

Society

Human Capital Initiatives

Materiality

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: “human resources development,” “diversity & inclusion,” and “employee engagement.”

What are “autonomous human resources”?

“Autonomous human resources” refers to people who deeply resonate with NOF’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 Company’s sustainable growth.



Three pillars of human resources performance

The three pillars of the NOF Group’s better performance of human resources are “human resources development,” “diversity & inclusion,” and “employee engagement.”

Human Resources Development

We promote human resources development measures that include support for career design development in addition to the development of autonomous human resources and DX human resources. 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.

Steady Steps Toward Value Creation

To strengthen our organizational culture where each and every employee embodies and acts on the three values of Challenge, Fairness, and Harmony, we are advancing initiatives to develop autonomous human resources throughout our entire workforce. Based on our belief that human resources growth is the foundation of management, we support the growth of employees who take responsibility for their work, enhance their job's value, and take on the challenge of creating innovation, while aiming to create a vibrant workplace environment where a variety of opinions and backgrounds are respected and diverse perspectives intersect. We are committed to sincerely engaging in management that leverages human capital, enhancing diversity, and improving employee engagement, and we intend to continue providing generous support for the growth aspirations of each individual.

Operating Officer
General Manager,
Human Resources &
General Affairs Dept.

Akihisa Maeda



Governance

① Sustainability Committee

The Sustainability Committee, which is attended by all Directors, identifies and discusses materiality issues (important issues) related to human capital and reports to the Board of Directors. The Sustainability Committee sets KPIs and numerical targets for each materiality issue, then deliberates on the progress of each. The committee also discusses KPIs and numerical targets for the next fiscal year to continuously improve the level of our activities.

② Strategic Meetings

At Strategic Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members promote activities to secure human resources, including deliberating on the number of personnel expected to be hired, their assignments, and ensuring diversity, as well as evaluating the status of hiring, in order to secure diverse human resources based on the belief that acceptance of and respect for diversity encourages the creation of innovation. In addition, we are working to assess and identify issues through employee engagement surveys and stress checks, while also discussing our health management policies and the status of initiatives, striving to raise the effectiveness of each initiative.

③ Human Resources Meetings

At Human Resources Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members deliberate on Company-wide human resources development plans

and evaluate the details of their implementation in order to steadily promote human resources development measures that support sustainable business growth. The meetings also provide a space to implement deliberations on personnel evaluations at the general manager level, periodic interviews, interviews with candidates for promotion, and reports from managerial candidates on recommendations for management policies and other matters, and members are involved in understanding the characteristics of personnel at the general manager level and human resources development measures, and a system has been established to implement a PDCA cycle for training of human resources including successive personnel.

④ Nomination Committee

The Nomination Committee, of which Outside Directors comprise the majority, conducts evaluations and discussions from the perspective of successive human resources development, and provides feedback to the Board of Directors.

