



## Securing Human Resources and Diversity & Inclusion | Hiring and Turnover

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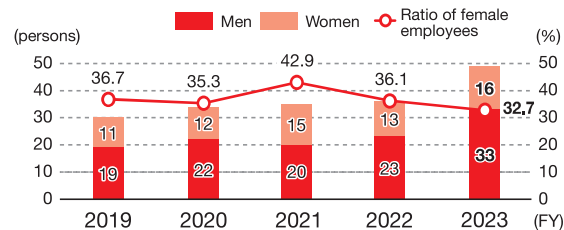
### Recruitment and appointment of human resources

In order to realize its Corporate Philosophy, NOF focuses on hiring mid-career workers in addition to new graduates, promoting the employment of diverse human resources. NOF actively recruits new

graduates and mid-career workers by devising recruitment methods and enhancing the company profile and recruitment information on its website.

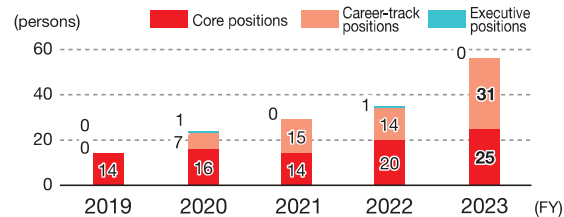
In addition, we recognize the importance of securing and promoting excellent human resources regardless of their gender or nationality. In particular, as we expand our overseas business, we will utilize mid-career employees to secure appropriate human resources, and our overseas affiliates (overseas subsidiaries) will hire local employees and promote them to senior management positions.

#### Number of new graduates recruited for career-track positions / Ratio of female employees recruited for career-track positions

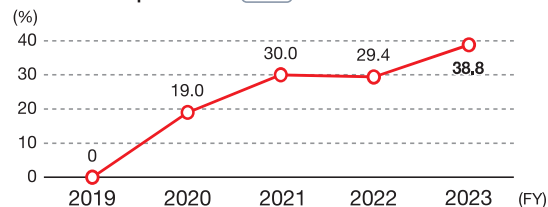


\*Data for employees who entered the company on April 1.

#### Number of mid-career workers hired



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



Average age of mid-career workers hired (at time of entry into company)

FY2023 **29.5 years old**

### Turnover

We have established an opportunity (self-report system) 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. In addition, we established our new career consulting service, provide opportunities to obtain expert advice, and support independent career building. We promote this as a system so that employees receive career advice to broaden their perspectives and outlook on their

jobs, and work with high motivation.

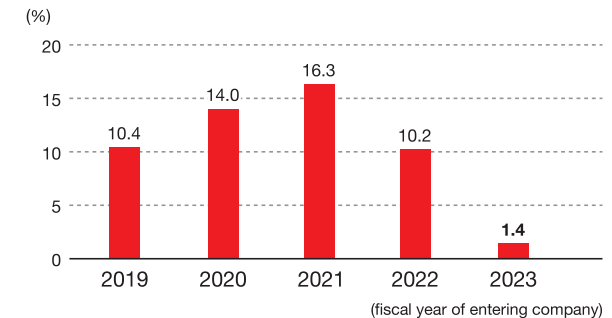
#### Turnover rate

Turnover due to personal reasons

FY2023 **2.5%**

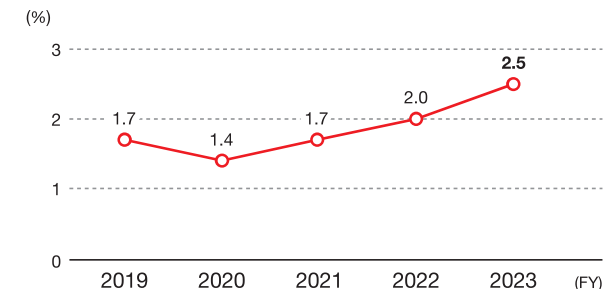
Turnover rate of NOF and its five domestic consolidated companies due to personal reasons: 2.3%

#### Turnover rate of new graduate employees within 3 years of entering the company



\*Based on the data as of March 31, 2024.

