization**, where embracing mistakes and failures is seen as an opportunity to learn and improve. This creates a culture of continuous learning and growth, where employees are encouraged to try new ideas and stimulate innovation.



HR KPI'S

Human Resource management has established the following 6 KPIs to measure their efficiency:



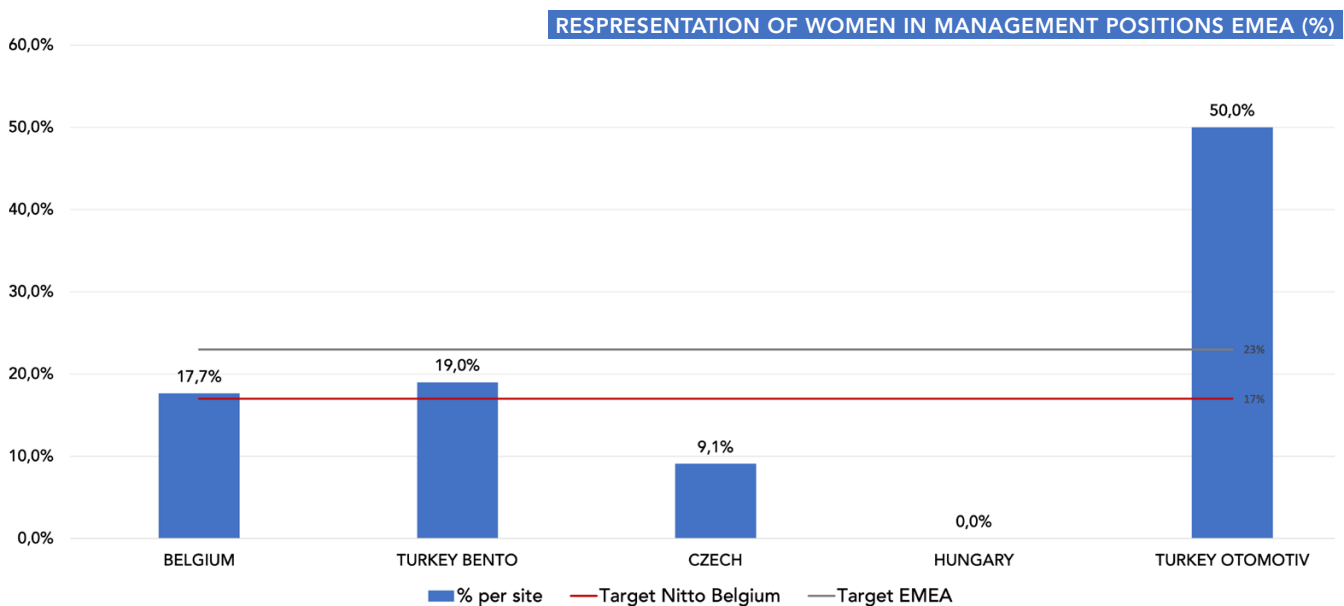
Diversity and inclusion

Since 2021, diversity and inclusion have been integrated into the strategy of the Nitto Group. It has been proven that diverse teams lead to better performance and results. Diverse teams are more effective.

The global target for the Nitto Group is to achieve 24% female leaders ratio by 2025 and 30% by the fiscal year 2030. However, these targets are quite challenging for Nitto Belgium due to economical circumstances resulting in a hiring freeze. Therefore, Nitto Belgium locally adjusts its targets: 17% women in management positions in the fiscal year 2023, 21% by the year 2025, and 25% by the year 2030.

The graph below shows the representation of women in management positions within the EMEA region. The diversity KPI was established only in the fiscal year 2022, hence there are no historical figures.

In addition to gender diversity, the Nitto Group also places great importance on diversity in terms of race, skin color, age, gender, sexual orientation, ethnicity, religion, union membership, or political beliefs.



STRENGTHEN GOVERNANCE

HR GOVERNANCE

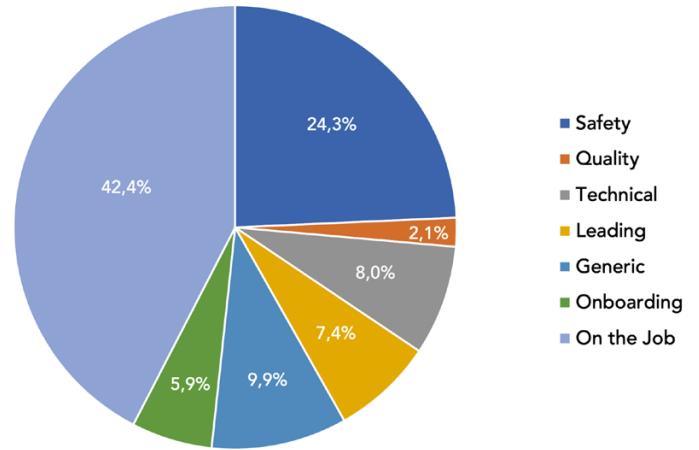
Training & Internal mobility

In fiscal year 2022, Nitto Belgium provided a total of 21,573 training hours to 512 employees. This is a significant increase compared to the previous fiscal year when a total of only 17,528 training hours were provided.

