

SUSTAINABILITY REPORT

NITTO BELGIUM NV



Nitto

Foreword

Nitto Belgium NV, referred to hereafter as 'the Company', is the largest production site of the Japanese multinational Nitto Denko Corporation in Europe and is located in Genk. The company was founded in 1974. The Genk site produces industrial double-sided adhesive tapes and surface protection films, as well as sealing materials for global players in the automotive, consumer electronics, furniture and glass, aerospace and metal processing industries.

At the end of the financial year ending 31 March 2022, the Company achieved a realised profit of €4.78M and had 573 employees.

Given increasing market demand, and in preparation for European and national regulations on sustainability reporting, it is of strategic importance for the Company to communicate even more openly and transparently about its approach to sustainability. The remainder of this report elaborates on the related strategy, objectives and actions taken in the financial year ended 31 March 2022.

This report demonstrates that sustainability has been integrated into all layers and departments of the Company and plays a key role in its strategy and vision. The regional headquarters, Nitto EMEA NV, launched its sustainability strategy in 2018. On the one hand, it includes specific targets relating to the Company's ecological footprint and an approach to sustainable business practices on the other.



Table of contents:

Foreword	2
Table of contents	3
1. Sustainable business practices	4
a. EcoVadis	4
b. VCDO	4
c. Employee handbook	5
d. EMEA whistleblower system	5
e. Safety and health promotion	6
i. Safety training	6
ii. DuPont survey	7
iii. Safety & Environment Day	8
iv. Sports activities	8
f. Diversity and inclusion	8
2. Ecological footprint targets	9
a. CO2 management	10
i. Solvent recovery	10
ii. Preparations for 2030 and 2045	12
iii. Intermodal transport	12
iv. Commuting	13
v. Energy	13
vi. Commercial offering	14
vii. Life Cycle Analysis (LCA)	14
b. Waste management	15
i. In-house activities	15
ii. Commercial offering	16
c. Clean air	16
i. In-house activities	16
ii. Commercial offering	17

1. Sustainable business practices

The Nitto organisation explicitly aspires to be a leader in sustainable business practices. It pursues a structural strategy and through instruments such as EcoVadis and VCDO, explained below, the Company ensures a comprehensive approach.

a. EcoVadis

As part of its ambition to implement sustainability in all areas of its operations, the regional headquarters, Nitto EMEA NV, set the target of achieving the gold EcoVadis label for all its production sites in the region, including the Company.

EcoVadis is an international organisation that measures the extent to which a company has integrated the principles of sustainability in its policy system. The methodology is based on international sustainability standards, divided into four themes: 'Environment', 'Labour and human rights', 'Ethics' and 'Sustainable procurement'. EcoVadis selects criteria relevant to the company in question, adapted to the company size, location, as well as to the specific challenges relevant to the sector in which the company operates. Providing supporting documentation is an important aspect. The EcoVadis scorecard allows you to compare the scores achieved with those of industry peers, develop insight into areas for improvement and consequently understand where to focus in the future.



In line with the Nitto organisation's European strategy, the Company initially aimed to achieve an EcoVadis platinum label by 2023. However, on 20 December 2021, the EcoVadis scorecard showed that the Company had already reached the platinum level. The Company thus achieved its target more than a year ahead of schedule, and is now among the global top 1% of companies evaluated by EcoVadis.

b. VCDO

Besides participating in the aforementioned regional EcoVadis project on improving sustainable governance, the Company also participates in a local initiative set up by the employers' organisation Voka. With the Voka Charter Sustainable Entrepreneurship (VCDO), companies work through a tailor-made action plan towards operational management that reconciles the economic interests of the company with those of people and the environment. The VCDO is a Flemish project conducted in association with the United Nations. The action plan is spread over three years. Within the said three-year period, concrete actions must be devised and achieved based on the Sustainable Development Goals (SDGs) as put forward by the United Nations, in consultation with the organising body.

The company receives a VCDO charter upon successful completion of the actions. After three years, a final evaluation takes place as a result of which a UN certificate can also be

obtained, which counts as certification of sustainable entrepreneurship. The first of three years was completed in the financial year ended 31 March 2022.



c. Employee handbook

The employee handbook was prepared during the financial year ended 31 March 2022. This also represented significant progress for EcoVadis on the 'Labour and human rights' theme. The employee handbook explains the following aspects, starting from the overall HR strategy. The latter is built around the following three pillars: committed employees, effective teams and the learning organisation.

