

Human Capital Initiatives

Category 2 | Strengthen the business foundation

Policy (our fundamental view)

Amidst the rapidly changing and increasingly uncertain business environment, as we are increasingly required to face various social issues, stay acutely aware of the progress of innovative technologies, and take on the challenge of creating new value, we are working on three pillars of better performance of human resources based on the belief that human resources growth is the foundation of management while also taking into account the perspective of human capital management: “talent development,” “diversity & inclusion,” and “employee engagement.”



Three pillars of human capital enhancement

The three pillars of the NOF Group's human capital enhancement are “talent development,” “diversity & inclusion,” and “employee engagement.”

What are “self-directed employees”?

“Self-directed employees” refers to people who deeply resonate with NOF Group's values and philosophy and are capable of taking initiative. They are individuals who respond quickly to changes in the business environment, proactively carry out their work, and see it through with a strong sense of responsibility. We believe that such human resources, who possess an exceptional sense of ownership, think and act as if the company's policies and the challenges that arise in various situations are their own, and make significant contributions to the NOF Group's sustainable growth.

Talent Development

We promote talent development measures that include support for career design development in addition to the development of **self-directed employees** and DX talent. We respect employees' motivation to learn and actively support them.

Diversity & Inclusion

We believe it is essential that all employees — regardless of gender, age, nationality, disability status, or other attributes — feel free to express their opinions and ideas in the workplace and thrive. We strive to create a work environment where all employees can work comfortably.

Employee engagement

We will continuously advance creation of mechanisms, systems, and workplaces that enable each employee to understand our Corporate Philosophy and Values and perform their duties with motivation. We will also conduct employee engagement surveys on a regular basis and strive to improve job satisfaction.

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Human capital driving innovation

Based on the belief that the growth of our people forms the foundation of our management, we are positioning employee success as the greatest foundation for continuously creating new value. To strengthen our organizational culture where each and every employee embodies and lives the three values of Challenge, Fairness, and Harmony, we are promoting the development of self-directed employees throughout our entire workforce. At the same time, we are striving to create a vibrant environment where diverse opinions and backgrounds are respected, everyone can speak up without hesitation, and diverse perspectives come together. In a rapidly changing business environment, we will continue to provide unwavering support in order to respond to employees' aspirations for growth, who take responsibility for their own work and proactively continue learning as circumstances change. Based on a culture that allows the unique qualities of each individual to be demonstrated, we will develop talent who address social issues and drive innovation, and work to sustainable growth of corporate value.

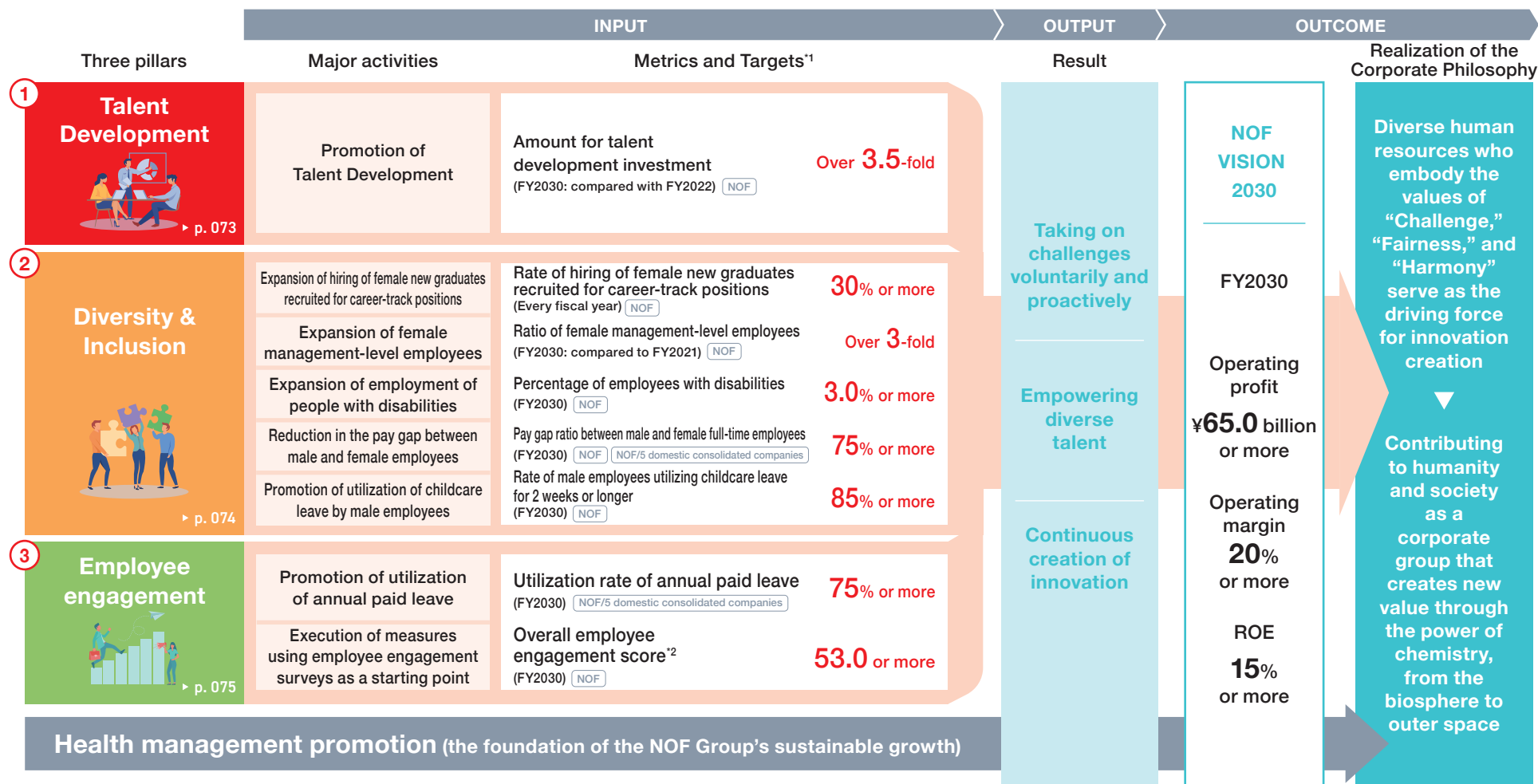
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Society | Human Capital Initiatives

