#### **Process of identifying materiality**

In 2020, the NOF Group selected ESG-related important issues to prioritize in order to realize the vision set forth in NOF VISION 2025 (our Mid-term Management Plan formulated in 2019).

TEP **d** Identify social challenges

9 Set priority levels

3 Approval

We drew up a list of potential themes by adding new social issues and high-profile issues to the themes considered in the previous process. We classified and consolidated the themes as materiality factors with reference to various quidelines.

#### Reference material

- ISO26000
- GRI Standards
- SASB CHEMICALS
- SDGs
- Competitors' material issues
- In-house workshops

We assessed the priority levels with which to tackle the materiality factors based on the two axes of "degree of impact on society" and "degree of impact on the company." We also added the following elements to our considerations.

- Results of evaluation of NOF by ESG rating agencies
- 2 ESG-related opinions received from shareholders
- Perspectives of issues pursued by the NOF Group in the past

After summing up the opinions of the individual divisions that handle the promotion of CSR activities, we, including Outside Directors, hold discussions at Strategic Meetings comprising Operating Officers with a title, and the Sustainability Committee chaired by the President, to select material issues. The supervising and supporting divisions of material issues drafted KPIs and numerical targets.

The materiality factors to be addressed were approved by the Board of Directors. Moreover, the KPIs and numerical targets of each important issue were adjusted as required based on the opinions of the Board of Directors. Based on this, the individual divisions have been carrying out their respective activities.

STEP Review

Each materiality item is reviewed at least once a year by the Sustainability Committee, with the lead departments reporting on KPI performance to confirm progress. In addition, we review the materiality items as needed in response to external requirements such as those from the ISSB and SSBJ. Most recently, we conducted a materiality review in 2022 when we formulated our new Mid-term Management Plan NOF VISION 2030.

## Materiality | 3 Categories and 11 Important Issues

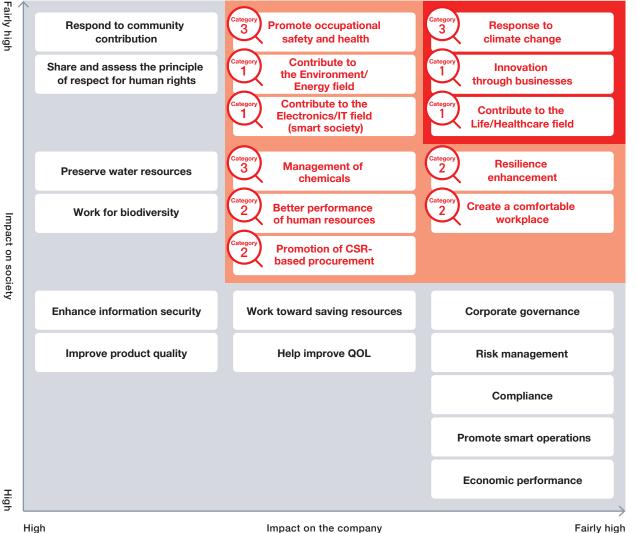
#### **Materiality matrix**

The 24 materiality factors were mapped according to the two axes of "degree of impact on society" and "degree of impact on the company" to create a materiality matrix. We identified 11 items shown in the top right of the matrix as material issues.

#### FY2024 review

All Directors and Operating Officers with a title, including Outside Directors, participated in the Sustainability Committee, which is chaired by the President, and they reviewed material issues and set fiscal 2025 targets based on the actual results in fiscal 2024 for each material issue.

### Materiality matrix





## Materiality | 3 Categories and 11 Important Issues

GRI

3-1,3

#### Concrete efforts related to important issues

The NOF Group has classified 11 identified materiality items into three categories and is taking action by linking them to concrete business activities. For each materiality item, a lead division and responsible division are assigned, and specific indicators and targets (KPIs) are set as we undertake initiatives.

We will enhance the sustainability of the NOF Group and society as a whole with the aim of realizing the NOF VISION 2030.



#### Provide new values to realize a prosperous and sustainable society

Targeting the three prioritized business fields, we will aim to offer new value by combining the core technologies we have cultivated through our diverse business development.















#### Strengthen the business foundation

As well as building a corporate culture that accepts diversity of values, we will appropriately identify changes in the environment and technological progress and enhance our resilience.















#### Promote responsible care activities

By securing the environment, safety, and health in all processes, from product development and manufacture to disposal, we will aim to be a corporate group that is trusted by the whole of society.