The employee handbook summarises all HR activities and processes and serves as a transparent communication tool for all employees:



d. EMEA whistleblower system

The EMEA whistleblower system was introduced in the financial year ended 31 March 2022, following new European legislation that serves to protect whistleblowers. This improved our EcoVadis score for 'Ethics'. A whistleblower system is a mechanism available to the employees and stakeholders of a company to report actions or behaviour that may compromise the integrity and/or rights of individuals, that may have an impact on the company's activity, or cause serious liability in terms of health and safety, environment, human rights, individual rights, and privacy, etc. The whistleblower system can also be used to report violations of the code of conduct or breaches of the law.

The Company uses an encrypted third-party system from provider EQS, which allows all employees and, at a later stage, external stakeholders (such as customers and suppliers) to report any kind of concern. EQS' encrypted third-party system fully complies with ISO 27000 and is independently certified to the highest security standards and data protection

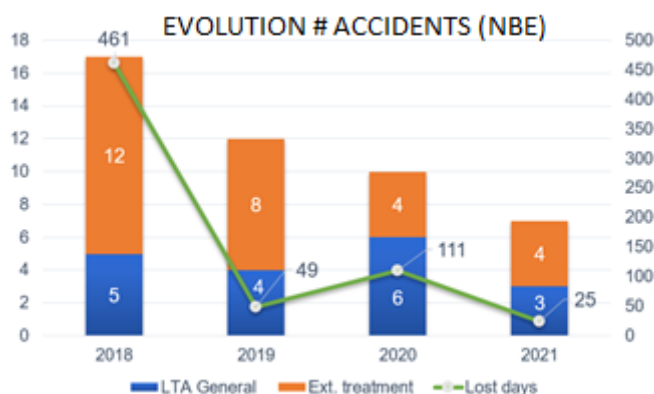
regulations. All Company employees receive mandatory training on the whistleblower system so that they know how to report their concerns.

e. **Safety and health promotion**

The Company already scored well on safety in previous reviews. Implementation of this essential part of the company's philosophy ('We place safety before everything else') also continued in the financial year ended 31 March 2022.

The objective formulated in the context of safety within the Company ('zero accidents') was unfortunately not achieved. Seven accidents occurred at the Company's site in Genk.

The graph shows how many days lost the accidents resulted in. In the financial year ended 31 March 2022, these were just 25 days compared to 461 days in 2018, representing a decrease of a no less than 95%.



A number of initiatives were taken to raise safety awareness, and ensure that everyone within the Company is actively concerned with safety:

i. Safety training

All new Company employees receive safety training provided by the SHE (Safety, Health and Environment) Department. The training covers the general safety rules and dress code as well as the Life Saving Rules, a set of essential safety rules to prevent a serious injury and fatal accidents.

ii. DuPont survey

The Company uses DuPont's Bradley curve to measure safety awareness within the company and to understand progress in its safety culture. The Dupont Safety Perception Survey is a survey-style tool to measure how safety is perceived by colleagues. The survey also serves as a benchmark with regard to similar companies in the sector.

The Dupont Bradley curve includes four different stages for achieving an effective safety culture, ranging from 'reactive' to 'interdependent'. To summarise it in simple terms: on the left side of the graph, safety rules are followed because they have to be followed, and on the right side of the graph, safety rules are followed of their own accord.

The Company made a significant leap from the 'reactive stage' to the 'dependent stage' in the financial year ended 31 March 2022. Its ambition is to become a company with an 'interdependent' safety culture.



Within the Company in the financial year ended 31 March 2022, plans were mainly made to reach the 'independent' stage. These plans will be translated into specific actions taken in three areas in the next financial year ending 31 March 2023. To start with, the Company wants to continue to raise awareness about safety. Two action plans were defined for this purpose. The Company wants to improve safety training and organise refresher training on the Life Saving Rules. This training is the ideal opportunity to highlight these rules. The Company also wants to ensure that employees come to believe in the importance of safety. The Company tries to achieve this by identifying the costs inherent to a lack of safety and communicating the benefits of safety to employees.