#### Turnover rate due to personal reasons





# Securing Human Resources and Diversity & Inclusion

## Succession Plans / Diversity in Employment

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### Succession plans

The Nomination Committee is entrusted by the Board of Directors to develop candidates for the next generation of Directors, and is proactively involved in the selection process. In addition to deliberating the selection of Directors, the Nomination Committee confirms the process of developing Operating Officers and other senior management and reports back to the Board of Directors.

In addition, the human resources meetings, composed of Directors concurrently serving as Operating Officers as well as Operating Officers with a title, provide a forum for next-generation management candidates to make proposals on management measures and the like for the NOF Group, and promote the growth of human resources through discussions. The human resources meetings run the PDCA (Plan-Do-Check-Act) cycle for human resources development measures for next-generation management candidates and revise these measures as appropriate. The Board of Directors oversees the planning and progress of the human resources development measures for next-generation management candidates.

### Internal recruiting system

NOF set up an internal recruiting system for project work conducted across the entire company, but is in the process of expanding the scope to include some internal personnel transfers for building the system to conduct internal recruitment. We will operate the

system in a way that promotes organizational vitality by improving career ownership and assigning motivated personnel.

### Raising of the retirement age

NOF raised its retirement age to 65 in April 2023. By raising the retirement age, we have created a place where employees can continue to utilize their high levels of expertise, skills, and experience within the company and play an even more active role. We will operate the system in a way that promotes organizational vitality by improving career ownership and assigning motivated personnel.

### Diversity & inclusion policy (approach)

The NOF Group believes that creating an environment and culture that maximizes the vitality of employees with diverse values is important for achieving sustainable business growth, and that by embracing and respecting diversity, we can continue to generate innovation.

In April 2023, we implemented a revised Corporate Philosophy and Guiding Framework, and established a new Code of Conduct which states, "Respect diversity and act fairly with high ethical standards and good sense." We expect our employees to act in a manner that embraces and respects diversity. We aim to establish and are currently building an organization in which willing and capable employees are properly evaluated in every aspect including recruitment, treatment after recruitment, and promotions, and can

easily demonstrate their capabilities.

### Employment of people with disabilities

In order for people with disabilities to demonstrate their capabilities and work actively in their respective workplaces, NOF is improving barrier-free accessibility for the offices and other facilities at each of our plants and works, and is promoting employment of people with disabilities.

The proportion of people with disabilities employed in March 2024 was 2.54%, surpassing the legally prescribed proportion (2.3%). NOF will continue its efforts to expand employment of people with disabilities and establish a workplace environment where they can work comfortably.

#### Percentage of employees with disabilities NOF

FY2023

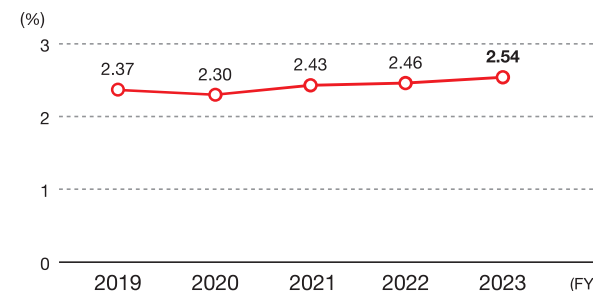
**2.54%**

2030 (numerical targets)

**3.0% or more**

Percentage of employees with disabilities at NOF and its five domestic consolidated companies as of March 2024: 2.40%

#### Percentage of employees with disabilities





## Securing Human Resources and Diversity & Inclusion | Active Participation of Women

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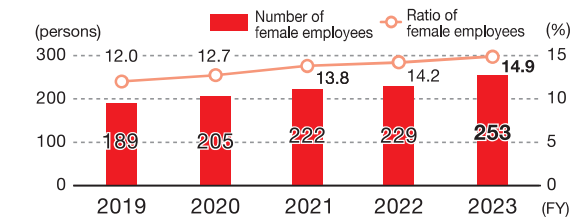
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### Promotion of the active participation of women

NOF promotes the active participation of women. Of new graduate career-track hires in fiscal 2023, 32.7% were women. (See the graph on P. 170 that shows the number of new graduate career-track employees and ratio of such female employees.)