The NOF Group will promote initiatives to achieve “NOF VISION 2030,” our vision for FY2030, and to establish earnings foundations in the three fields we are targeting—“Life / Healthcare,” “Environment / Energy,” and “Electronics / IT”—with an eye toward further corporate growth (sustainable enhancement of corporate value) beyond that, and to achieve a cost structure adapted to the new business environment.



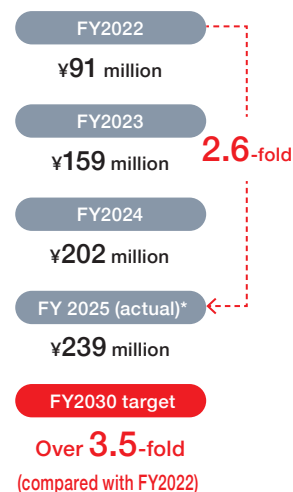
^{*1} Indicators and targets will be applied in FY2026.

^{*2} Employee engagement score by Graft, provided by M.STAGE CO., LTD.

1 Talent Development



Amount for talent development investment NOF



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Development of human resources who drive innovation and support for growth of self-directed employees

To strengthen our innovation-creating human resources who possess the skills, expertise and proactive actions required to execute our business strategy, we are promoting talent development who are able to lead R&D in our three prioritized business fields and management personnel who lead business creation. We are also focusing on developing self-directed employees based on the embodiment of the NOF Group's values of "Challenge," "Fairness," and "Harmony" so that all employees are able to perform their work in a proactive manner with a sense of ownership and create value within their respective roles. To support the growth of self-directed employees, we are also promoting systems that support self-directed career development and providing learning opportunities, encouraging the growth of human resources who take on the challenge of creating innovation in a spontaneous and active manner, and we will further enhance the foundation for growth support going forward.

Strengthening R&D capabilities for the future

Under "NOF VISION 2030" that we established with the aim of achieving a sustainable society, we are working on expanding our business domains, and with an eye toward the future beyond that, we are focusing on strengthening the development of R&D talent with the ability to create new businesses. We are promoting measures for talent development such as improving the business evaluation and analysis skills of R&D talent (managers and mentoring staff), developing foresight and marketing planning skills related to research themes, improving intellectual property skills, and promoting the use of materials informatics in R&D activities. In recent years, we have also strengthened the recruitment of experienced R&D talent, increasing opportunities for co-creation between talent with diverse external experience or specialized knowledge and internal human resources, and we are anticipating mutual growth among the talent who drive R&D.

