



Policy (our fundamental view)

Recognizing the various risks surrounding the NOF Group, we promote risk management initiatives with the aim of preventing the occurrence of loss risks and minimizing their impact when they do occur, thereby contributing to the achievement of management strategy targets.

1. The NOF Group comprehensively identifies various management risks surrounding its business, and conducts risk assessments based on the impact and frequency of each factor in order to identify risks that need to be addressed as a priority.
2. According to the characteristics of the identified risks, We work to minimize the impact on management by taking appropriate measures to reduce the impact of risks that have materialized, as well as measures to reduce the probability of occurrence.
3. We work to objectively verify the effectiveness of risk countermeasures by periodically conducting risk assessments, while working to recognize and evaluate new risks.
4. Under the leadership of the Risk Management Committee, we promote the risk management of the NOF Group by implementing the above risk management cycle.

Organizational setup

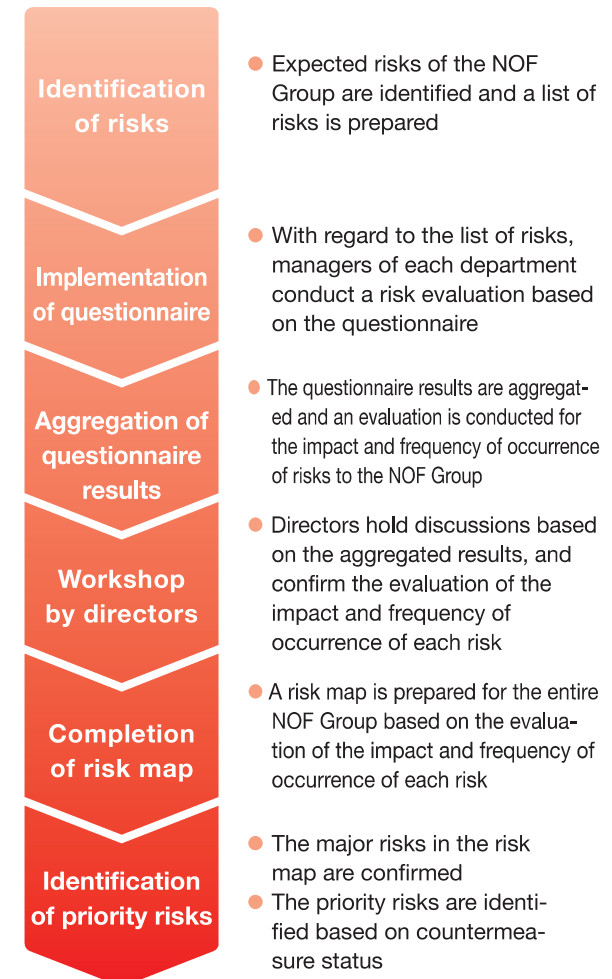
The Risk Management Committee, the Compliance Committee, the RC Committee, and the Quality Management Committee analyze management risks, consider countermeasures, and report to the Board of Directors. The Board of Directors receives reports and deliberates as necessary on various business risks, including those related to compliance, information management, and environment and safety, as well as confirmation and evaluation of the comprehensiveness of risks. We manage and monitor Group companies in accordance with the rules on the management of Group companies, and offer advice, as necessary; while any important matters that are deemed to materially impact our subsidiaries' assets or profit and loss are approved by the NOF Board of Directors or the Executive Committee.

Risk assessment process

We prepare a list of risks in consideration of the business characteristics of each department and the environment surrounding the business, including global political, economic, and social conditions. We also send a questionnaire to each NOF site and Group company. Based on the results of the questionnaire, the manager of each department conducts a risk evaluation and estimates the impact and frequency of occurrence of each risk in the NOF Group based on the results of the evaluation. Based on the results, a risk map is prepared in a workshop

of directors and operating officers to confirm critical risks and select priority risks to be addressed.