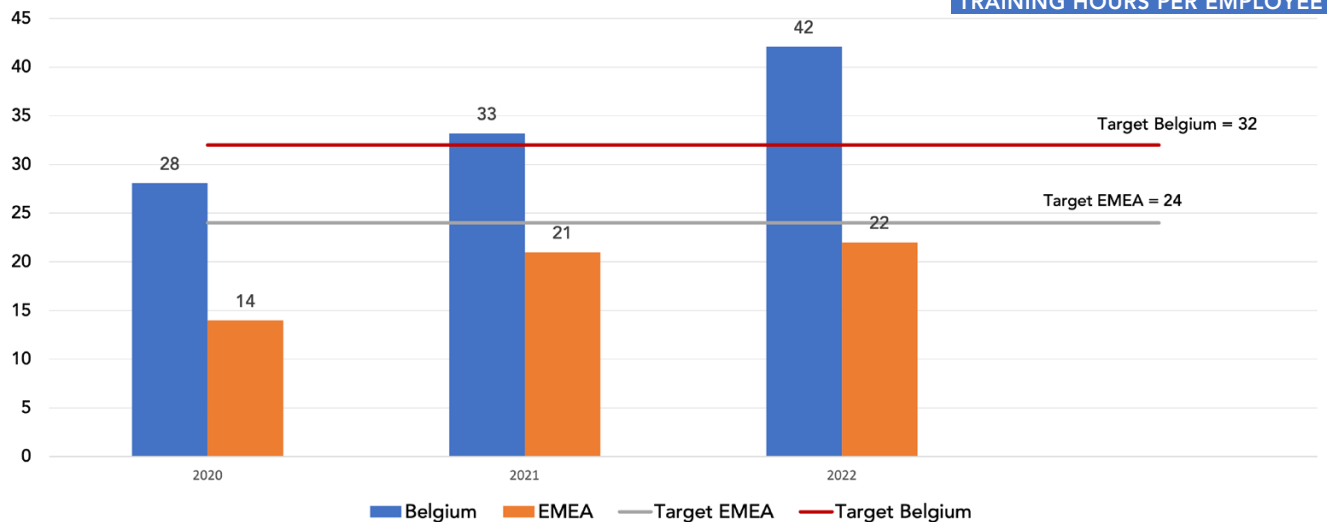
The distribution of training hours per cluster for fiscal year 2022 is as follows:

The training target for Nitto Belgium is 32 hours per Full-Time Equivalent (FTE) per year, while the goal for EMEA is 24 hours per FTE per year. The graph below shows that Nitto Belgium exceeds the minimum target for both its own site and for EMEA by a wide margin.

TRAINING HOURS PER CLUSTER



TRAINING HOURS PER EMPLOYEE



Internal mobility within Nitto Belgium is an important aspect of its personnel policy and indicates how employees transition internally to a more suitable position. This transition has led to a double count of some cases of internal mobility. Despite these challenges, HR still needs to determine specific targets for the next fiscal year.

By providing internal opportunities to employees, Nitto Belgium promotes employee satisfaction. During the previous fiscal year, which ended before the transition to the calendar year, internal mobility reached an impressive 60%. However, with the recent change in the reporting period to the calendar year, the current percentage of internal mobility has been set at 48%.



STRENGTHEN GOVERNANCE

HR GOVERNANCE

Social dialogue

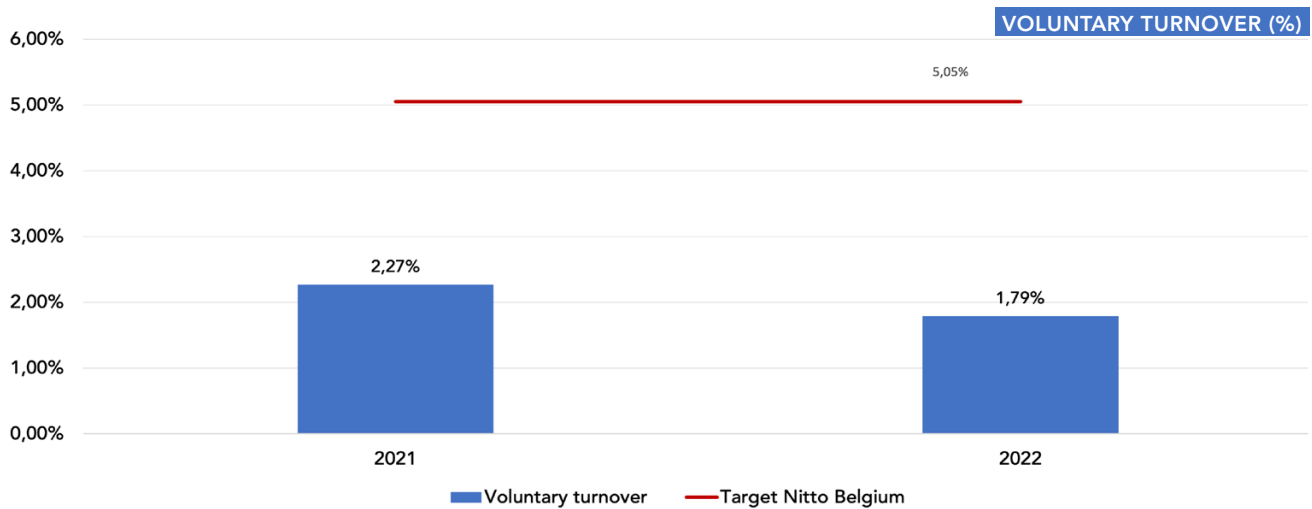
Social dialogue is a new indicator for Nitto Belgium, measuring the approval rate of a Collective Labor Agreement (CAO). If a CAO is approved by at least 50% + 1 of the employees, it is considered that the decisions have support. In fiscal year 2022, the approval rate of a CAO was 84.56%.

Additionally, Nitto Belgium aims to have at least 12 extra formal meetings with internal trade unions in addition to the mandatory monthly meetings. In fiscal year 2022, 47 formal meetings were organized, surpassing the target of 33 formal meetings for the year.

