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).

STEP

1

Identify social challenges

SIEP

Set priority levels

TEP

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 our 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 CSR 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 CSR Committee, with the lead departments reporting on KPIs 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.