



# Cultivating Talent and Creating a Positive Work Environment

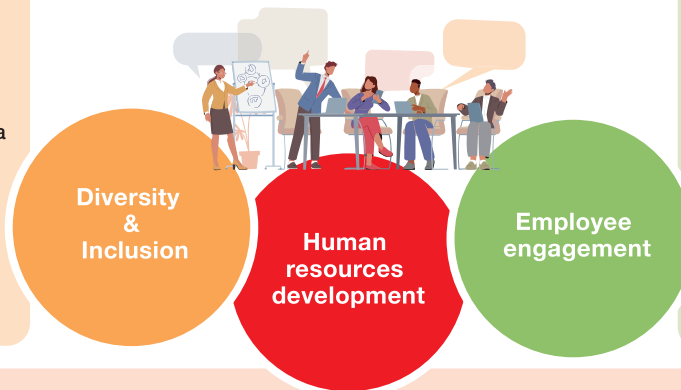
## Policy (our fundamental view)

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.”

## Three pillars of human resources performance

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



We will continue to hire diverse human resources regardless of an individual’s gender, age, nationality, or disability. Further, in order to create a corporate culture in which women can play a more active role, we will enhance systems that enable women to work comfortably.

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.

We will 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 will also work to develop employee leadership and promote a corporate culture that values “challenge” in order to achieve sustainable business growth.

## Each individual takes on the challenge of creating new value

In order to further strengthen an organizational culture where employees themselves embody and act in accordance with the three values of “Challenge,” “Fairness,” and “Harmony,” we have launched human resources development initiatives to deepen all employees’ understanding of the three values as relevant to themselves. By having an awareness that each individual takes ownership in promoting businesses and is responsible for his or her own work, we hope to achieve growth both as individuals who take on the challenge of creating new value in a rapidly changing and increasingly uncertain business environment and as an organization in which human resources are assembled together. Based on the belief that human resources growth is the foundation of management, we hope to continue to provide generous support for the growth aspirations of each individual by enhancing diversity and improving employee engagement while also taking into account the perspective of human capital management.

General Manager,  
HR & General Affairs  
Department and Operating Officer

**Akihisa Maeda**





## Cultivating Talent and Creating a Positive Work Environment

### 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.

### Strategic Meeting

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, to ensure that each and every employee can perform their duties with motivation, we aim to create rewarding and comfortable workplaces by conducting employee engagement surveys, evaluating the survey results, and identifying issues to improve the effectiveness of our efforts.