Voluntary turnover

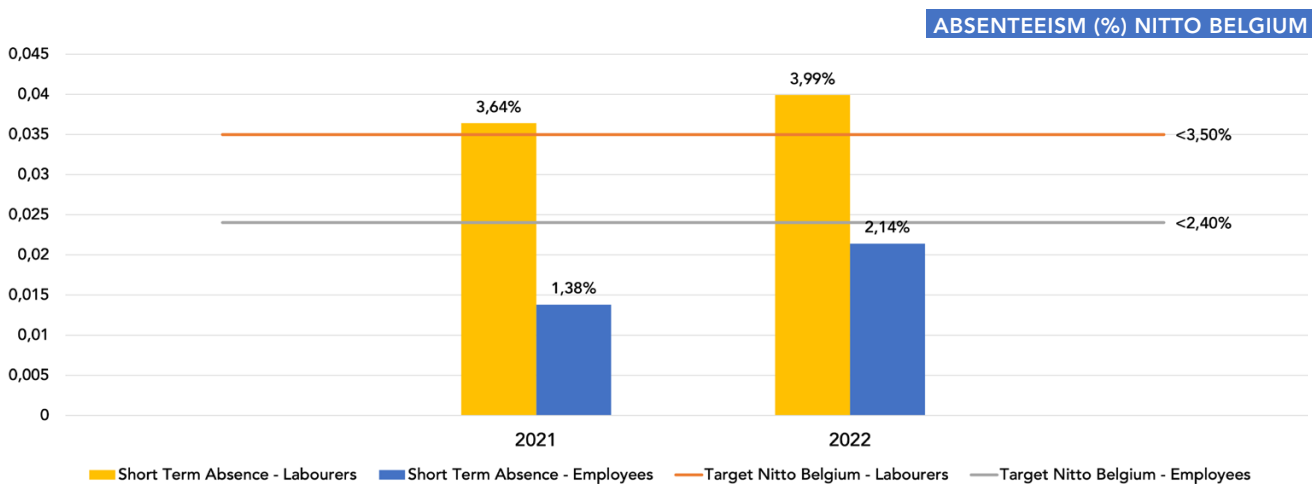
Voluntary turnover is a good indicator of employee satisfaction. Nitto Belgium analyzes this Key Performance Indicator (KPI) separately for white-collar and blue-collar workers. The target is to stay below the Belgian average.

The graph below shows the voluntary turnover of the past two fiscal years.



Absenteeism

Short-term absence is an indicator of the level of commitment and engagement of employees. The target for STA (Short-Term Absence, or 'kort verzuim' < 1 month) is to stay below 3.5% for blue-collar workers and below 2.4% for



white-collar workers. This is a relatively new KPI for Nitto Belgium, which is why there are only figures available for the last two fiscal years. The increase in Short-term absence compared to the previous fiscal year does not remain unnoticed. Although the target is strict and the actual figures are significantly lower than the Belgian averages, presentism conversations have been reintroduced. Next to that, Nitto Belgium continuously strives to engage its employees. This is done via training, communication on the strategy and management decisions, performance management, etc.

SEEDS21

In November 2021, the Nitto Group organized a global satisfaction survey in collaboration with the company Willis-Towers-Watson, which specializes in this type of research. In the EMEA region, an impressive 80% of employees participated in the survey, which examined the level of sustainable engagement within the company. The sustainable engagement score is based on a combination of the following three pillars:

- **Engaged:** Do employees believe in the company's objectives and are they committed to achieving these goals?
- **Enabled:** Do employees have a productive environment with all the necessary resources?
- **Energized:** Do employees have a good work-life balance?

According to the survey results, the Nitto Group falls into the category of "Healthy Organization." Moreover, within the EMEA region, the score was even higher, reaching the threshold of an "Excellent Organization." In addition to the ranking, strengths and opportunities were identified for each site. Local teams will further work with the survey results to address them.

Nitto Belgium has chosen to focus not only on areas that need improvement but also on further developing its strengths in the action plan. The actions concentrate on five topics, including two strengths:

- **Sustainable engagement**
- **Immediate manager**

And three weaknesses:

- **Senior leadership**
- **Innovation**
- **Talent management**

STRENGTHEN GOVERNANCE

SUSTAINABILITY GOVERNANCE

SUPPLY CHAIN GOVERNANCE

As previously mentioned, the Nitto Group as a group looks not only at its own products and processes but also at the impact the company has on society, particularly on the supply chain. This can involve various areas such as social and environmental impact, ethics, safety, and financial stability.

An essential part of supply chain governance is vendor management. At Nitto EMEA, this aspect of the process is referred to as "Material & Supplier Qualification" (MSQ). The MSQ procedure applies to both suppliers and materials (raw materials, purchased finished goods, packaging, etc.) and establishes the minimum requirements that must be met for qualification. Defining these minimum requirements is necessary because suppliers have a direct impact on the high quality standards and reliability of the end product, which is ultimately sent to customers in different markets and for various applications.

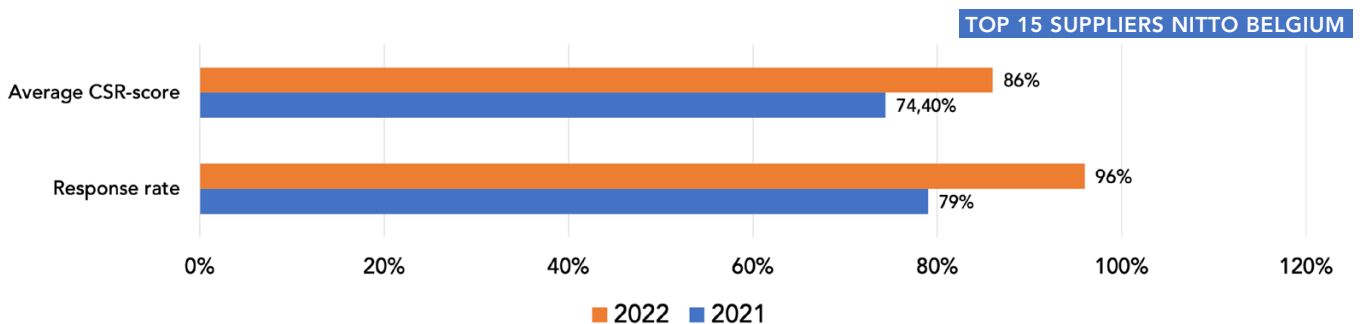
The minimum requirements for supplier approval within Nitto EMEA are closely related to quality (ISO9001, quality agreement, supplier quality self-assessment), but since 2020, Corporate Social Responsibility (CSR) of the supplier is also a requirement.