Lastly, accountability action plans were drawn up. For example, the Company aims to improve safety management by setting up an ISO45001 management system. The Company will also work to improve its consistency policy. This policy means that positive consequences will be linked to breakthroughs and negative consequences linked to safety violations.

iii. Safety & Environment Day

The Company launched its first edition of 'Safety & Environment Day' in 2019. Unfortunately, due to the Covid-19 crisis, it could not take place in 2020 and 2021. The next 'Safety & Environment Day' was organised on 31 March 2022, the last day of the financial year.

The 'Safety & Environment Day' during the past financial year revolved around four themes, to which several workshops were linked. The themes were: 'There's no planet B', 'Don't look away', 'No time to waste' and 'Healthy living'. All employees were expected to participate and were assigned to random groups by drawing lots upon their arrival.



iv. Sports activities

Because of the Covid-19 crisis, only the promotion of Dwars door Hasselt went ahead in this financial year. Other activities such as the promotion of Genk Loopt, the mini football tournament around the Christmas period and the annual inter-company tennis tournament did not take place.

f. Diversity and inclusion

The Company's management is convinced of the added value of diversity in the composition of its departments and decision-making bodies. The Company strives for a corporate culture that values diversity by embracing different perspectives, valuing everyone's contribution regardless of one's 'diversity dimension' and supporting authentic and respectful behaviour. In line with the Nitto organisation's global and regional focus, the Company is also committed to increasing the participation of women in leadership roles. A target was defined at the global level to have 30% of management roles filled by women by 2030. An interim target was also defined to have 23% of management roles filled by women by 2023. Currently, about 14% of management roles in the Company are filled by women. So far, a goal has only been defined in relation to gender diversity, but that does not mean that the focus will only be on that aspect of diversity.

A diversity manager has already been appointed for the site who, in association and consultation with local management and personnel management, is responsible for formulating initiatives that contribute to achieving the objective. The diversity manager also represents the Company on the EMEA diversity team which acts as a regional platform in this regard.

The launch of the EMEA Regional Business Academy was approved in December 2020. During the months leading up to the kick-off in September 2021, a tailor-made learning path was created for Nitto EMEA NV, based on the mission of the Regional Business Academy: 'Develop engaged future leaders who will drive transformation with a positive mindset.'. The training programme runs for 10 months. The first students embarked on the course in September 2021. The central theme of the first edition of the Regional Business Academy is 'customer centricity', customer focus; indeed, the Company is currently undergoing a strategic transition to a business where the customer is positioned at the centre of the business and not the product. Three of the 14 employees selected are from the Company; half of the places are reserved, in the context of diversity, for female employees.