### 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.

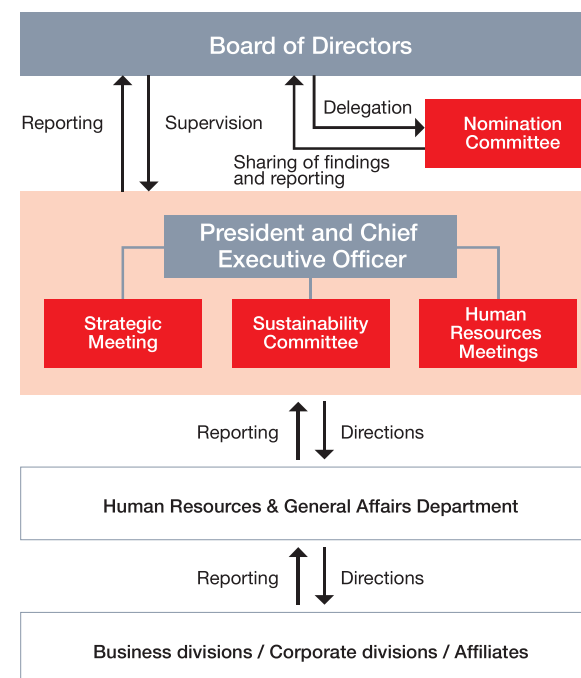
### Nomination Committee

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

## Securing Diverse Human Resources, Governance Related to Human Resources Development

GRI 2-12

### Securing diverse human resources, governance related to human resources development





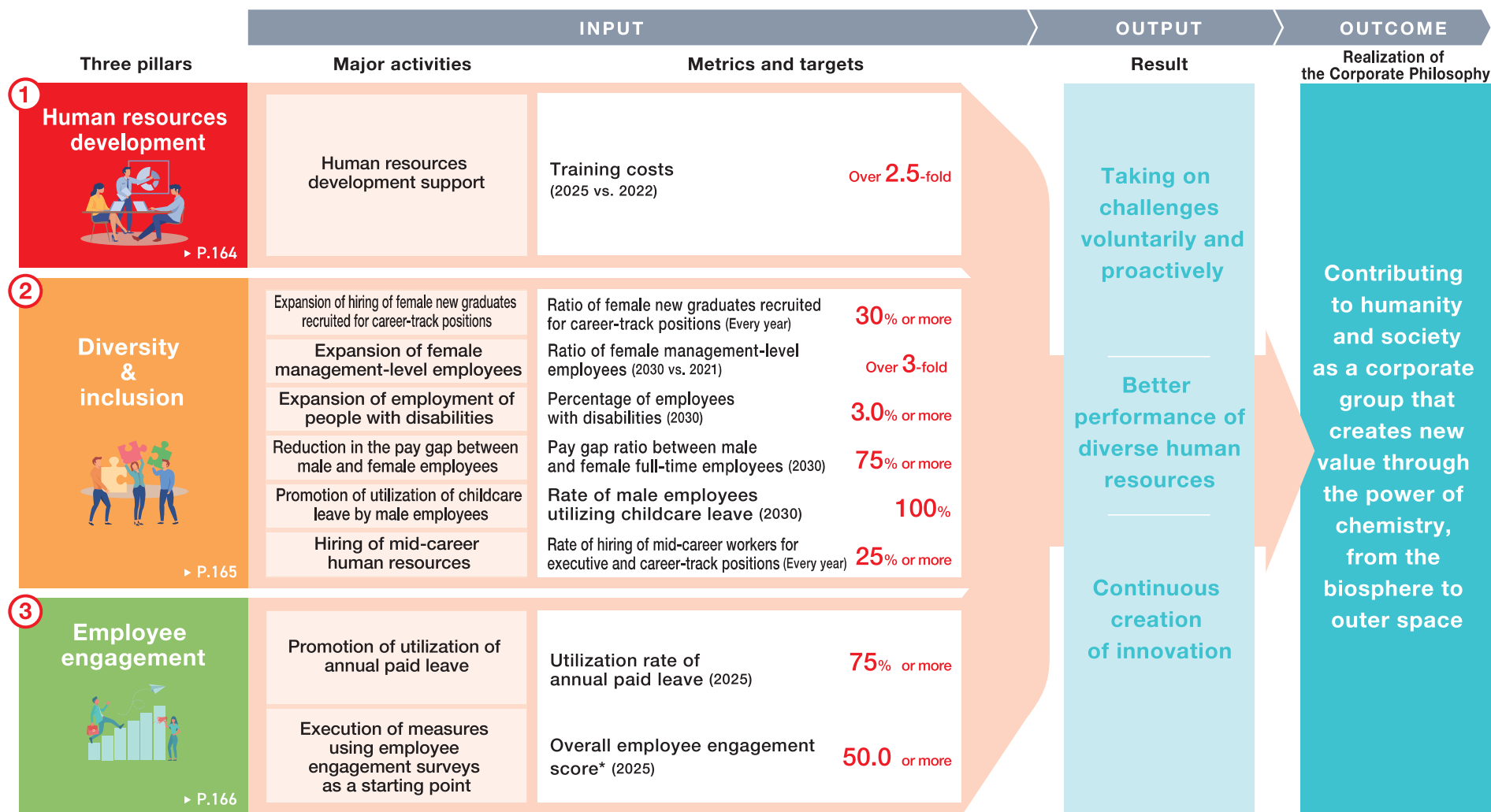
# Cultivating Talent and Creating a Positive Work Environment

## Metrics and Targets

GRI 401-1,3/405-1,2

We create diverse human resources who take on the challenge of creating new value.

NOF



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



# Cultivating Talent and Creating a Positive Work Environment

Metrics and Targets  
[Theme (1):  
Human Resources Development]

GRI 404-2

## Human resources development



In a rapidly changing and increasingly uncertain business environment, as a driving force toward achieving our corporate vision for fiscal 2030 depicted in NOF VISION 2030, we hope to grow into an assembled team of human resources who have a high sense of ownership and are willing to see work through to the end in order to solve problems.