Flow of risk assessment



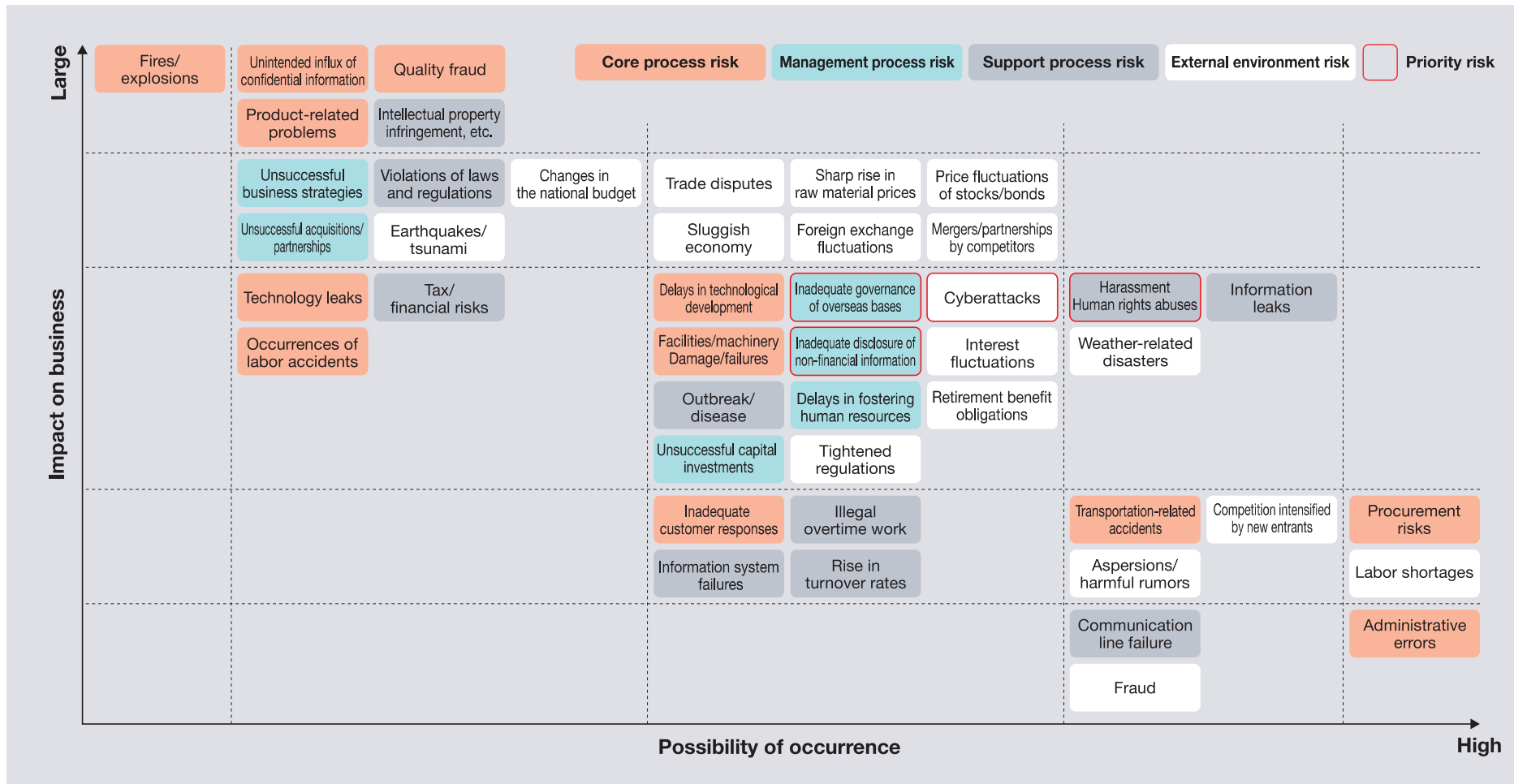


Corrective Process Against Negative Impacts | Risk Management

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Risk Map (excerpt)

The risk map is prepared based on the results of the risk evaluation at the directors' workshop. The risk map is revised and priority risks are identified on a yearly basis in order to implement activities aimed at enhancing the NOF Group's resilience.





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Overview of priority risks and status of countermeasures

Priority risks	Risk description	Ongoing countermeasures
Harassment / human rights abuses	Possible decline in trust in the Company due to human rights abuse, such as abuse of authority and sexual harassment at workplaces	<ul style="list-style-type: none"> Establish the Code of Ethical Conduct and the Compliance Manual Establish a consultation service with male and female employees as well as a contact point with attorneys
Cyberattacks and information system failures	Possible information leaks and interruption of business activities, due to illicit access from outside such as cyberattacks and information system failures	<ul style="list-style-type: none"> Develop an information security management system by establishing the information security management rules and appointing a person responsible for information security management, etc. Develop a defense system against illicit access and implement safety measures at appropriate, rational levels
Inadequate governance of overseas bases	Possible decline in trust in the Company due to fraud, such as violations of laws and regulations, as a result of inadequate governance at overseas bases	<ul style="list-style-type: none"> Develop a system for ensuring the appropriateness of business operations Request a regular report on the state of business execution and financial conditions, etc.; conduct business audits
Inadequate disclosure of non-financial information	Possible loss of trust from stakeholders due to uncertainty about economic and environmental impact as well as social reputation	<ul style="list-style-type: none"> Analyze the current situation and identify targets Establish management indicators and targets and develop specific measures