Career development and taking on challenges

We implement "self-reporting" as a mechanism for dialogue with supervisors from perspectives such as mid- to long-term career paths, including transfer requests, and improvement of specialized skills and skill development, each year to help support the construction of career designs that aid individual growth. These dialogues using the "self-reporting" form are conducted with general employees and some managers (including secondees), and 95.7% of employees participate. We have also established an environment that supports each individual taking on challenges toward growth, such as an internal recruitment system, implementation of career training to proactively consider career design, support for self-development including skills enhancement and acquiring new knowledge, and provision of interview opportunities with members of the Talent Review Meeting, including the president, for department manager-level personnel.

Major activities in FY2025

- Career training for employees to independently and proactively consider medium-term career design ▶ 72**
 Training focused on thinking about career issues in light of one's career path and other attributes, and preparing for expected roles. This training is mandatory for all employees upon reaching the designated age, and 98.6% of eligible employees completed it in fiscal 2025.
- Initiatives for developing DX talent among key DX personnel ▶ 65**

- Development of self-directed talent with a deep understanding of NOF Group's values and a high sense of ownership ▶ 2,032**
 Continuing to focus on this initiative, in fiscal 2025 the participation rate among eligible employees rose to 97.8%.
- Support for self-education/development by enhancing distance learning ▶ Cumulative total of 788 employees**
 Starting in 2024, we also began actively supporting human resources who voluntarily step forward and wish to learn on their own initiative. As a result, the cumulative total of participant employees amounted to approximately more than one-third of all employees.

* FY2025 target is set at over 2.5-fold (compared with FY2022).

② Diversity & Inclusion



Promoting diversity and innovation

We advocate “respect for diversity” in our code of conduct and, based on the belief that diverse perspectives are the very source for the creation of new innovation and value, we are striving to foster an organizational culture where everyone is able to participate in an active manner regardless of their attributes, and where the sharing and combination of knowledge occurs. We believe that by fostering an environment and culture where opinions and ideas can be freely expressed and individuality is respected, diverse talent can fully demonstrate their abilities. We are working to secure diverse human resources regardless of gender, age, nationality, or disability status. In addition to this, we are also promoting the hiring of talent (experienced personnel) with extensive experience in the three prioritized business fields, with the aim to promote innovation through mutual understanding and mutual respect among employees with different perspectives. In addition, the active participation of female employees is a major issue in promoting the activities of diverse talent. In order to increase the ratio of female career-track employees, NOF has been continuing its efforts to make sure that the percentage of women new graduates recruited for career-track positions is 30% or more for the past 11 years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of FY2015, increased to 30% by the end of FY2025. The ranks of female career-track employees, who are expected to be promoted to management-level positions as future management candidates and play an even more active role, are growing larger. We will continue to strive to enhance systems that make it easy to work, making efforts to create an environment in which diverse talent can actively participate and increase the ratio of female management-level employees from a medium-term perspective.

Rate of hiring of female new graduates recruited for career-track positions

NOF

FY2023	FY2024	FY2025
32.7%	38.0%	39.1%

Every fiscal year target **30% or more**

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- Posting testimonials from young employees and employees raising children on our recruitment website to deepen understanding on what working looks like after joining the company, career development, and balancing work with child rearing

Ratio of female management-level employees

NOF

FY2023	FY2024	FY2025
5.2%	6.2% (1.3-fold)	6.4% (1.3-fold)

FY2030 target **Over 3-fold**
(compared with FY2021)

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- Promotion of female career-track employees to management positions through systematic development
- Establishment of a system to promote rehiring at NOF for those who resigned out of necessity for a variety of reasons, such as childbirth, childcare, or the transfer of a spouse

Percentage of employees with disabilities

NOF

FY2023	FY2024	FY2025
2.54%	2.65%	2.82%

FY2030 target **3.0% or more**

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- Promoting the creation of workplaces where employees can work with motivation (clarification of duties)
- Active support for participation in society by people with disabilities

Pay gap ratio between male and female full-time employees*

NOF

NOF/5 domestic consolidated companies

Full-time employees

FY2024	FY2025
72.6%	73.6%

Full-time employees

FY2024	FY2025
71.1%	72.4%

NOF/5 domestic consolidated companies

FY2030 target

Full-time employees
75% or more

- Expanding systems to support balancing work with childbirth and childcare
- Promotion of work environment improvements, such as mechanization of heavy work and enhancement of break rooms, to create an environment where female employees can work more easily in manufacturing sites operating 24 hours a day
- Active recruitment of women for career-track positions and advancement of an internal environment that promotes the active participation of women

* Pay gap ratio between male and female employees (%) = Average annual income of women / Average annual income of men x 100

Rate of male employees utilizing childcare leave*¹ (Average number of childcare leave days taken by male employees*²)

NOF

FY2023 ³	FY2024 ³	FY2025 ³
97.4% (33.1 days)	95.7% (30.9 days)	94.1% (37.1 days)

FY2030 target

85% or more
(for 2 weeks or longer)

- Implementation of support measures that enable male employees to utilize childcare leave
- Clarifying the rules on securing personnel to cover those on leave

*¹ The rate of childcare leave utilization is calculated according to the following criteria.