Corporate Social Responsibility is becoming increasingly important in business practices. Nitto EMEA aims to play a prominent role by setting a good example in sustainable and environmentally friendly actions, which enhances the organization's reputation among customers, partners, the general public, and its own employees.

Regarding Corporate Social Responsibility, Nitto EMEA requests the following information from all raw material suppliers:

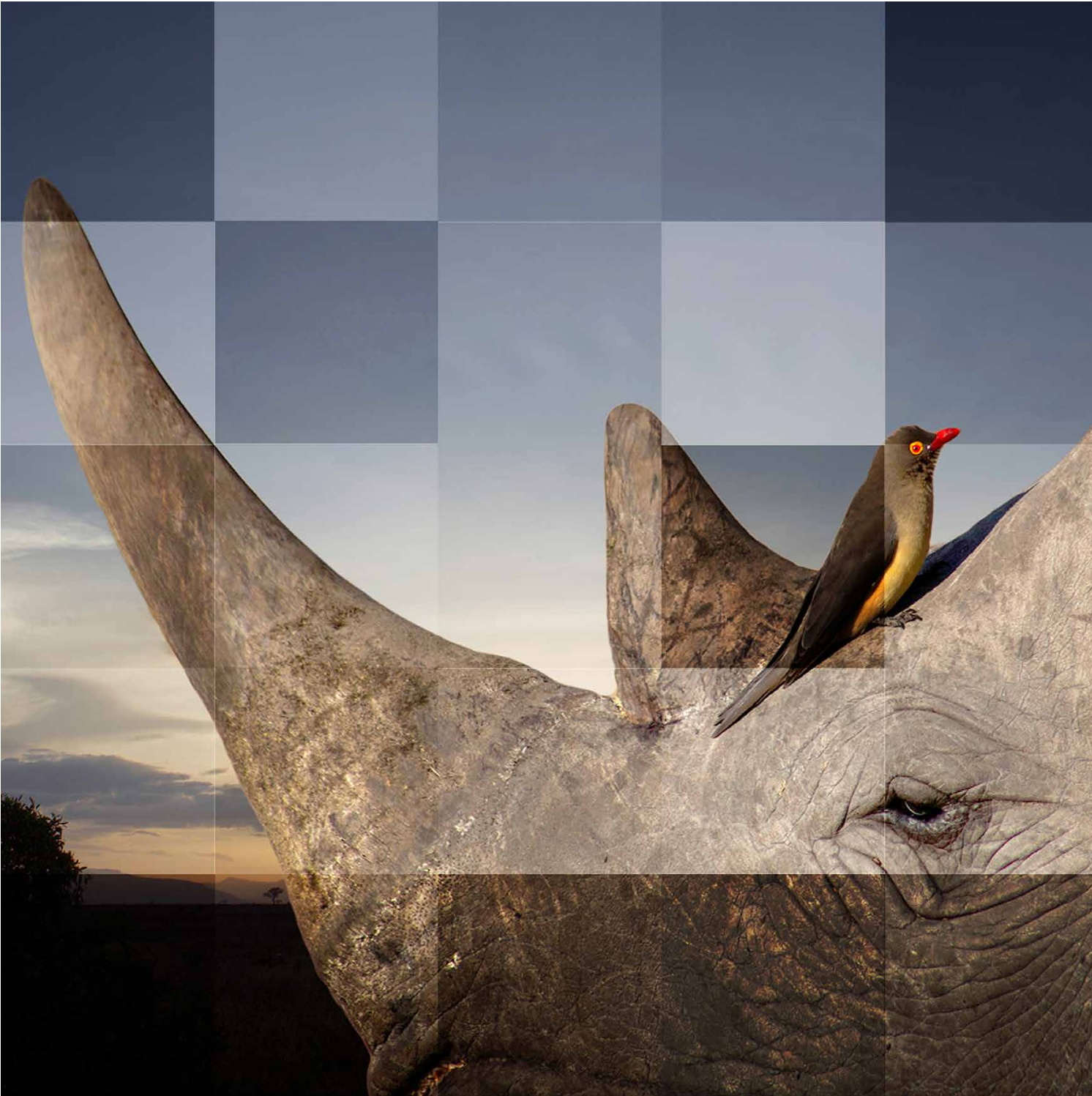
- Third-Party Certification (Ecovadis, e.g.,)
- CSR survey (a questionnaire designed by the Nitto Group regarding CSR) and a signed Supplier Code of Conduct or their own Code of Conduct.

Based on the feedback, Nitto assigns a CSR score to the supplier. If the supplier does not achieve the minimum CSR score, a development plan is created with the goal of improving the supplier's CSR performance.



There is a clear positive dynamic among the suppliers of Nitto Belgium. The response rate for the CSR component within MSQ increased from 79% in 2021 to 96% in 2022. Furthermore, the average CSR score for the top 15 suppliers of Nitto Belgium (representing 80% of our raw material purchase turnover) improved from 74.4% to 86%.