Overview of major risks and status of countermeasures

Major risk	Risk description	Ongoing countermeasures
Technology leaks	Possible decline in the NOF Group's competitiveness, due to leakages of technical information, and similar products/technologies provided by competitors	<ul style="list-style-type: none"> Establish rules for trade secrets Develop a management system for trade secrets Strengthen information security training for employees
Raw material procurement	Risk of social credibility falling due to human rights violations such as forced labor and child labor, or procurement of raw materials suspected to damage the environment	<ul style="list-style-type: none"> Statement of compliance with the CSR Procurement Policy and CSR Procurement Guidelines in sales contracts Ongoing supplier surveys through various questionnaires
Occupational accidents and incidents	Possible casualties among employees and neighborhood residents, possible suspension of business activities, and possible compensation for damages as a result of large-scale fires and explosion accidents at plants	<ul style="list-style-type: none"> Continuously improve health and safety levels through Responsible Care activities Strengthen the system for conducting safety assessments at the time of new construction Formulate emergency response manuals and implement trainings Implement joint disaster prevention drills and dialogue activities with local municipalities
Quality fraud	Possible decline in trust in the Company due to quality fraud, falsification of quality inspection results, and other situations	<ul style="list-style-type: none"> Ensure strict management of data related to quality control Raise awareness and train employees
Intellectual property infringement, etc.	Possible compensation for damages and possible orders to suspend manufacturing and shipment, due to infringements of intellectual property rights	<ul style="list-style-type: none"> Develop a check system for intellectual property management and patent infringement Educate employees on intellectual property including patents and trademarks
Violations of laws and regulations	Possible suspension of business activities and possible payments of surcharge, etc. following administrative dispositions taken in response to violations of laws and regulations, such as the Unfair Competition Prevention Act, Antimonopoly Act, Subcontract Act, Foreign Exchange and Foreign Trade Act, Chemical Substances Control Act, and Pharmaceutical and Medical Device Act	<ul style="list-style-type: none"> Prepare a Global Compliance Manual and country-specific compliance manuals based on the legal systems of each country Establish compliance training and contact points for whistle-blowing/consultation Establish a system for disseminating information on revisions to laws and regulations
Earthquakes, tsunami, infectious diseases	Possible interruption of production activities or business activities, including sales and distribution, due to earthquakes, tsunami, or other natural disasters	<ul style="list-style-type: none"> Formulate a business continuity plan (BCP) Conduct BCP training and internal audits Implement flood countermeasures for critical facilities
Delays in fostering human resources	Possible stall in development of core human resources who will be responsible for business growth, due to non-functional mid- to long-term human resources training plans	<ul style="list-style-type: none"> Build a system for deliberation and evaluation of company-wide human resources development policy plans Build a system to oversee progress and results related to human resources development



Information security management

(1) Management of trade secrets and protection of personal information

NOF considers information assets as an important management resources in corporate activities, and the establishment of secure information assets are essential for achieving stable management, thus, we have established the Information Security Policy as a basic principle for promoting effective utilization and protection of information assets. At the same time, based on the recognition that protecting personal information is a fundamental social responsibility, NOF has established and published the Privacy Policy.

Under such policies, NOF has set forth specific measures for enhancing the levels of confidentiality, completeness, and availability of information and specific ways of handling personal information in its internal rules and manuals and is ensuring thorough dissemination and understanding within the company.

Such internal rules and manuals include: 'Information Security Management Rules', 'Personal Information Protection Rules', 'Provisions Related to Information Systems', 'Information Equipment Handling Manual', and 'Confidential Information Handling Manual'.

Information assets: Information obtained from customers and business partners, trade secrets of NOF Group and personal information, and systems for utilizing such information

(2) Management structure

In the organizational aspect, the Information Security Management Subcommittee is set up to deliberate and make decisions on important matters related to information security. Under 'Information Security General Manager', who is the chairperson of the Subcommittee, 'Document Information Security Manager', 'Electronic Information and Information System Security Manager', 'Personal Information Complaint Handling Manager', as well as a person responsible for management at each

division, production base and department are appointed to administer the implementation of specific measures.

Against threats such as unauthorized access from outside, information leakage, tampering, and destruction, appropriate and reasonable security measures are implemented. In addition, NOF continually reviews and strives to improve the information security management and personal information protection systems and measures through internal audits.