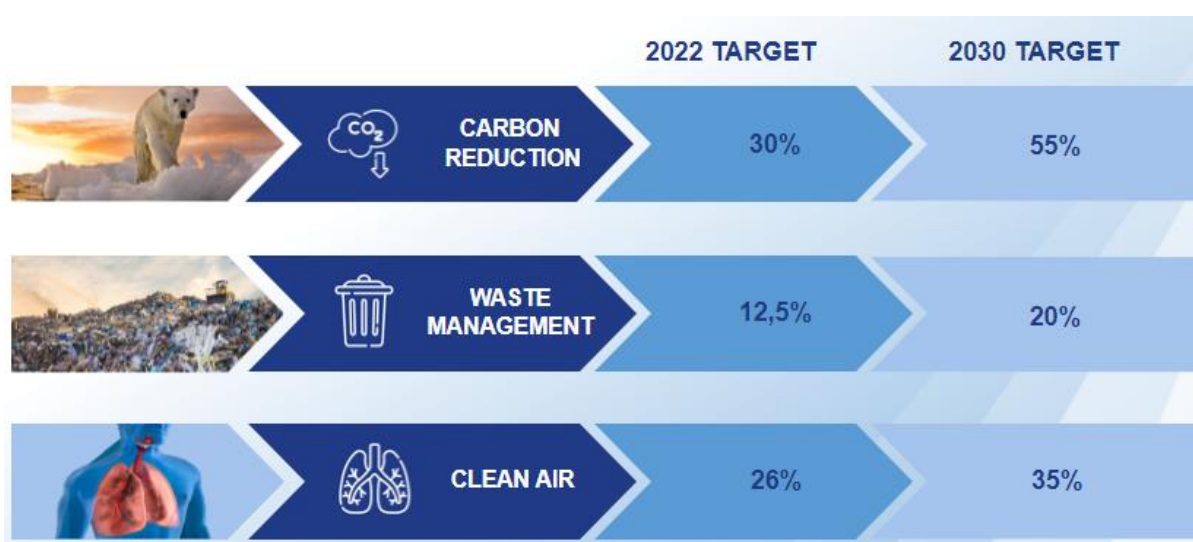


2. Ecological footprint targets:

Nitto's environmental policy states that the company aims to contribute to the development of a sustainable society by, on the one hand, minimising the negative environmental impact of its activities. It has been committed to managing its carbon footprint in line with ISO standard 14001 since 2003. On the other hand, the Nitto Group aspires to contribute through products and services that have a positive environmental impact with customers and end-customers.

At this stage, the aforementioned sustainability strategy only includes specific targets related to reducing the ecological footprint of its own production activities. No hard targets have yet been defined in terms of a positive impact to be achieved through its commercial offering.

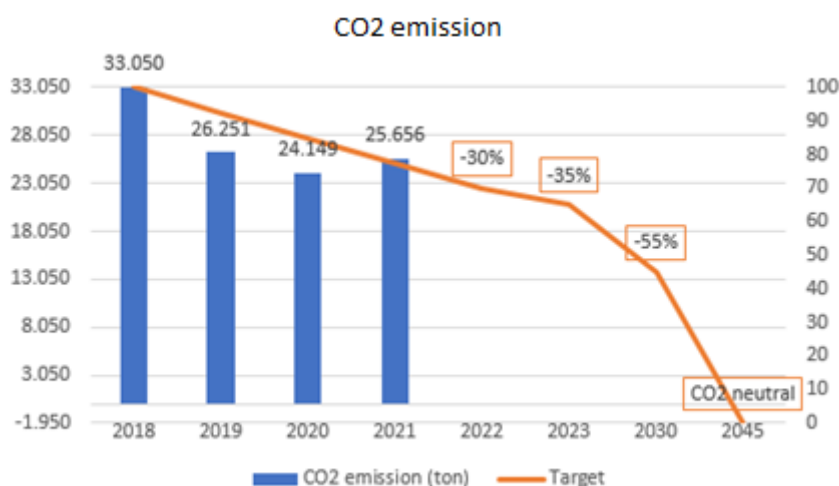
Specifically, in 2018, CO₂, waste and air quality targets were set for 2022; in 2021, these were supplemented by targets for 2030 as follows.



a. CO₂ management

At the regional level, the pre-set target of achieving a 30% reduction in CO₂ emissions by the next financial year ending 31 March 2023 applies.

The Company's target to reduce emissions by 35% by the end of the next financial year ending 31 March 2023 thus goes further and is within reach. This is partly due to the actions taken by the Company in the financial year ended 31 March 2022.



i. Solvent recovery

A major contribution to the reduction of the Company's carbon footprint is made through solvent recovery. At the Company, the solvents are in a closed system where they either go to the afterburner or to solvent recovery after use. In the afterburner, the evaporated solvent is collected and directed to a regenerative thermal oxidiser. The energy in the form of heat released from this process is also reused to heat thermal oil needed in the production process. Solvent recovery ensures no CO₂ is released 'on site' by reusing solvents.

The Company recovered 25.9% of consumed toluene solvents and 27.8% of consumed ethyl acetate solvents last financial year. The remainder was processed by the afterburner and thus still produced CO₂ emissions. The tables below show that the percentage of both toluene and ethyl acetate recovery has increased since 2018. This is because solvent recovery was modified in 2018 so that it can also recover ethyl acetate. This adjustment required the complete shutdown of solvent recovery, resulting in a drop in figures in that year.