In fiscal year 2023, Nitto Belgium aims to expand the scope of the CSR component by including the top 10 technical purchase suppliers in the survey.



STRENGTHEN GOVERNANCE

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE

Within the EMEA region, EcoVadis is chosen as the assessment methodology. Additionally, Nitto Belgium has been working towards achieving the VOKA Charter for Sustainable Entrepreneurship (VCDO) for the third consecutive year.

ECOVADIS

As mentioned earlier, Nitto opts for the EcoVadis methodology within the EMEA region as an independent assessment system for its sustainability. EcoVadis evaluates companies annually based on four themes: environment, labor and human rights, ethics, and sustainable procurement. Nitto has a clear objective for EcoVadis certification within the EMEA region: gold for all sites by the end of fiscal year 2022 and platinum for all sites by the end of fiscal year 2025. Nitto Belgium achieved EcoVadis Platinum for the second consecutive year in fiscal year 2022. With this result, Nitto Belgium ranks among the top 1% of performers out of over 100,000 participating companies. To ensure and strengthen its platinum status, Nitto Belgium developed a clear action plan with a focus on labor and human rights and the environment, as these themes are considered relevant by EcoVadis for the industry in which Nitto Belgium operates (manufacture of plastic products). The status of Nitto sites in the EMEA region as of the release of this report is outlined below.

A clear gap analysis and action plan will be developed for NTR and SHU in fiscal year 2023 to bring them to the desired level.

For more information, please refer to the provided link.



Nitto Belgium (NBE)
Nitto Czech Republic (NCZ)



Nitto Bento Bantilik (NBB)
Advanced Film Gronau (AFG)
Advanced Nonwoven Ascania (ANA)



Nitto Otomotiv (NTR)
Nissho Hungary Precision (SHU)

VCDO

In addition to the EcoVadis Platinum certification, Nitto Belgium also achieved the VOKA Charter for Sustainable Entrepreneurship for the second time in fiscal year 2022. Together with VOKA, companies strive to align their operations with the economic interests of the enterprise while considering the well-being of people and the environment. In the third year, the focus will be on actions related to Nitto Belgium's core activities, where the company has the greatest impact on sustainability.

[For more information, please refer to the provided link.](#)

UNGC

The United Nations Global Compact is an initiative launched by the United Nations in 2000 to encourage businesses and organizations to adopt sustainable and socially responsible policies and practices. It provides a framework for companies to align their activities and strategies with ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. The Nitto Group integrates these ten principles into its operations and strategies, reporting annually on the progress made.

[For more information, please refer to the provided link.](#)



GROWTH STRATEGY & STRUCTURAL REFORM **PLANET & HUMAN FLAGS**

The Nitto Group has come up with a new recognition scheme for products that are friendly to the environment and human life. The positive contributions that Nitto products and services make for planet Earth and human life are showcased. Those with a particularly high level of contributions are recognized by attaching “PlanetFlags” or “HumanFlags,” in an effort to embody Nitto’s approach to the material issues for sustainability.

These recognition standards are also reflected in the selection of future projects in the development process. By allocating R&D resources preferentially to products that are expected to receive recognition as PlanetFlags/HumanFlags, the Nitto Group will advance its efforts to simultaneously solve social issues and create economic value through business. This can be considered a structural reform: adjusting the current approach of strategic planning by incorporating ESG criteria into this process.

The implementation of these official labels is a strategic step. By embracing sustainability and social relevance as core values, Nitto positions itself as a company actively committed to ESG (Environmental, Social, and Governance) principles. This can be attractive to investors, customers, and other stakeholders who value sustainable and responsible business practices.

The implementation of these internal labels is a strategic step that assists Nitto in strengthening governance, guiding new products and projects, and reforming the existing portfolio. By embracing sustainability and social relevance as core values, Nitto positions itself as a company actively committed to ESG (Environmental, Social, and Governance) principles. This can be attractive to investors, customers, and other stakeholders who value sustainable and responsible business practices.



For more information on PlanetFlags/HumanFlags: <https://www.nitto.com/eu/en/sustainability/infocus/flags/>



SUSTAINABLE BUSINESS FOUNDATION

CARBON FOOTPRINT ANALYSIS

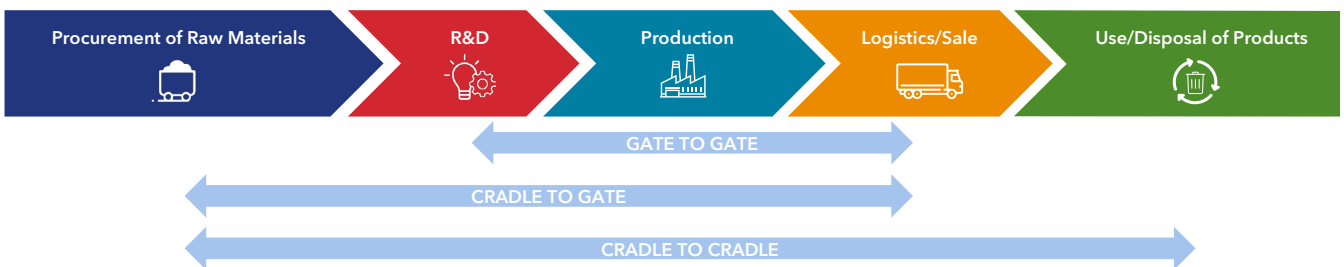
The Sustainable Business Foundation is the basis on which Nitto EMEA is built, with sustainability at its core. In the development of new products, the organization will not only focus on profitability but also consider the long-term impact on the environment and society. This translates into the concrete development and introduction of two new tools: the carbon footprint analysis and the sustainability rating tool. These tools are introduced in Nitto EMEA in addition to PlanetFlags & HumanFlags.