To this end, as investment in human capital, we will provide 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 FY2023	Career training for employees to independently and proactively consider medium-term career design	Development of autonomous human resources with a deep understanding of NOF's values and a high sense of ownership	NOF Management School, which aims to develop next-generation managerial human resources	Initiatives for development of DX human resources toward selected human resources that promote DX	Provision of opportunities to get a feel for the thinking of managers, cultural figures, and researchers from various fields
	99 people	1,861 people	15 people	75 people	436 people

## Training costs NOF



1

**Promotion of growth of autonomous human resources**

**Strengthening development of autonomous human resources**

To develop human resources with a high sense of ownership embodying NOF's values, we will systematically implement training for all employees throughout the Company.

**Support for career design development**

We will consider support for career design development so that employees can proactively form medium- and long-term goals and develop their skills effectively and efficiently.

2

**Promotion of development of DX human resources**

We will systematically implement DX training for selected personnel.

3

**Promotion of development of global human resources**

We will systematically implement measures to develop human resources who can actively participate in overseas business, etc.



# Cultivating Talent and Creating a Positive Work Environment

Metrics and Targets  
[Theme (2):  
Diversity & Inclusion]

GRI

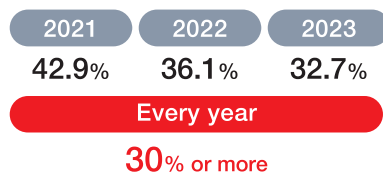
2-7/401-1,3/  
405-1,2

## Diversity & Inclusion



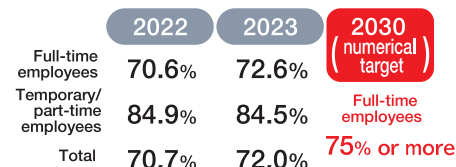
We believe that in order to achieve sustainable business growth, it is important to create an environment and culture capable of drawing out the maximum vitality of employees with diverse values, and that by accepting and respecting diversity, we can continue to generate innovation. The active participation of female employees is a major issue in promoting diversity and inclusion. In order to increase the ratio of female career-track employees, NOF has been continuing its efforts to make sure that the percentage of female new graduates recruited for career-track positions is 30% or more for the past nine years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of fiscal 2015, rose to 25% by the end of fiscal 2023. 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 promote this initiative from now on in our 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.

### Ratio of female new graduates recruited for career-track positions NOF P.170



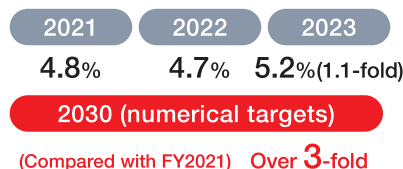
- Posting testimonials from young employees and employees raising children on our recruitment page to deepen understanding on what working looks like after joining the company, career development, and balancing work with child rearing
- Implementing diversity training for female employees and their supervisors (general managers) to promote career development and understanding of diversity

### Pay gap ratio between male and female full-time employees\*1 NOF P.173



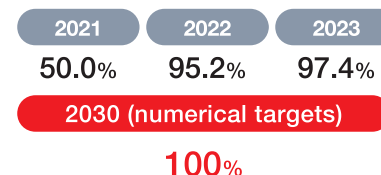
- Expanding systems to support balancing work with childbirth and childcare
- Improving the working environment, including break rooms, to make it easier for female employees to work in manufacturing facilities that operate continuously 24 hours a day
- Increasing number of candidates for female management-level positions

### Ratio of female management-level employees NOF P.172



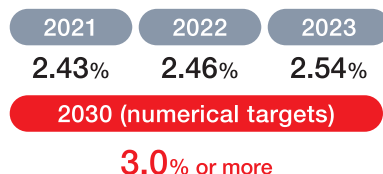
- Promotion of female career-track employees to management positions through systematic training
- Establishment of a job return system to promote rehiring at NOF for those who resigned out of necessity for a variety of reasons, such as childbirth, childcare, or the transfer of a spouse

### Rate of male employees utilizing childcare leave NOF P.176



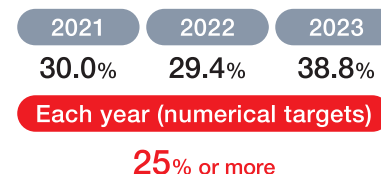
- Implementation of support measures that enable male employees to utilize childcare leave
- Clarifying the rules on securing personnel to cover those on leave