	Toluene	
	Ton recup.	Recup vs used (%)
FY18	841	14,6
FY19	1216	28,1
FY20	863	21,4
FY21	1170	25,9

	Ethylacetate	
	Ton recup.	Recup vs used (%)
FY18	154	13,3
FY19	287	26,8
FY20	220	23
FY21	305	27,8

What's more, the Company is performing research to optimise solvent recovery rates. The plan is to commission an additional solvent recovery plant in the summer of the next financial year ending 31 March 2023, to which the lines will be connected for surface protective films (SPVs). This additional solvent recovery will provide a 15% reduction in CO₂ emissions.

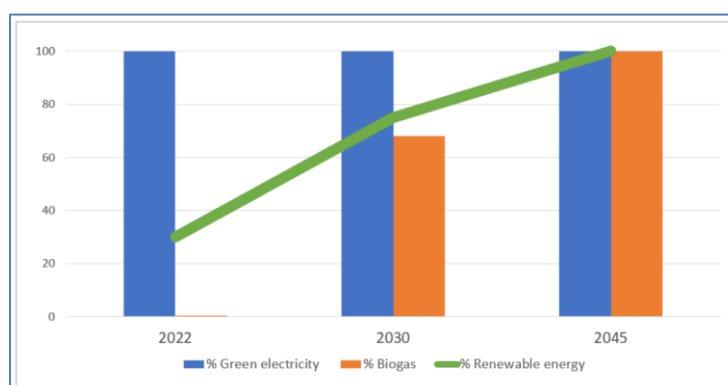


Activities to support the switch from solvent to emulsion adhesives will also result in a positive impact in the near future. The Company has succeeded in creating the first emulsion-based adhesives (using water instead of toluene or ethyl acetate), which offer the same stability and performance as solvent-based adhesives. The emulsion adhesives would be used in both single-sided and double-sided adhesive tapes. The use of emulsion adhesives is already standardised for single-sided tapes, but for double-sided tapes, the use of emulsion adhesives is still under development.

ii. Preparations for 2030 and 2045

The Company is fully engaged in taking action and making plans to achieve the target for the next financial year ending 31 March 2023, and also looks ahead with optimism with regard to achieving the next set target of a 55% reduction by 2030. The Company aims to be entirely climate neutral by 2045.

One of the scenarios studied that contribute to reductions towards upcoming targets involves moving away from natural gas and switching to biogas or hydrogen. The challenge is the availability of hydrogen and biogas supplies in Belgium. The Company anticipates that the availability of biogas will increase and it will be able to switch to 100% biogas by 2030. The targets are set as follows:

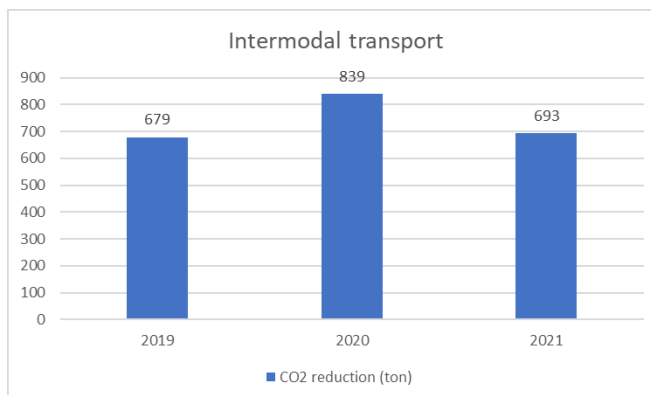


Another future action on CO₂ emissions involves the possibility of capturing, using and/or separating CO₂ at the outlet point. More specifically, the Company will capture the CO₂ so

that nothing is released into the air. The company does this by installing a filter that removes CO₂ from the air. Thus, the captured CO₂ can then be stored and sold to companies that can use it. The Company can also reuse the CO₂ itself as a raw material.

iii. Intermodal transport

This financial year, the Company has continued its efforts to switch from truck transport to transport by inland vessels from the port of Antwerp to the port of Genk. The reduction in CO₂ emissions achieved through this initiative amounts to 693 tonnes in the financial year ended 31 March 2022. The decrease is lower than the previous financial year ended 31 March 2021, due to optimisation of the measurement method used, combined with the number of full containers ordered/delivered. Intermodal transport can only take place with full containers. A lower number of full containers leads to lower savings in CO₂ emissions.



iv. Commuting

At the beginning of the financial year ended 31 March 2022, the new car policy promoting electric and hybrid cars was approved within the region. To this end, 12 charging points have already been provided by the Company. The capacity will be expanded by an additional 15 charging points in the near future.