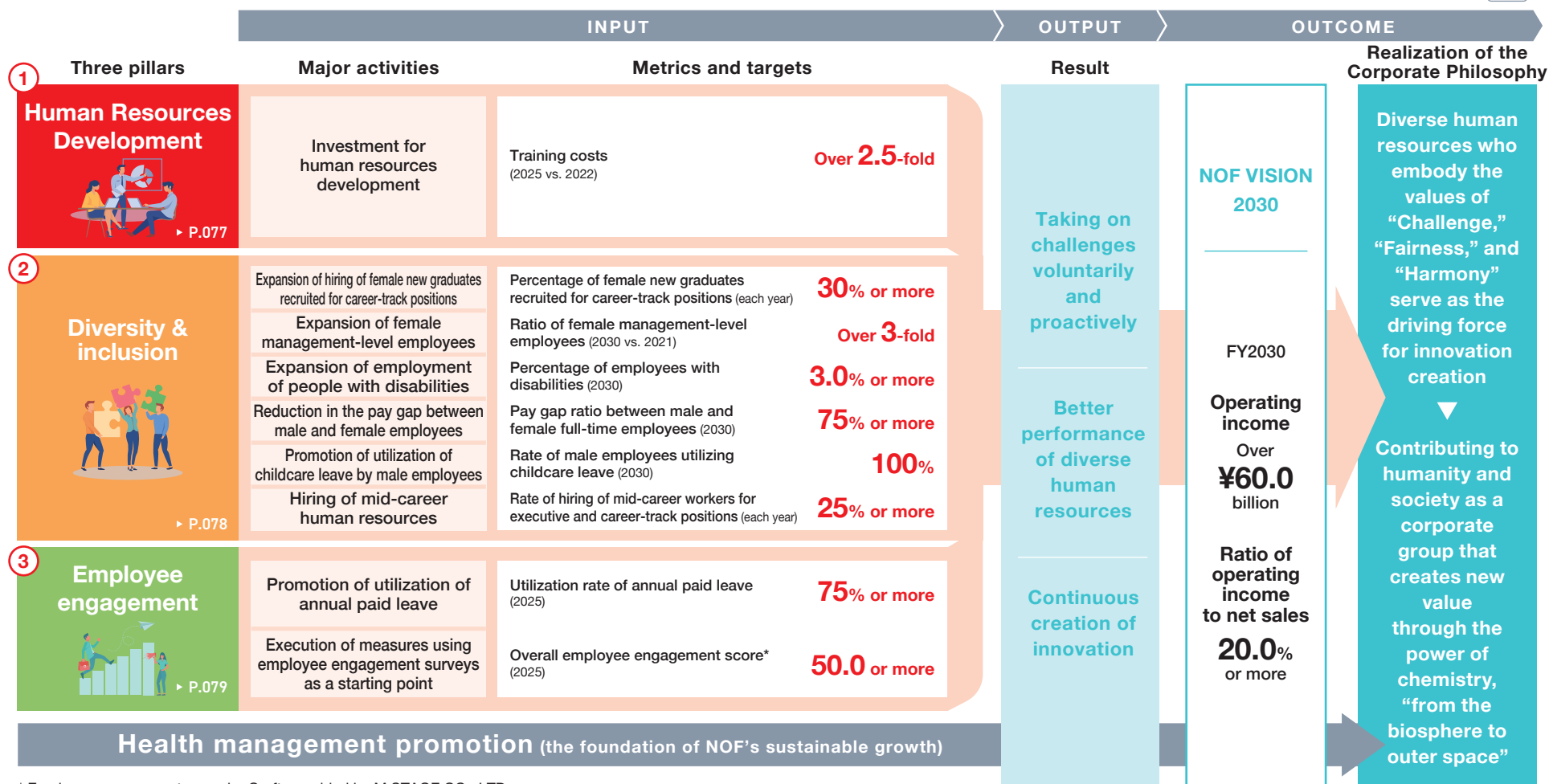
⑤ Board of Directors

The Board of Directors receives reports from the Sustainability Committee and others, as well as feedback from the Nomination Committee. The Board engages in multifaceted discussions from perspectives such as fulfilling social responsibilities, allocating management resources, and ensuring the effectiveness of measures. The Board views human resources growth as an important issue directly linked to long-term corporate value enhancement and works to strengthen its foundation.

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Through initiatives based on the three pillars of employee performance (human resources development, diversity & inclusion, and employee engagement), we are advancing the development of autonomous human resources, hiring and promotions that value diversity, and the creation of innovation. Under the promotion of health management, diverse human resources who embody our values of “Challenge,” “Fairness,” and “Harmony” fully demonstrate their capabilities and become driving forces for innovation as they strive to realize our Corporate Philosophy.

NOF

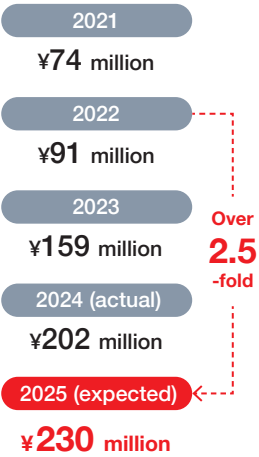


* Employee engagement score by Graft, provided by M.STAGE CO., LTD.

Human Resources Development



Investment for human resources development (training costs) NOF



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Through the autonomous human resources development program and support for self-education/development, we strive to embed our values of “Challenge,” “Fairness,” and “Harmony” among our employees. We aim to develop human resources who think and act on their own initiative, fostering a group of individuals with a strong sense of ownership who see their work through to solving challenges, thereby building a foundation for innovation creation. In today’s rapidly changing and increasingly uncertain business environment, we expect such growth to serve as a driving force toward achieving the vision for fiscal 2030 set out in NOF VISION 2030.

Support for career development and taking on challenges

Under our policy of supporting career design development to foster individual growth, we have long maintained a system of employee dialogue with supervisors through the use of “self-reporting.” This is separate from goal-setting and evaluation interviews conducted using performance appraisal tools, and is a system in which supervisors annually hold individual discussions with employees from the perspective of medium- to long-term career paths encompassing aspects such as transfer preferences, improvement of specialized skills, and capability development. This initiative respects each individual’s intentions, leads to greater job satisfaction, and helps to invigorate the organization. These dialogues using “self-reporting” are conducted with general employees and some managers up to the age of 62, and 94% of employees participate. For general managers who are not subject to “self-reporting,” we provide opportunities for one-on-one meetings with Human Resources Meeting members, including the president. Based on 360-degree evaluation from subordinates and self-prepared challenge reports, general managers receive advice on realizing growth for themselves and their subordinates, as well as reviews of their performance and achievements. In 2024, we partially revised the in-house job posting system and are striving to operate it in a way that promotes organizational vitality by enhancing career ownership and placing employees with a willingness to take on challenges. In addition, we are improving an environment that encourages each individual to take on challenges by offering opportunities to learn new knowledge and various insights and skills, along with enhancing training by rank and by issue and expanding support for self-education and development.