### Percentage of employees with disabilities NOF P.171



- Promoting the creation of workplaces where employees can work with motivation (clarification of duties)

### Rate of hiring of mid-career workers for executive and career-track positions\*2 NOF P.170



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

\*1 Pay gap ratio between male and female employees (%) = Average annual income of women / Average annual income of men x 100

\*2 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





# Cultivating Talent and Creating a Positive Work Environment

## Metrics and Targets [Theme (3): Employee Engagement]

GRI 2-29

### Employee engagement



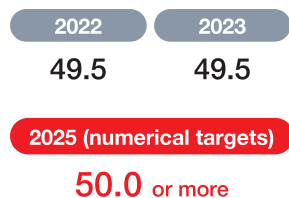
We believe that each individual employee having an understanding of our corporate philosophy and values, thereby performing his or her duties with a high sense of ownership and motivation, is the driving force for achieving sustainable business growth. We are focusing on improving employee engagement with the topic of developing human resources that can talk about and realize our vision for a decade from now, as well as increasing their number, with a view to strengthening internal branding. As efforts to achieve this, we are working to create comfortable workplaces from various perspectives, including the development of autonomous human resources based on NOF's values, diversity and inclusion, work-life balance, health, occupational safety and health, and labor-management relations. We have conducted 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). We analyze and evaluate these scores, and implement and plan the following measures.

#### Initiatives to improve employee engagement

- Holding workshops for all employees, etc. to share the newly defined values and promote understanding of autonomous actions based on these values
- Career development support initiatives (implementing career training, establishing a career consultation service)
- Support for self-education/development by enhancing distance learning
- Support for promoting health through the use of sports gyms
- Ongoing initiatives aimed at smoking cessation (from FY2021)
- Enhancing the cumulative saved leave system (revising the cumulative framework and number of days, adding illness during pregnancy as a reason for use, etc.)
- Enhancing the eligible length of service for refresh leave (service leave)

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

- Understanding of the Corporate Philosophy
- Evaluation of the performance appraisal system management
- Evaluating of the remote work policy
- Evaluating of compliance initiatives



# Cultivating Talent and Creating a Positive Work Environment

## Risks and Opportunities

GRI 2-12,16,25/3-3

The Risk Management Committee conducts comprehensive assessments of risks and promotes measures to address them.

### Risks and opportunities for human capital

Theme	Risk description	Opportunities
<b>Delays in fostering human resources</b>	<ul style="list-style-type: none"> <li>Delays in implementing human resource development plans and insufficient capacity building may delay the development of core human resources responsible for business growth and hinder sustainable business growth</li> </ul>	<ul style="list-style-type: none"> <li>To prevent delays in human resources development, we have established a system that regularly implements a PDCA (Plan-Do-Check-Act) cycle. At human resources meetings, which are attended by Directors who are concurrently serving as Operating Officers as well as Operating Officers with a title, there is deliberation on the company's human resources development policy measures and evaluation of their implementation. This ensures the steady implementation of measures to develop human resources who support sustainable business growth</li> <li>We set targets for human resources development, using training costs as a metric. The progress and results are reported to the Sustainability Committee, which is attended by all Directors. The Committee discusses response policies and other matters to ensure the continuous improvement of human resources development measures</li> </ul>
<b>Labor shortages</b>	<ul style="list-style-type: none"> <li>The decreasing workforce and number of young people, as well as the expansion of job openings due to the prosperous economy, may delay the securing of necessary employees and delay business plans</li> </ul>	<ul style="list-style-type: none"> <li>For new graduate hires, we are working to prevent mismatches with applicants' expectations by promoting a better understanding of our business, such as through plant tours. For mid-career hires, we aim to increase the potential for securing highly skilled human resources in line with our business plans by expanding the channels where job information is released and enhancing the information available on our website</li> <li>We have established a system (job return system) to make it easier for retirees to rejoin the company, providing opportunities to secure experienced human resources</li> <li>We set targets for the ratio of hiring of female new graduates recruited for career-track positions and the ratio of hiring of mid-career workers for executive and career-track positions. Progress and results are reported to the Sustainability Committee, which is attended by all Directors. The Committee discusses response policies and other matters to ensure the continuous improvement of initiatives to secure human resources</li> </ul>
<b>Rise in turnover rates</b>	<ul style="list-style-type: none"> <li>An increase in the number of employees leaving the Company due to reasons such as dissatisfaction with the Company, family caregiving, or other circumstances could hinder business promotion and execution</li> </ul>	<ul style="list-style-type: none"> <li>We have established an opportunity (1 on 1 meeting) for supervisors and subordinates to hold a dialogue about their careers once a year. We are working to understand individual wishes, to support career development, and promote creation of comfortable workplaces, as well as to enhance systems that help employees balance work with family care, childcare, etc.</li> <li>We established our new career consulting service to provide opportunities to obtain expert advice, support independent career building and promote human resource growth, and foster human resources who are highly motivated to do their jobs</li> </ul>