What's more, at the end of the financial year ended 31 March 2022, 161 Company employees had subscribed to the bicycle lease plan. The infrastructure will also be adjusted accordingly: the number of charging points will be increased from 10 to 50 and there will be an expansion of the bicycle parking facility.

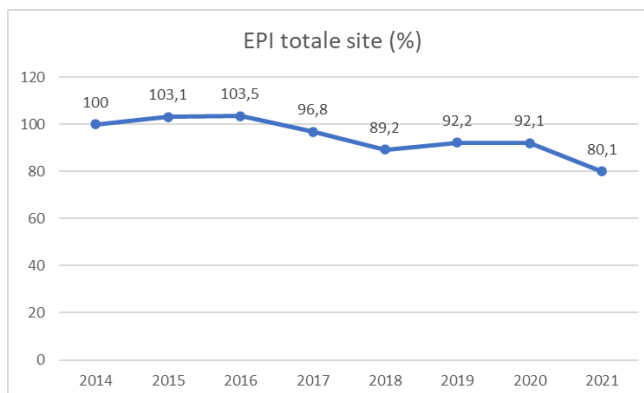
v. Energy

A CO₂ reduction achieved through a fall in energy consumption is not relevant: as for the other production sites in the EMEA region, the Company is powered 100% by green electricity.

The Company does continue to work on energy consumption optimisation. In this regard, the Company operates an energy policy agreement in which an annual energy balance sheet is drawn up. The energy strategy focuses on maximum heat recovery and the optimisation of product design so that less energy is needed for production. The measures taken within the 2019-2022 period aim to achieve annual energy savings of 3.5% compared to the year 2018. These measures involve the installation of a heat exchanger that provides heat recovery. Ensuring less air intake is also an energy-efficient measure because it requires less air to be heated. During the financial year ended 31 March 2022, plenty of research was carried out to optimise the process condition of the production lines.

The Company's site is equipped with a cogeneration plant. This plant simultaneously generates heat and electricity using a gas engine that drives an alternator. The heat released can be reused in the production process. Last financial year, the new M-line, where the wide process film for glass is produced, was connected to cogeneration. This resulted in energy savings of 1,090 GJp/year and CO₂ savings of 39 tonnes per year.

The Company also uses an energy performance indicator to monitor energy efficiency. This indicator shows how much energy is used per m². The following graph shows the evolution of EPI since the financial year ended 31 March 2015, which is also the reference year. Last financial year, energy consumption per m² fell significantly thanks to a changed product mix.



Furthermore, a number of energy projects have been developed that will be implemented during the next financial year ending 31 March 2023. Additional solar panels will be installed on the Company's roofs. These will save 1,000 megawatt hours per year.

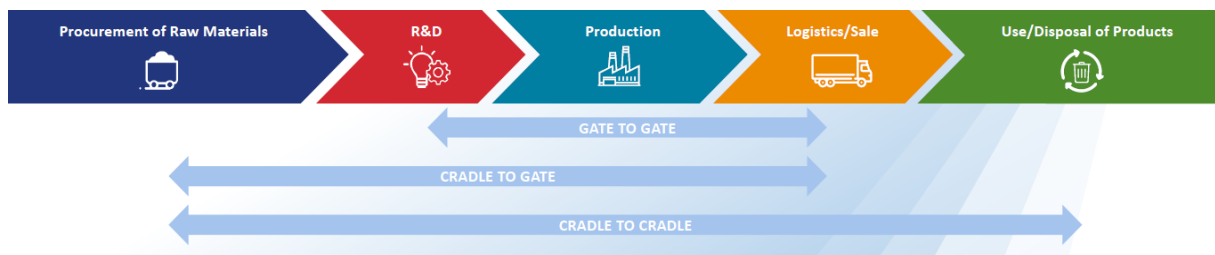
vi. Commercial offering

Besides efforts to reduce the footprint of its production processes in line with the specific objectives cited above, the Company is also actively working to make a positive contribution through its commercial offering. As already mentioned, no specific targets have yet been set in this regard.