Major activities in FY2024	• Career training for employees to independently and proactively consider medium-term career design	▶ 115 people	• Development of autonomous human resources with a deep understanding of NOF’s values and a high sense of ownership	▶ 1,929 people
	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 95.8% of eligible employees completed it in 2024.		Continuing to focus on this initiative, in fiscal 2024 the participation rate among eligible employees rose to 97.3%.	
	• Initiatives for development of DX human resources toward selected human resources that promote DX	▶ 66 people	• Support for self-education/development by enhancing distance learning	▶ Cumulative total of 759 people
	Providing opportunities to get a feel for the thinking of managers, cultural figures, and researchers from various fields	▶ 436 people (Continued from FY2023)	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 participants amounted to approximately more than one-third of all employees.	

Diversity & Inclusion



We believe that by fostering an environment and culture where opinions and ideas can be freely expressed and individuality is respected, diverse human resources can fully demonstrate their abilities. Under our policy of securing diverse human resources regardless of gender, age, nationality, disability status, or other attributes, we are particularly focusing strategically on hiring experienced human resources to promote diversity among research and development personnel who are responsible for developing new products and technologies that contribute to sustainable business growth. By securing human resources with diverse perspectives and experiences, we aim to invigorate our human resources base for innovation creation. In addition, the active participation of female employees is a major issue in promoting the activities of diverse human resources. 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 10 years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of FY2015, rose to 28% by the end of fiscal 2024. 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 human resources 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

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2022	2023	2024
36.1%	32.7%	38.0%
Every year 30% or more		

- Posting testimonials from young employees and employees raising children on our recruitment page 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

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2022	2023	2024
4.7%	5.2%	6.2%(1.3-fold)
2030 (numerical targets) Over 3-fold (compared to FY2021)		

- Promotion of female career-track employees to management positions through systematic training
- Establishment of a job return 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

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2022	2023	2024
2.46%	2.54%	2.65%
2030 (numerical targets) 3.0% or more		

- 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 employees*

NOF

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	2023	2024	2030 (numerical targets)
Full-time employees	72.6%	72.6%	
Temporary/part-time employees	84.5%	96.8%	Full-time employees 75% or more
Total	72.0%	71.9%	

- 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

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

2022	2023	2024	2030 (numerical targets)
95.2% (8.8 days)	97.4% (33.1 days)	95.7% (30.9 days)	100%

- 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 taken is calculated according to the following criteria.
 • Calculated based on the total number of childcare leave days taken by employees who returned to work in the current fiscal year

Rate of hiring of mid-career workers for executive and career-track positions*

NOF

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2022	2023	2024
29.4%	38.8%	47.4%

- Promoting the hiring of personnel who can make use of their career experience from other companies and talented external personnel

* Rate of hiring of mid-career workers for executive and career-track positions (%) = (new mid-career hires for executive and career-track positions between April 1 and March 31) / (new graduate career-track employees and new mid-career hires for executive and career-track positions between April 1 and March 31) x 100

Society | Human Capital Initiatives

Employee engagement



Under our policy of creating mechanisms, systems, and workplaces that enable each employee to perform their duties with goals and a sense of vitality, we are working to create comfortable workplaces from various perspectives, including the development of autonomous human resources based on the NOF Group's values, diversity and inclusion, work-life balance, health, occupational health and safety, and labor-management relations. We have conducted regular employee engagement surveys since fiscal 2022 to ascertain employee engagement and the results of past initiatives. We identify overall employee engagement scores 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 use the analysis and evaluation of these results to improve job satisfaction.

Initiatives to improve employee engagement

- **Instilling our Corporate Philosophy**

To promote autonomous human resources development based on the values that form the foundation of our Corporate Philosophy and Guiding Framework which was revised in April 2023, we held workshops in fiscal 2024 following on from fiscal 2023. We also plan to continue holding workshops in fiscal 2025 to encourage autonomous actions aligned with our values.

- **Career development support**

In addition to career training launched in 2023, we began a new career consultation service in 2024 and introduced e-learning on career support, striving to make career consultations even more beneficial.

- **Promotion of health through support for gym use and health check events**

We began partially subsidizing gym fees to actively support human resources working on their health, with about 10% of employees taking advantage of this program. We also held simple health check events (such as vascular age measurement) at each site to encourage employees to reflect on and improve their eating and exercise habits.

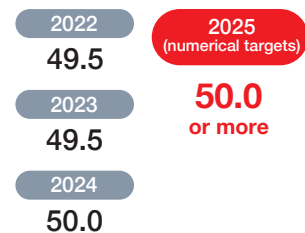
- **Ongoing initiatives aimed at smoking cessation (from FY2021)**

To further promote smoking cessation, we designated a no-smoking day starting in January 2025 to encourage smokers to consider quitting, and revised the way our smoking cessation program (launched in fiscal 2021) is used.

- **Enhancement of leave systems**

In 2024, we enhanced the accumulative paid leave system (including a review of the accrual mechanism and number of days, and adding pregnancy-related health issues as a valid reason for use) and expanded eligible length of service for refresh leave (service leave) to include consecutive leave every five years of service.

Overall employee engagement score* NOF



Employee engagement survey measured items

Status of employee engagement related to work and duties



Status of employee engagement related to the company and organization



Other measured items

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

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