CARBON FOOTPRINT ANALYSIS (SCOPE 1+2+3)

With the Carbon Footprint Analysis, Nitto EMEA aims to quantify the impact of a product on climate change (SDG 13) throughout its entire life cycle, from raw material extraction and transportation to production, use, and waste management. This involves mapping and assessing all processes that contribute to the product's carbon footprint.

The implementation of the carbon footprint analysis within the EMEA region has occurred gradually:

- In the first phase, the focus was on gate-to-gate analysis, developing a tool to measure CO2 emissions at the product level related to the production process (Scope 1+2).
- In the second phase, the tool was expanded to cradle-to-production gate analysis. This involved considering the contribution of raw materials and their transportation to Nitto EMEA (Scope 3 upstream). An external partner was involved in this expansion. The tool enables the calculation of the carbon footprint at the product level, following the methodologies described in the GreenHouse Gas Protocol and ISO 14067. As a result, Nitto EMEA now has visibility into the carbon footprint of all products produced within the region.
- The third and final phase will involve an expansion to Scope 3 downstream analysis (cradle-to-grave or cradle-to-cradle). Additionally, the analysis will not only focus on CO2 emissions but also consider other factors that can impact the environment, aiming to achieve a comprehensive Life Cycle Assessment (LCA). The timing of this expansion to the third phase depends on its relevance to the stakeholders involved.





SUSTAINABLE BUSINESS FOUNDATION

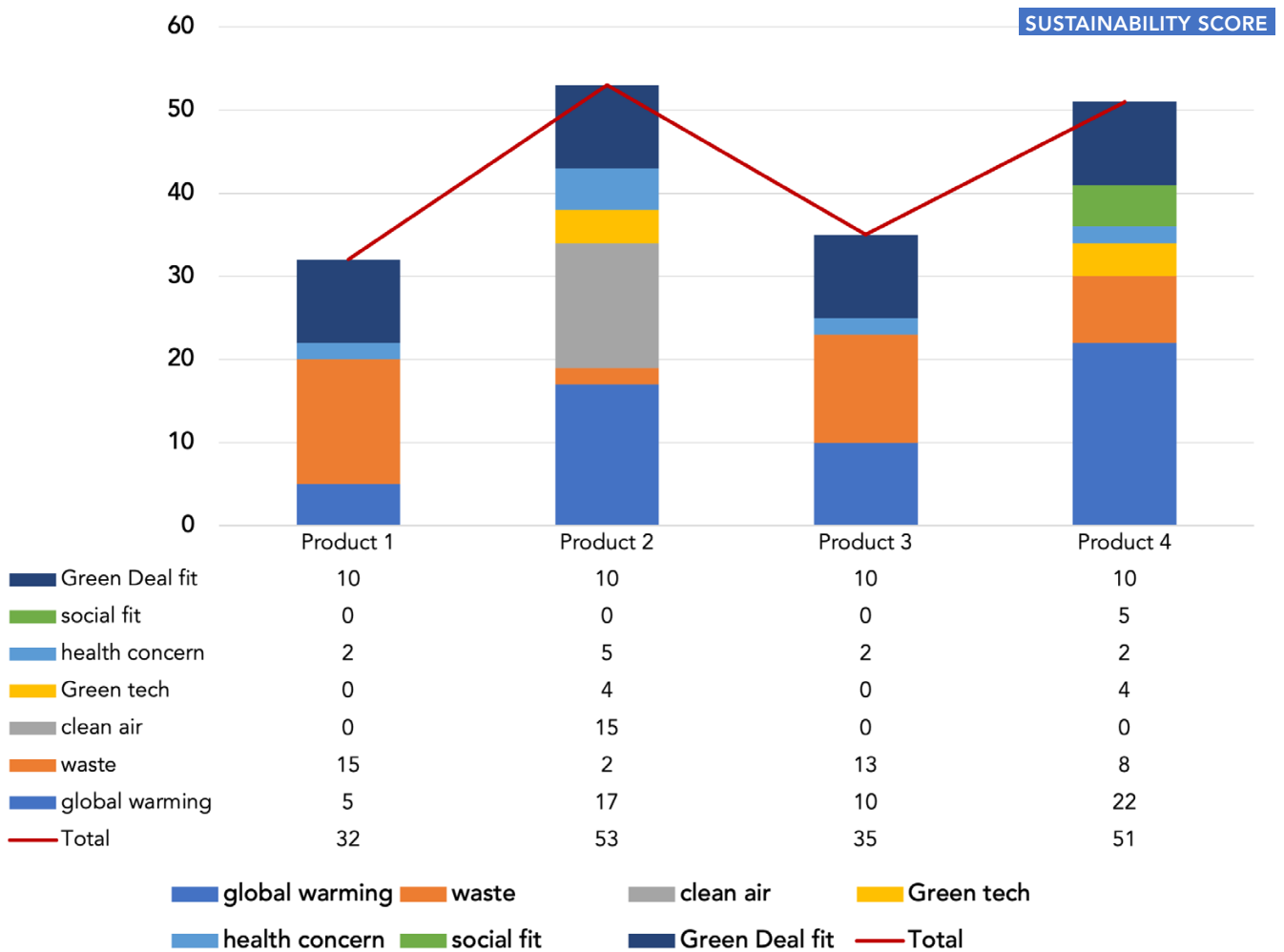
SUSTAINABILITY RATING TOOL

Next to the carbon footprint tool, Nitto EMEA introduces a regional initiative to stimulate social and environmental value creation and grow towards a more sustainable product portfolio.

The Sustainability Rating Tool, which will be used as an internal evaluation to quantify the sustainability of new products, takes into account the requirements set by the Planet & Human Flag recognition scheme. Next to that however, the calculation methodology considers the regional production process as well as specific requirements prescribed by the European Regulatory Framework. The higher the score, the more sustainable the new product is considered to be.