Actions by the Company are aimed at adjusting its portfolio; more specifically, growing in areas supported by policy documents such as the Green Deal. To start with, it aims to grow within sustainable mobility. To this end, the Company specifically aims to grow with products related to battery technology (cf applications in fuel cell and insulation materials for improved thermal management of e-vehicles). Further work is underway to grow the portfolio related to energy-efficient living. The Company has an existing offering in this area, including process films for high-efficiency glass. The Company also provides increased energy efficiency for household appliances with its filtration technology via ePTFE filters; these filters avoid pressure loss in household appliances.

vii. Life cycle analysis (LCA)

The life cycle analysis of each product will help the Company achieve its objectives. Life cycle analysis is already used within the Company. It is a tool used to determine the total environmental impact of a product throughout its life cycle. This includes extraction of the necessary raw materials, production, transport, use and disposal. In terms of LCA, the Company focuses on carbon footprint measurement and management. Currently, the Company only has this data 'gate-to-gate', i.e. only for CO₂ emitted during the production process. The Company already uses the data as part of its process optimisation and portfolio decisions.



In the next phase, the Company will move towards a 'cradle-to-gate' approach, in which carbon emissions from suppliers are also taken into account.

This will further facilitate product design optimisation through decisions to work with other raw materials.

b. Waste management

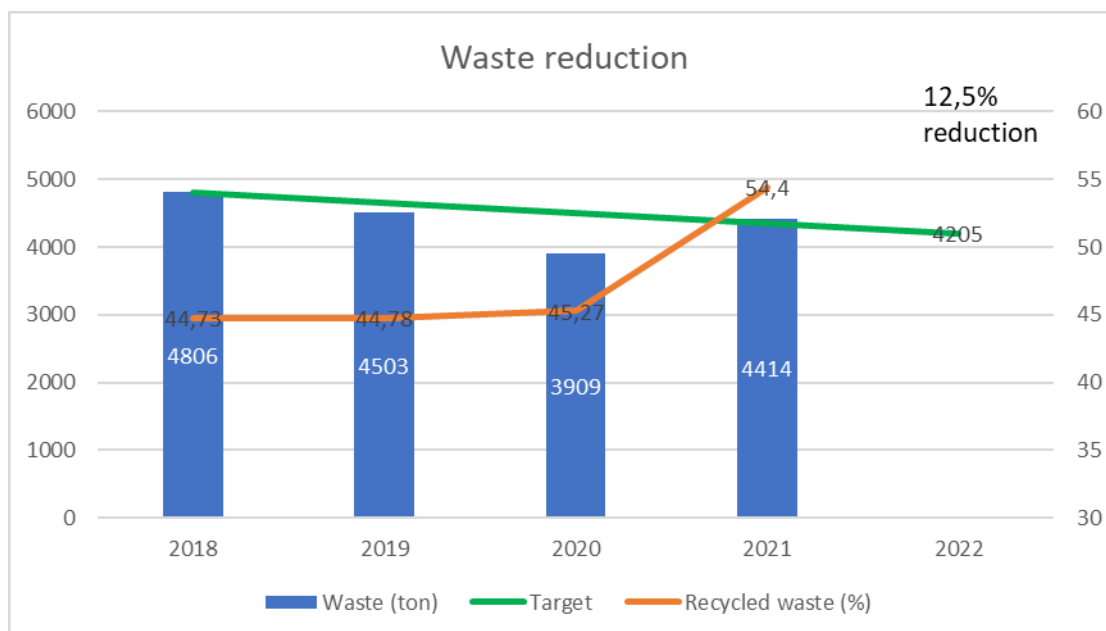
i. In-house activities

An overall waste strategy was defined for the EMEA region with a primary focus on waste reduction. We subsequently pursue optimisation in terms of recycling as well as setting up circular systems.

For waste management, the target is to achieve a reduction of unsorted waste at a rate of 12.5% in the next financial year ending 31 March 2023 (vs 2018). To achieve this objective, the sorting method was improved and a new waste sorting station was also installed at the Company's site in Belgium.