In addition to the active recruitment of women, NOF

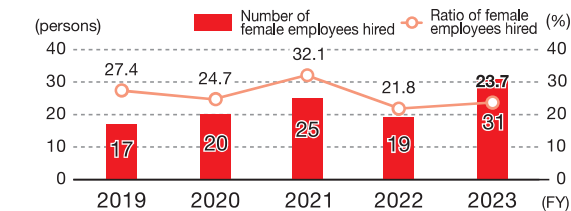
#### Number of female employees / ratio among employees NOF



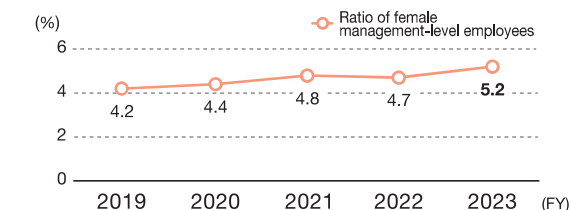
\*Includes employees taking childcare leave and other such forms of leave

#### Number of female employees hired /

#### Ratio of female employees hired NOF



#### Ratio of female management-level employees NOF



strives to enhance its workplace environment in which women are able to participate actively. We strive to enhance our various childcare and family care support systems. We also promote creating a multifaceted internal environment through efforts such as implementing diversity training for newly hired employees and newly appointed managers, and effectively developing the skills of each employee according to his or her job type and individual characteristics. In fiscal 2023, 5.2% (1.1-fold) of our management positions were held by women (the ratio of female management-level employees at NOF and the

five consolidated domestic companies was 4.7%).

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

FY2013

32.7%

Annual target

30% or more

(target achieved every fiscal year since 2016)

#### Ratio of female management-level employees NOF

FY2023

5.2%

Target by FY2030

Over 3-fold

(compared to the end of FY2021)

#### Action plans of general business operators based on the “Act on Advancement of Measures to Support Raising Next-Generation Children” and “Act on the Promotion of Women’s Active Participation in Their Occupational Lives”

The following action plan has been formulated for the purpose of enhancing the work-life balance and creating an environment in which each employee ambitiously takes on challenges and play an active role.

1. Plan period: April 1, 2023 to March 31, 2028 (5 years)

2. Targets and initiatives (from April 2023)

##### Target 1

Create an environment that facilitates a balance between work and family life.

##### ▶ Initiative

To enable employees to continue working with peace of mind while balancing work with childcare, family care, medical treatment, etc., the Company is advancing creation of a workplace environment that facilitates the use of systems to support balancing work, as well as the expansion of such systems, and has implemented revisions to its cumulative saved leave system.

##### Target 2

Establish an environment to achieve a utilization rate of annual paid leave of 75% or more.

##### ▶ Initiative

To promote employees taking their annual paid leave, we are monitoring the use of such leave at each workplace and encouraging employees to take such leave.

##### Target 3

Promote efficient workstyles

##### ▶ Initiative

We established a new work-from-home system to help reduce working hours.

##### Target 4

Continue to employ 30% or more women in career-track positions and create an environment that encourages women to continue working.

##### ▶ Initiative

We set the ratio of hiring of female employees in career-track positions as a KPI in our recruitment activities. In addition, as a measure to realize diverse work styles according to life stages, we enhanced the environment that facilitates women to continue working by making it possible for them to take cumulative saved leave for health issues during pregnancy.



## Fairness of compensation

NOF has established a principle in its salary regulations that states, “Equal pay for work of equal value.”