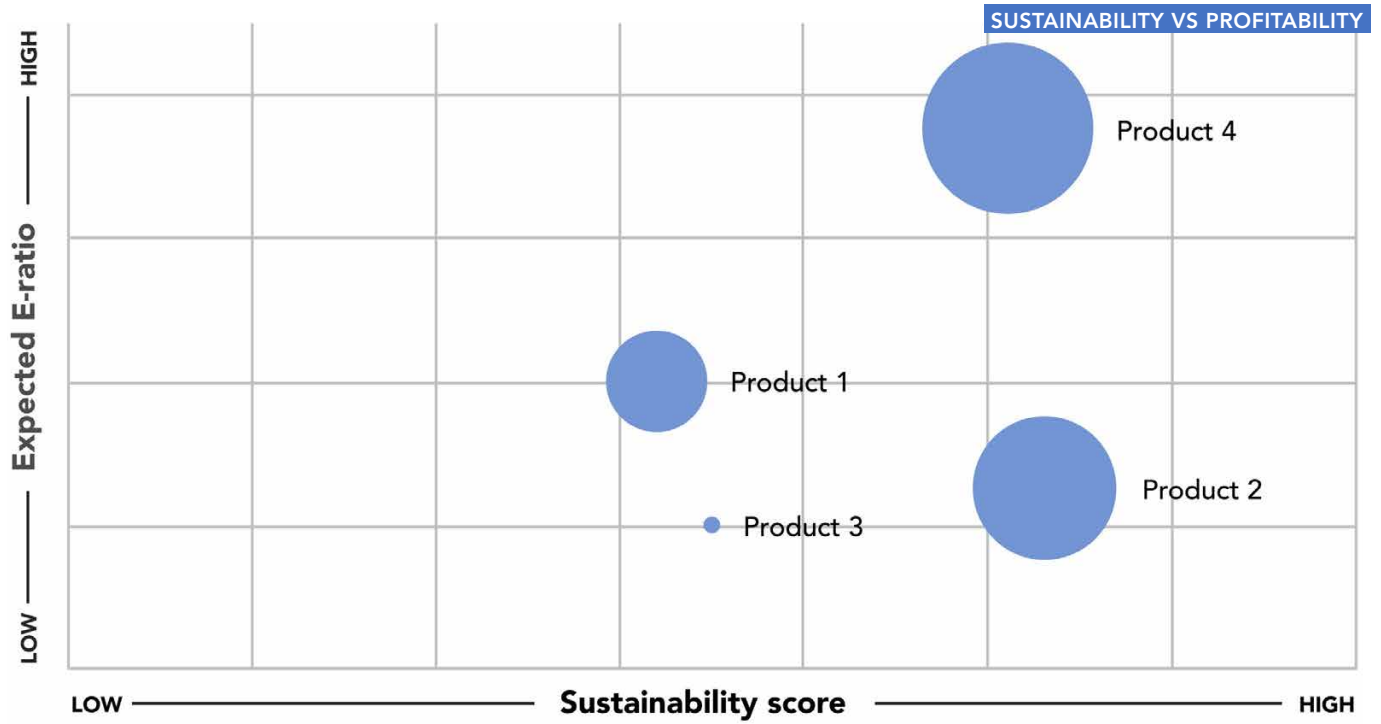
The tool not only allows for quantifying the sustainability of a product but also clearly indicates the ESG factor in which the product performs well and the area in which it has potential for improvement.

In fiscal year 2022, the tool was introduced as a mandatory requirement in the stage-gate process for the development of new products. In the next phase, which is planned for fiscal year 2023, threshold values will be established. This will enable differentiation of new products based on their level of sustainability. In the future, the sustainability rating tool will be used to guide the product portfolio.



SUSTAINABILITY RATING TOOL

The graph below provides an example of how the sustainability score for the products from the previous graph can be compared to the profitability. This type of approach can be decisive in investment decisions or resource allocation.



INDIVIDUAL CONTRIBUTIONS

INITIATIVES WITHIN NITTO BELGIUM

INITIATIVES WITHIN NITTO BELGIUM

As referred to on page 6-7 of this report, Nitto EMEA expresses value creation at three levels. Up to now, the report mainly handled value creation through Nitto EMEA's core activities and secondary business activities. On this page shows some examples of value creation through individual activities.

TREE-PLANTING DAY

Only a small percentage of all mobile phones or IT equipment is currently recycled or reused. For companies that deliver their electronic waste, the Belgian environmental company "Out of Use" donates a piece of land to Natuurpunt, where trees are planted. Participating companies and organizations receive a certificate and can plant the trees themselves. Nitto Belgium collected a total of 11 pallets of internal and external materials. Thanks to this contribution, 338m² of land was allocated to Natuurpunt for new forests in Flanders. Nitto Belgium achieved 2nd place in terms of the amount of collected material. The tree-planting day took place on November 27, 2022.

'MAAI MEI NIET'

In 2022, the Belgian magazine Knack launched the "Maai Mei Niet" campaign for the second time, calling for refraining from or reducing lawn mowing for a month. Maai Mei Niet is brilliantly simple: by mowing your lawn less in your garden, business area, or municipality, you turn your garden into a weapon against the effects of climate change. This leads to a biodiversity boost: longer grass that allows a thousand flowers to bloom provides more food for bees, butterflies, and other pollinators. Birds also benefit from this. Longer grass has a beneficial effect on drought as it retains more moisture. Additionally, it helps sequester more carbon. So, there are only advantages! Nitto Belgium also participated in this initiative by not mowing the green areas on its premises in May 2022.'