In the financial year ended 31 March 2022, 54.4% of the Company's waste was recycled by external processors. An increase of 20% compared to the financial year ended 31 March 2019, stemming from a number of additional actions taken. Like the previously mentioned commissioning of the new container park and the improved sorting method. Total waste did increase slightly in the financial year ended 31 March 2022, but this is explained by lower production in the previous financial year ended 31 March 2021, due to the Covid-19 crisis.



Waste recycling partly takes place by separating the cleaning solvents from the adhesives for reuse through an external processor. The Company also undertakes other internal actions such as the return and reuse of CGP (=coated glass protection) packaging. This is an initiative on the supplier side of production, but the Company also takes action on the customer side by collecting CGP waste from customers. Opportunities to recycle this waste and possibly operate in a circular model were explored in the financial year ended 31 March 2022.

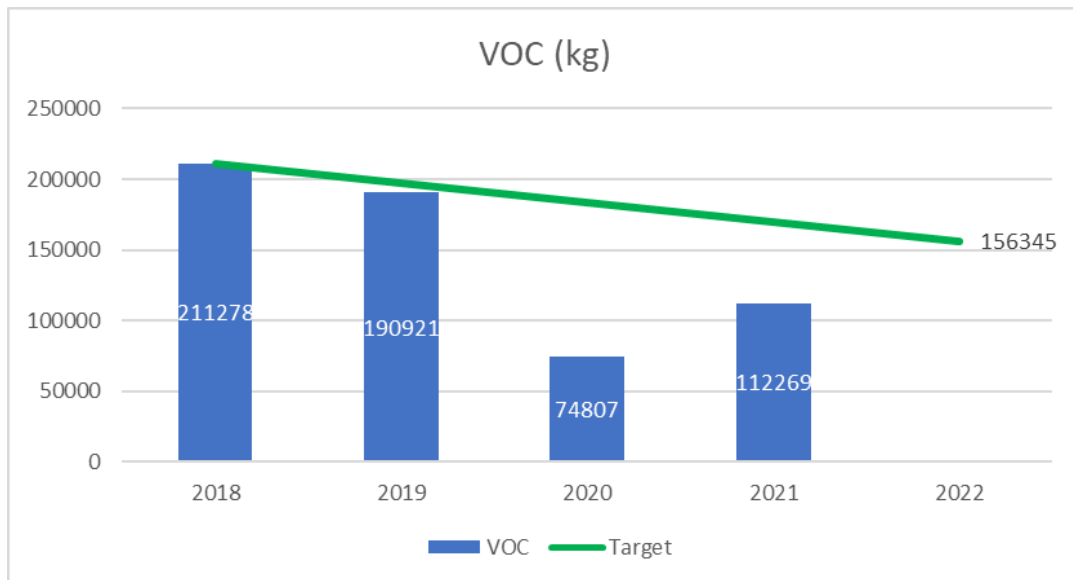
ii. Commercial offering

The Company also has a commercial offering related to waste: 'zero liquid discharge'. This involves membrane technology in which as much water as possible is purified before it is discharged. With water being a scarce resource, it is becoming increasingly important to reuse waste water to achieve zero liquid discharge. Whether for municipal or industrial waste water, Nitto offers a wide range of membranes to treat waste water via reverse osmosis.

c. Clean air

i. In-house activities

The target is to achieve a 26% reduction in VOCs both for the EMEA region and within the Company in the next financial year ended 31 March 2023. Based on the graph, the Company has already exceeded this target. The company achieved a 47% reduction in 2021 compared to the 2018 reference year. This even exceeds the set target of 35% to be achieved within the EMEA region by 2030.



Achievement of this objective was aided by enclosing open coaters to reduce diffuse emissions. This has been partially achieved. Activities to complete the process will take place in the next financial year ending 31 March 2023.

ii. Commercial offering

The Company also has solutions within its commercial offering that are deployed to improve air quality at customer premises. More specifically, examples include filtration solutions used in household appliances, such as air purifiers. The performance of ePTFE filtration technology also means it can be used in asbestos removal, as well as for improving air quality in cars. Moreover, with the switch to emulsion adhesives, the Company will also be able to reduce VOCs at customer premises as no more solvents will be released at customer and end-user sites.

The QR code below provides access to a video showing the path to sustainability within the region.