- In cases of split leave for the same child, only the initial leave is counted.
- If the child is born in the previous fiscal year and childcare leave is taken in the current fiscal year, it is counted as leave taken in the current fiscal year.

*² The average number of days utilizing childcare leave is calculated based on the total number of childcare leave days taken by employees who returned to work in the current fiscal year.

*³ The target for FY2023 through FY2025 is set at 100% (for 1 day or longer).

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③ Employee engagement



Maximizing performance

By creating a rewarding workplace, we aim to enhance employee engagement and improve the productivity and creativity of the entire organization. As a foundation for employees to demonstrate their performance, we are working to promote flexible working styles and revitalize communication. To understand employee engagement and the results of past initiatives, we regularly conduct employee engagement surveys, measuring overall employee engagement score based on employee engagement related to work and duties (creativity, relationship building, and meaning-making) and employee engagement related to the company and organization (work content, human relations, and organizational systems), and aim for continuous improvement of the workplace environment through analysis of these results.

Overall employee engagement score**

NOF

FY2023	FY2024	FY2025**	FY2030 target
49.5	50.0	51.0	53.0 or more

Employee engagement survey measured items

Status of employee engagement related to work and duties

Creativity

Relationship building

Meaning-making

Status of employee engagement related to the company and organization

Content of work

Human relations

Organizational systems

Other measured items

- Level of understanding of the corporate philosophy
- Level of understanding of health-conscious management initiatives
- Requests related to childcare and family care
- Evaluating compliance initiatives

Utilization of the “employee engagement survey”

Scores for “human relations” among supervisors in manufacturing workplaces are low

Changes in scores

FY2023	FY2024	FY2025
46.9	46.6	48.0

For manufacturing workers overall, scores for “work content (autonomy)” and “job crafting (meaningfulness of work)” are low

Score trends

(autonomy/ meaningfulness of work)

FY2023	46.7/45.3
FY2024	47.5/45.9
FY2025	48.9/46.8

Multiple departments and organizations with low scores exist (The entire company divided into 118 departments)

Somewhat low (More than 46.3 and no more than 49.0)	Low (46.3 Or below)
17 departments	11 departments

We recognize that the heavy coordination workload between manufacturing workplaces and supervisors creates a situation where they tend to become isolated. Scores are trending toward improvement, but supervisor scores are somewhat low, and we will implement countermeasures. From the end of FY2025, we launched a “session to create opportunities to enhance a culture of development” targeting mentors (senior employees), workplace supervisors, and managers assigned to manufacturing workplaces, etc., and began efforts to build a mutual support environment among workplace supervisors, managers, and mentors, and to create a workplace culture where employees are able to immerse themselves in work and grow. We will continue this initiative annually and confirm changes in scores over the medium term.

Given the nature of manufacturing operations, work must be performed according to procedure manuals with the top priority on safety, which limits discretionary authority; compared to other job types, it is more difficult to feel how one's own work contributes to society and the company, and we recognize that operations are becoming more routine. In response to this, we have been implementing self-directed employees development training for all employees annually since FY2023. The score for “work content (autonomy)” among manufacturing workers has been increasing steadily, and we will continue with this initiative. In FY2025, we launched an initiative for holding direct dialogue sessions (town hall meetings) between employees and the president at manufacturing sites and other locations, and are working to enhance the sense of organizational unity through two-way sharing of opinions. As a measure focused on workplaces involved in manufacturing, we also encourage small group activities (improvement activities) as company-wide activities and are considering initiatives to further revitalize them, intending to devise ways to enhance workplace ingenuity and increase proactiveness and the sense of meaning in work. Through initiatives such as these, we will confirm changes in the score over the medium term.

Engagement scores are provided to the health and safety committees at each site, where labor and management engage in analysis and discussions based on actual conditions, implement necessary measures and provide feedback to the workplace, resulting in steady improvement in scores. We will continue this initiative through the Health and Safety Committees at each site and monitor changes in the scores over the medium term.

* The health and safety committees at each site also discuss the results of stress checks at the same time.

*1 Employee engagement score by Graft, provided by M.STAGE CO., LTD.

*2 FY2025 target is set at 50.0 or above.