## Cultivating Talent and Creating a Positive Work Environment

### Risk Management for Human Capital

GRI 2-12

With regard to risk management related to human capital, we have established our Risk Management Committee and a system to report to and receive supervision from the Board of Directors through the Sustainability Committee.

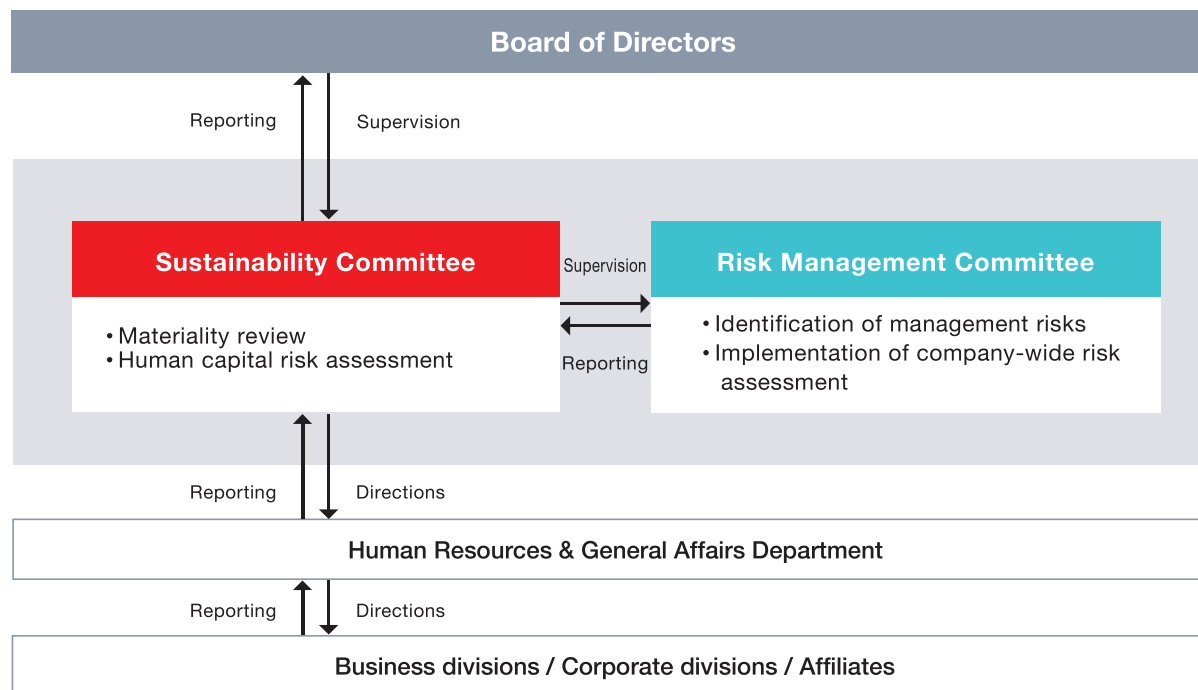
#### Sustainability Committee

The Sustainability Committee, which is attended by all Directors, oversees the results of risk assessments related to human capital and reports to the Board of Directors.

#### Risk Management Committee

The Risk Management Committee, which comprises divisions with jurisdiction over risks and others, comprehensively identifies various management risks surrounding its business, and conducts company-wide risk assessment on the level of impact and potential for occurrence of each risk item in order to identify risks that need to be addressed as a priority. Among the various management risks surrounding our business, we conduct risk assessments to evaluate how the impact of risks related to human resources and labor might change in the future. The results of this analysis are reported to the Sustainability Committee, which evaluates the risk measures.