WARME TRUIENDAG'

On November 22, 2022, Nitto Belgium lowered the heating temperature from 21°C to 19°C. This action was combined with a clothing collection for Sint-Vincentius. Sint-Vincentius is an organization engaged in assisting the poor and needy, including distributing vouchers for food, clothing, and fuel. Nitto Belgium collected approximately 10 bags of clothing as part of this initiative.

'DIKKE TRUIENDAG'

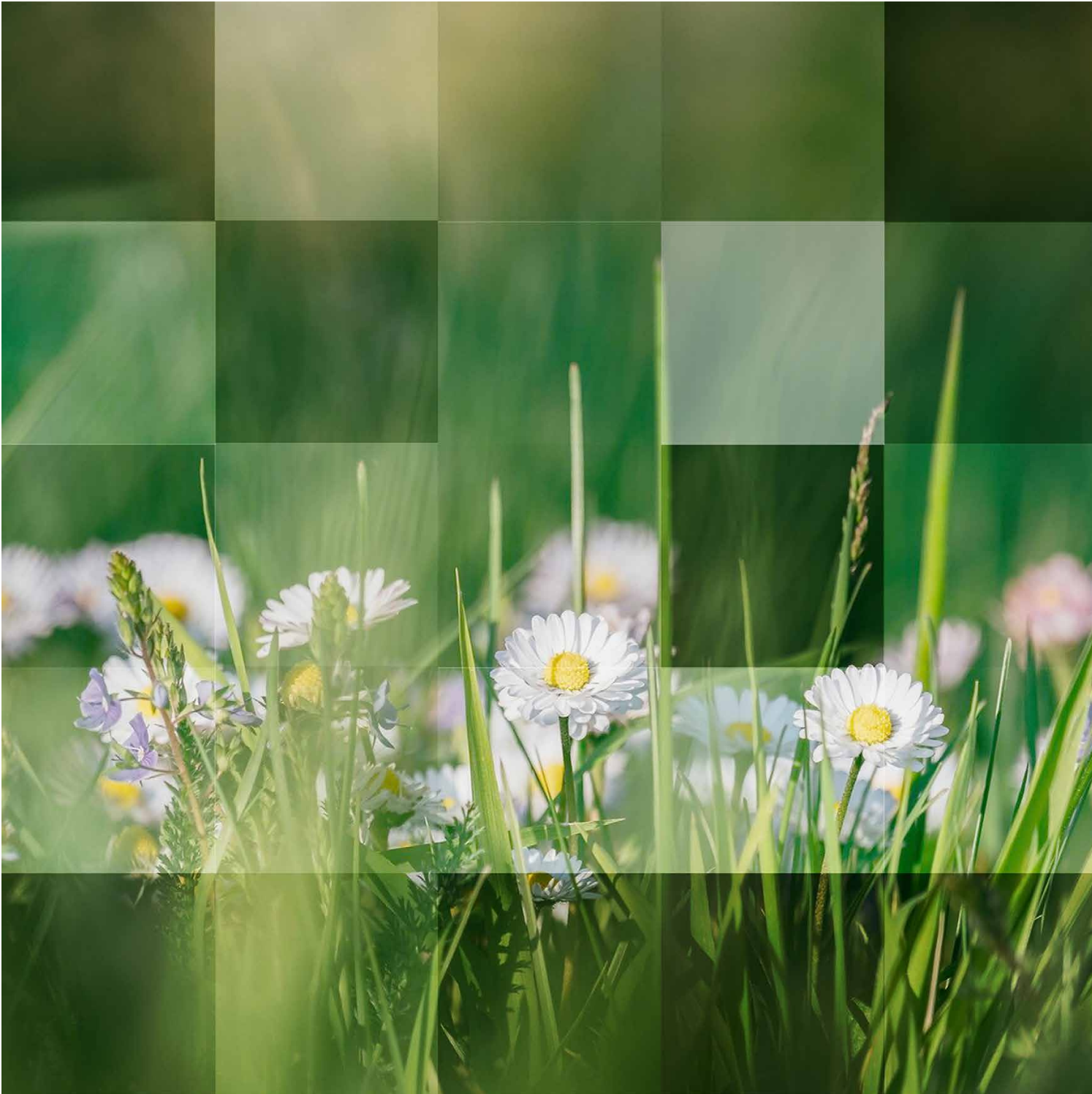
"Dikke truiendag" is a Flemish campaign to raise awareness among people about climate change and to address the urgency of the climate crisis. Nitto Belgium once again lowered the heating and employees, wearing thick Christmas sweaters, sold homemade pies and cakes for €1 each. This raised a total of €1,500, which was donated to a charity within 'De Warmste Week'."

COLLECT IT MATERIAL

Nitto Belgium collected outdated but still functional IT equipment for Don-Bosco school in Genk: 50 laptops, 30 keyboards and mice, and 2 desktop computers were donated to the school.

WALK WITH EDDY

To promote the physical and mental well-being of Nitto Belgium employees, the company organized a series of walks throughout the previous fiscal year and continues to do so in the current fiscal year.





CLOSING WORDS

Thank you for reading our Sustainability Report on the actions we have taken in fiscal year 2022.

Our sustainability journey is a challenge, but we have taken the most difficult step: starting the journey!

We consider this report as a tool. It gives us a moment to reflect on where we are in our journey. What have we accomplished so far? What can we do better? It will elevate us to a higher level.

However, this report is also an open invitation to you, our stakeholders.

Join us on our sustainability journey. Together, we can make a lasting impact!

Thank you for being our partner.

Best regards,

Stefan Maussen
Nitto Belgium





Nitto Belgium NV

Eikelaarstraat 22, B-3600 Genk, Belgium
Tel. +32-89-36 01 11