GRI 3-2,3



## Provide new values to realize a prosperous and sustainable society

Materiality		O I - (((DI - )		FY2024	FY2025				
wateriality		Goals (KPIs)	Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Innovation	9 manufacture 12 months of the control of the contr	R&D investment  NOF group	¥25.6 billion (3-year cumulative total)	2025	¥7.9 billion 2-year cumulative total ¥15.2 billion (achievement rate of 59%)	Enhancement of R&D capabilities  Call for commissioned industry-academia research Promotion of joint research Enhancement of support for R&D Intellectual property strategy formulation and strategic applications	¥25.6 billion (3-year cumulative total)	2025	Enhancement of R&D capabilities  Call for commissioned industry-academia research Promotion of joint research Enhancement of support for R&D Intellectual property strategy formulation and strategic applications
through businesses		Number of patent applications	500 (3-year cumulative total)	2025	221 2-year cumulative total 382 (achievement rate of 76%)		500 (3-year cumulative total)	2025	
Contribute to the Life/ Healthcare field	3 =====. -W	Net sales of strategic products* in the Life/ Healthcare field	15% increase (compared to FY2022 results)	2025	11.7% increase	<ul> <li>Supply of strategic products to the Life/Healthcare field</li> </ul>	15% increase (compared to FY2022 results)	2025	<ul> <li>Supply of strategic products to the Life/Healthcare field</li> </ul>
Contribute to the Environment/ Energy field	6 interes. 7 7 months   17 months   18 mon	Net sales of strategic products* to the Environment/ Energy field	15% increase (compared to FY2022 results)	2025	43.7% increase	Supply of strategic products to the Environment/Energy field	15% increase (compared to FY2022 results)	2025	<ul> <li>Supply of strategic products to the Environment/Energy field</li> </ul>
Contribute to the Electronics/ IT field (smart society)	9	Net sales of strategic products* in the Electronics/ IT field	15% increase (compared to FY2022 results)	2025	15.6% increase	<ul> <li>Supply of strategic products to the Electronics/IT field</li> </ul>	15% increase (compared to FY2022 results)	2025	<ul> <li>Supply of strategic products to the Electronics/IT field</li> </ul>

<sup>\*</sup>Among the products in the three prioritized business fields outlined in our vision (Life/Healthcare, Environment/Energy, Electronics/IT), strategic products refer to products for which we pursue customer satisfaction and incorporate new functions and technologies to deliver superiority over competitors, or products we aim to develop into core offerings of our future business divisions