#### Risk management for human capital



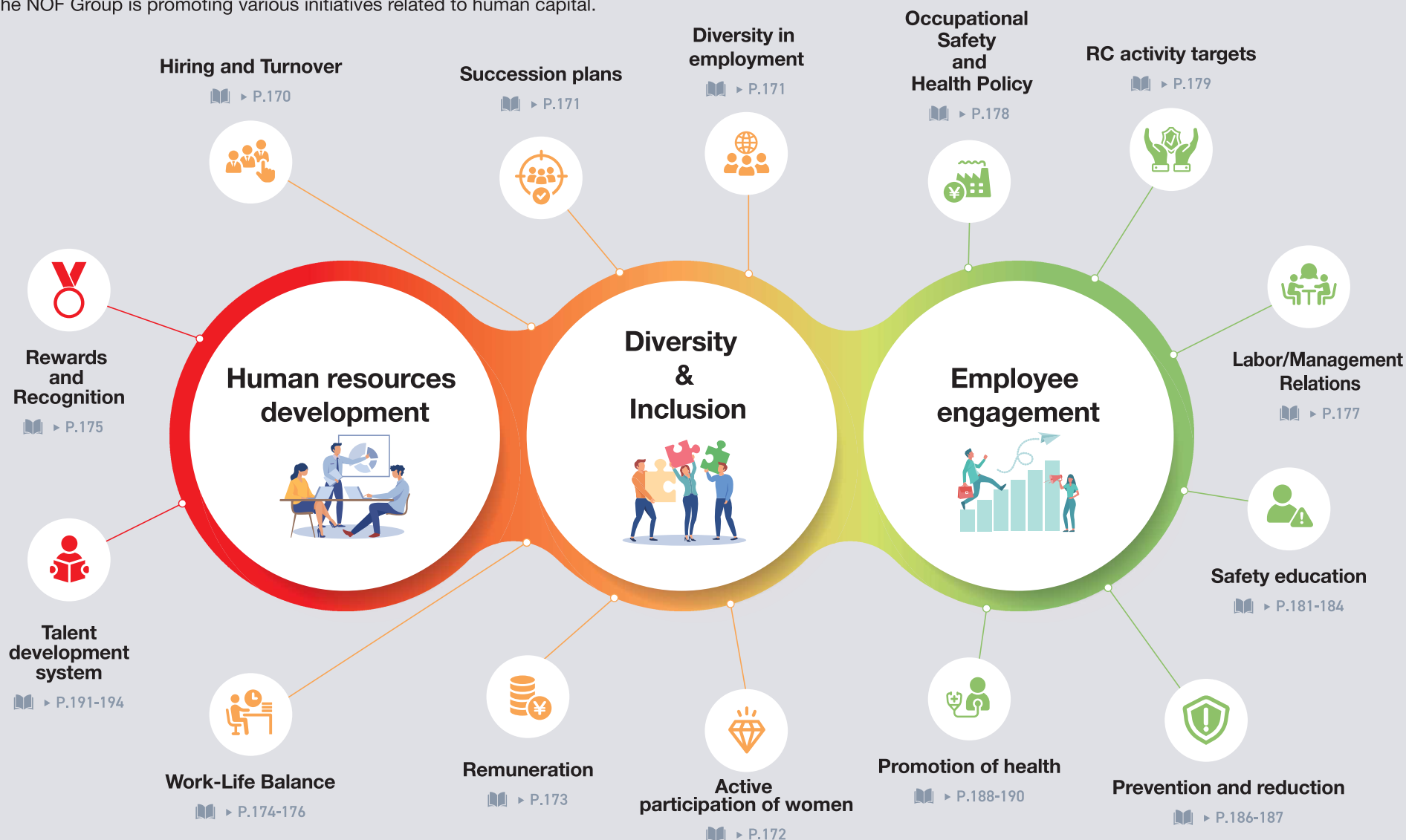




# Cultivating Talent and Creating a Positive Work Environment

## Initiatives for Human Capital

The NOF Group is promoting various initiatives related to human capital.



\* The "five domestic consolidated companies" mentioned in the Society section refer to the following consolidated subsidiaries of the Company. In some places, only the results of four domestic consolidated companies are shown with the names of the target companies being noted. (YUKA SANGYO CO.,LTD.; Nippon Koki Co.,Ltd.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; NICHYU LOGISTICS CO., LTD.)