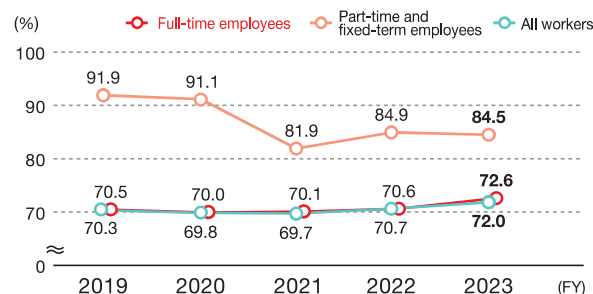
At NOF, the pay gap ratio between male and female employees in 2023 was 72.0% for all employees, and 72.6% for full-time employees. This is due to the difference in the average length of service between men and women, the fact that only men work shift work in the manufacturing divisions which results in a difference in salary for shift work, and the difference in the ratio of male to female managers. We aim to reduce the pay gap ratio between men and women by supporting the balancing of work with childbirth and childcare, improving the workplace environment to enable women to work in shift work, and making efforts to promote women to manager positions.

### Pay gap ratio between male and female employees

	FY2023		2030 targets
Full-time employees	<b>72.6%</b>	▶	Full-time employees <b>75 or more</b>
Temporary/part-time employees	<b>84.5%</b>		Temporary/part-time employees <b>100%</b>
Total	<b>72.0%</b>		Total <b>75 or more</b>

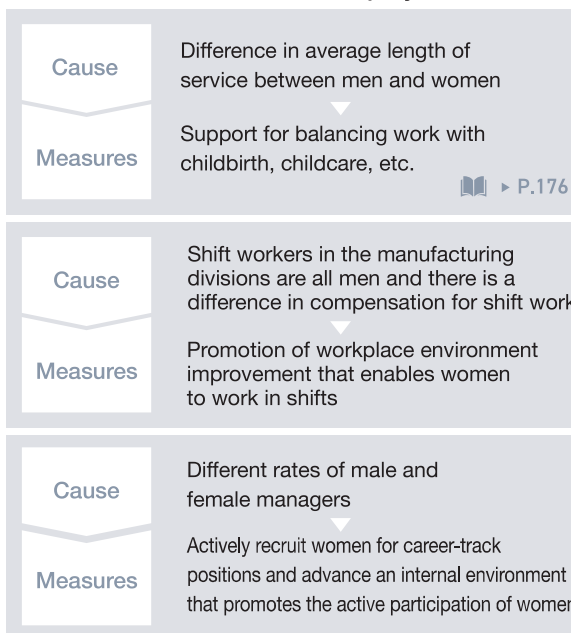
Pay gap ratio between male and female full-time employees of NOF and its five domestic consolidated companies in FY2023: 71.8%

### Pay gap ratio between male and female employees NOF




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

### Causes and measures for the pay gap between male and female full-time employees





## Promotion of work-life balance

NOF is developing a work environment in which employees can work with motivation while attaching due importance to the work-life balance between work and non-work activities including childcare, family care, hobbies, studies, rest, and community activities. In light of the importance NOF attaches to the work-life balance of its employees, it has adopted systems to provide specific support shown in the table on the right. The items with the  symbol in the table indicate NOF's own systems or systems that go above and beyond the scope of law.

- \*1 In the case of childcare, the systems apply for employees raising a child up to the third grade of elementary school.
- \*2 We have introduced the online service "wiwiw" (provided by wiwiw.inc) that supports balancing careers and childcare for employees taking childcare leave. By making this service available to those taking maternity or childcare leave, we help them achieve a balance between their careers and raising children.
- \*3 Can be taken in hourly increments.
- \*4 The short hour work system, flex-time system, fertility treatment leave, and the like may be taken.
- \*5 Female employees raising an infant less than one year old are entitled to paid childcare hours twice a day (30 minutes per time).
- \*6 Cumulative saved leave is a leave system in which a certain number of unused annual paid leave can be carried over each year. This may be used for personal illness or injury, childcare, family care leave, family care, self-education/development, volunteer activities, or refresh leave (service leave).
- \*7 We support self-education/development by providing support for "correspondence courses" in which each employee is allowed to choose his/her own training options, and by establishing a system that allows employees who have worked continuously at the Company 10 years or more to use cumulative saved leave when they participate in external training for 10 or more consecutive days for self-education/development.
- \*8 Up to two remote work days are allowed per week with prior approval. In addition, with prior approval, employees are allowed to shift their working hours up to two hours earlier or later.