## Strengthen the business foundation

Materiality		Coole (KDIe)	FY2024				FY2025		
Materiali	ty	Goals (KPIs)	Numerical targets	Target year	Results	Details of major initiatives	Numerical targets 1	Target year	Details of major initiatives
Create a comfortable	5 men 8 months of the first of	Utilization rate of annual paid leave	75% or more	2025	79.1%	<ul> <li>Raising awareness by disseminating the Health-Conscious Management Declaration</li> </ul>	75% or more  NOF 5 domestic consolidated companies	2025	<ul> <li>Raising awareness by disseminating the Health-Conscious Management Declaration</li> </ul>
workplace • Employee engagement	10 mm/s ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) (	Overall employee engagement score NOF	50.0 or more	2025	50.0	<ul> <li>Execution of measures using employee engagement surveys as a starting point</li> </ul>	50.0 or more	2025	<ul> <li>Execution of measures using employee engagement surveys as a starting point</li> </ul>
		Investment for human resources development (training costs) NOF	Over 2.5-fold (compared with FY2022)	2025	2.2-fold	<ul> <li>Strengthening of human resources development support</li> </ul>	Over 2.5-fold (compared with FY2022)	2025	Strengthening of human resources development support
	4 = 27.	Rate of hiring of female new graduates recruited for career-track positions	30% or more	Every year	38.0%	<ul> <li>Implementation of systematic recruitment</li> </ul>	30% or more	Every year	<ul> <li>Implementation of systematic recruitment</li> </ul>
Better performance		Ratio of female management-level employees NOF	Over <b>3</b> -fold (compared to FY2021)	2030	1.3-fold	<ul> <li>Implementation of systematic recruitment</li> <li>Development and promotion of female management-level employees</li> </ul>	Over 3-fold (compared to FY2021)	2030	<ul> <li>Implementation of systematic recruitment</li> <li>Development and promotion of female management-level employees</li> </ul>
of human resources		Percentage of employees with disabilities NOF	3.0% or more	2030	2.65% (end of March 2025)	<ul> <li>Promotion of employment of people with disabilities</li> </ul>	3.0% or more	2030	<ul> <li>Promotion of employment of people with disabilities</li> </ul>
<ul> <li>Human resources development</li> <li>Diversity</li> </ul>		Pay gap ratio between male and female full-time employees	75% or more	2030	72.6%	<ul> <li>Improvement of working environments, such as production sites</li> <li>Development and promotion of female management-level employees</li> </ul>	75% or more  NOF 5 domestic consolidated companies	2030	Improvement of working environments, such as production sites     Development and promotion of female management-level employees
		Rate of male employees utilizing childcare leave NOF	100%	2030	95.7%	<ul> <li>Development of environments where leave can be utilized easily</li> </ul>	100%	2030	<ul> <li>Development of environments where leave can be utilized easily</li> </ul>
		Rate of hiring of mid-career workers for executive and career-track positions NOF	25% or more	Every year	47.4%	<ul> <li>Implementation of systematic recruitment</li> </ul>	-	-	-
Promotion of	12 decorates an interest and in	Coverage rate of CSR questionnaire (based on value of purchases) NOF	85% or more	2025	92% (cumulative total over 2025 plan)	<ul> <li>Implementation of CSR questionnaire for suppliers (suppliers with value of purchases between ¥1 million and less than ¥5 million/month)</li> </ul>	85% or more	2025	<ul> <li>CSR questionnaires for suppliers completed in FY2023 and FY2024</li> </ul>
CSR-based procurement	16 minut 17 minut 17 minut 17 minut 18 minut 18 minut 18 minut 19 minut 10 min	Improvement requests via interviews to target suppliers in order to firmly establish CSR-based procurement (based on number of companies)	85% or more	2025	96% (cumulative total over 2025 plan)	<ul> <li>Implementation (ahead of schedule) of improvement requests via interviews to target suppliers</li> </ul>	85% or more	2025	<ul> <li>Implementation of improvement requests via interviews to target suppliers</li> </ul>
Resilience enhancement	11 series in 12 series in	BCP education and training hours  NOF Group	Total of 4,000 hours or more	Every year	Total of 7,000 hours or more	Enhancement of each BCP manual     Improvement of response capabilities through expanded training scenarios     Inspection and confirmation of location activities through audits	Total of 4,000 hours E or more	Every year	Enhancement of each BCP manual     Improvement of response capabilities through expanded training scenarios     Inspection and confirmation of location activities through audits



# Category 3

## Promote responsible care activities

Materiality		O I - (((DI -)	FY2024				FY2025			
	Materiali	ty	Goals (KPIs)	Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Response to climate change	-	7 manufacture 12 months.	CO <sub>2</sub> emissions  Domestic Group	40% reduction (compared with FY2013) FY2013 178,600 tons/year	2030	132,900 tons/year	Promotion of a shift to energy sources with low environmental impact Promotion of introduction of	40% reduction (compared with FY2013)	2030	<ul> <li>Promotion of a shift to energy sources with low environmental impact</li> <li>Promotion of introduction of</li> </ul>
	13 200 117 200 200 200 200 200 200 200 200 200 20	Carbon neutrality  NOF group	Aim for achievement	2050	25.3%reduction (compared with FY2013)	energy-saving facilities Promotion of efficient energy use and visualization	Aim for achievement	2050	energy-saving facilities  Promotion of efficient energy use and visualization	
	Chemical safety	3 mmm. 6 mmm.  -/-/	Emissions of substances subject to PRTR Act after revision in FY2021	under 170 tons/year	Every year	135 tons/year	<ul> <li>Creation and execution of emission reduction measures</li> <li>Reevaluation of production processes</li> </ul>	under 170 tons/year	Every year	<ul> <li>Creation and execution of emission reduction measures</li> <li>Reevaluation of production processes</li> </ul>
	Promote occupational safety and health	3	Number of lost workday-involving accidents  Domestic Group	0	Every year	5	Through the participation of all personnel and risk anticipation  Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the "three actuals" principle)	0	Every year	Through the participation of all personnel and risk anticipation  Enhancement of sensitivity toward danger Implementation of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the "three actuals" principle)