## Systems that support diverse working styles

Childcare support		Support for raising the next generation	
Pregnancy	Childbirth	Childcare	Family care
Limitations on and exemptions <sup>*1</sup> from overtime, limitations <sup>*1</sup> on night work			
Later or earlier work start or finish times <sup>*1</sup>			
Limitations on work on holidays		Childcare leave (up to 2 years, may be partially paid)	Family care leave (can be taken 3 times, up to 365 days)
Consideration to and reduction of workload		Career and childcare balance support program <sup>*2</sup>	Family care leave (10 days per year) <sup>*3</sup>
Hospital visit leave (paid holidays: 1 day per month)		Sick child care leave <sup>*1</sup> (10 days per year) <sup>*3</sup>	
Prenatal and postnatal leave		Childcare hours (paid) <sup>*5</sup>	
Support for balancing fertility treatment and work <sup>*4</sup>			
Other			
Annual paid leave (up to 21 days)			
Half-day annual paid leave			
Cumulative saved leave <sup>*6</sup>			
Refresh leave (every 5 years after 5 years of continuous service)			
Flex-time system			
Discretionary work system (R&D position employees)			
Support for self-education/development <sup>*7</sup>			
Support for sports and culture activities			
Remote work system <sup>*8</sup>			





### Workstyle reform

Based on proper labor management that aims to help employees have fulfilling lifestyles outside of work, NOF is advancing initiatives to reduce overtime work by improving operational efficiency and productivity, restricting work after the designated end time, and introducing a work interval system.

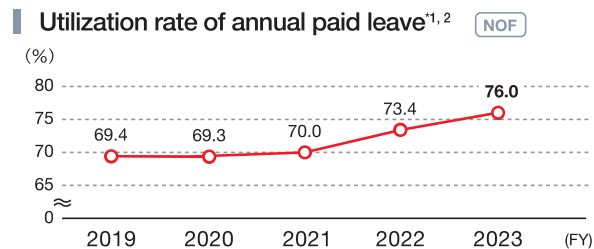
### Recommending employees to take annual paid leave

NOF is developing a work environment in which employees can work with motivation while attaching due importance to work-life balance. To promote the use of annual paid leave, we encourage all employees to take annual paid leave during

#### Utilization rate of annual paid leave

FY2023 **76.0%** ▶ 2025 (targets) **75% or more**

Utilization rate of annual paid leave for NOF and its five domestic consolidated companies: 77.1%



\*1 Based on the data as of March 31 each year.

\*2 Calculated for the period from September 21 of the previous year to September 20 of the current year (12-month period to take annual paid leave at NOF).

their birth month, monitor each individual's leave status, remind both the employee and his/her supervisor about taking leave, and have both parties review the leave status during their meetings.

### Refresh leave system (incentive leave for long-term employees)

NOF provides a system under which employees who have worked with the Company for 5, 10, 15, 20, 25, 30, 35, and 40 years are given five consecutive paid holidays so that they can refresh themselves both mentally and physically away from everyday duties, and find opportunities to expand their fields of vision and to increase their flexibility of thinking.

### Days on which employees are encouraged to leave work on time

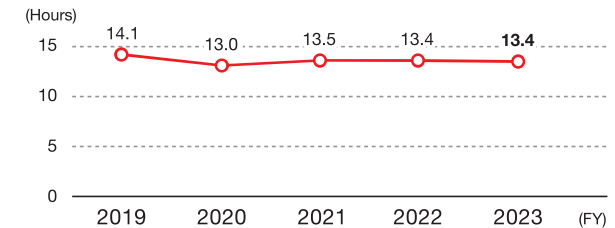
NOF has designated every Wednesday, the second Friday, and the third Friday of each month as days to encourage employees to leave work on time at works, promoting efficient work styles at each workplace (excluding shift work at manufacturing sites).

The average monthly overtime hours worked at NOF was 13.4 hours in fiscal 2023. (Average monthly overtime hours for NOF and its five domestic consolidated companies: 13.1 hours)

#### Monthly average overtime work hours

FY2023 **13.4 hours**

#### Monthly average overtime work hours (NOF)



### Volunteer leave system

NOF has established a system that allows employees to use cumulative saved leave when participating in volunteer activities at the request of the national and local governments, etc.

### Rewards for employee achievements

NOF has established a system that rewards the accomplishments of employees who have contributed to the perpetual development of the Company's businesses on July 1 of each year.

### Employee invention rewards

In April each year, NOF examines employee inventions and awards invention rewards to inventors.



## Childcare support program

A “career and childcare balance support program” was introduced at NOF from April 2016. Under this program, throughout periods of childcare leave, there is regular distribution via the Internet of useful information on childcare as well as information on events to lift one’s spirit during the struggles of childcare. There is also a contact point for childcare consultations, providing multi-faceted support for childcare. In addition, as the latest internal company information is regularly distributed and a wide range of contents for brushing up business skills are provided, this program supports a balance between childcare and work by assisting with skill improvements during childcare leave and a smooth return to work. The program has been used by many employees, including male employees, and has a favorable reputation.



Rate of utilization and number of people utilizing childcare leave NOF

FY2023 **Men 97.4% (37people)**

**Women 100% (15people)**

Rate of utilization of childcare leave at NOF and its five domestic consolidated companies: 73.7% for men (42 people), 100% for women (22 people)

## Support for raising the next generation (Support for childcare and family care)

NOF provides a system that makes childcare / family care and working compatible with each other, and has proactively adopted support measures including raising the age limit of children for eligibility for the short hour work system and extending the duration of the family care leave and childcare leave.

In June 2010, as its initiatives and records in the implementation of the action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children were appreciated, the Tokyo Labor Bureau recognized NOF as an “enterprise active in supporting childrearing.” In our subsequent action plan, we have been promoting the utilization and implementation of childcare leave for our male employees as an initiative aimed at establishing an environment that facilitates a balance between work and childcare / family care.

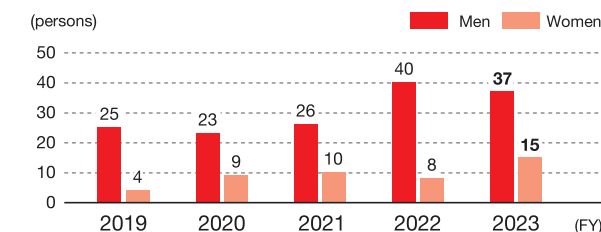
The requirements for utilizing the cumulative saved leave were expanded for child and family care from April 2016. In addition, in April 2017, NOF prepared a handbook that summarized information such as basic knowledge of the Long-Term Care Insurance System, how to balance work and family care, and internal systems related to family care, to enable employees to continue working and achieve balance when they face family care. This was posted on the work-life balance page of our



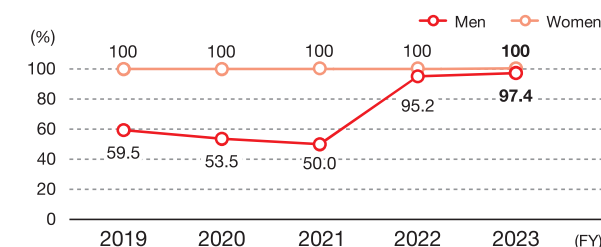
intranet (NICE).

- Handbook Supporting Work and Childcare Balance (for male employees)
- Handbook Supporting Career and Childcare Balance (for managers)
- Handbook Supporting Work and Family Care Balance
- Handbook Supporting Work and Family Care Balance (Edition Covering the Basics of Senior Citizen Facilities and the Costs of Family Care)

## Employees utilizing childcare leave NOF



## Rate of utilization of childcare leave NOF



\*Based on the data as of March 31 each year.

## Short-term and long-term family care leave systems

We have established systems for short-term family care leave and long-term family care leave. Because of the availability of cumulative saved leave, no employees took this leave during the five-year period from fiscal 2019 to fiscal 2023.