NOF Group Information Security Policy

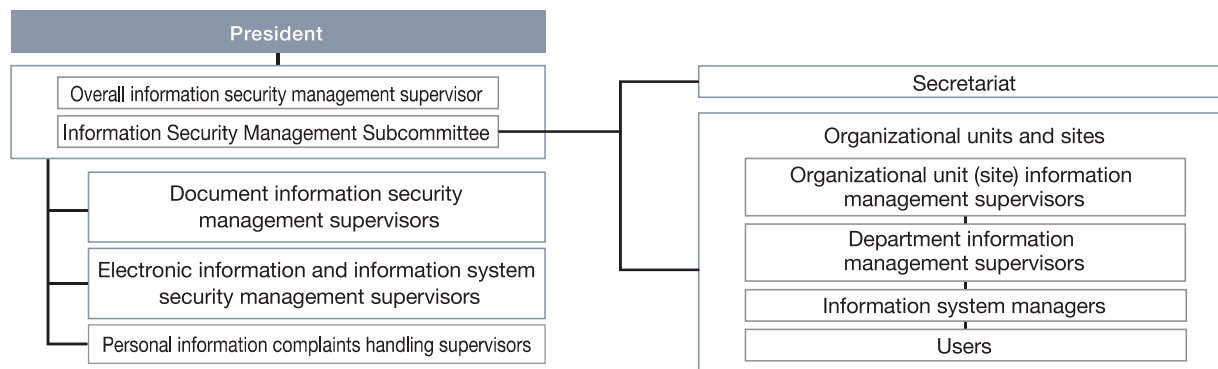
The NOF group considers information assets as an important management resources in corporate activities, and the establishment of secure information assets are essential for achieving stable management, thus, our group shall establish and comply following policies.

Information assets: Information obtained from customers and business partners, trade secrets of NOF Group and personal information, and systems for utilizing such information

1. The NOF Group shall develop the information security system to further strengthen the management function of information assets.
2. In order to protect the information assets from leakage, falsification, and destruction, the NOF Group shall provide information security education for employees, develop regulations, and implement technical measures for information systems.
3. The NOF Group shall comply with laws, regulations, codes and contractual obligations related to information security.
4. In the event of an information security incident, the NOF Group shall respond promptly and appropriately to each incident and prevent a recurrence.
5. The NOF Group shall maintain and continually improve these efforts in this Policy.



Diagram of NOF's information security management system



Risks and opportunities in information security and measures against risks

Risks and opportunities	Details	Measures
Risks	<ul style="list-style-type: none"> Long-term stoppage of production, sales, and R&D activities and loss of corporate credibility due to cyberattacks (illicit access, malware infection) Loss of corporate trust and technological competitiveness due to leakage of confidential and personal information 	<ul style="list-style-type: none"> Conduct self-inspections, develop improvement plans, and implement improvement plans Information sharing through meetings of IT managers of domestic Group companies (once a year) Conduct training on handling suspicious emails (once a year) HDD encryption for computers taken outside the company, and restrictions on the use of private storage media Conduct information security-related training for employees (once a year)
Opportunities	<ul style="list-style-type: none"> Improvement of company competitiveness through cybersecurity measures Earning of customer trust and enhancement of corporate brand value by strengthening information asset management Increased employee awareness through strengthened information security 	-

Promotion of the Business Continuity Plan (BCP*)

NOF has formulated a BCP, to enable its core business to be continued or, if damaged, to be restored quickly while minimizing the loss of business assets in the event of a natural disaster such as an earthquake or tsunami, or an emergency situation such as the COVID-19 pandemic. The activities of the BCP Task Force to promote the BCP primarily focus on the formulation of the BCP manual which sets forth the responses to be implemented in normal times and in emergencies, in addition to the preparation and yearly renewal of information on the estimated damages to the plant and various government-, infrastructure- and supply chain-related information, which will be required when resuming operations. Additionally, the BCP Task Force performs annual internal audits and training in an effort to firmly establish the BCP and to enhance its effectiveness.

In fiscal 2023, as a response to information security risks, we conducted BCP training based on the assumption of a cyberattack, and confirmed the initial response procedures in the event of an incident and the roles of each department and site for business continuity. The training was designed to minimize damage in the event of a cyberattack and to improve response capabilities, including speediness.

* Abbreviation for Business Continuity Plan. The BCP illustrates policies, systems, and procedures designed to prevent important operations from being interrupted even in the face of unforeseen events, such as a major earthquake or other natural disaster, the spread of infectious disease, a terrorist incident, a major accident, a disrupted supply chain (supply network), or a sudden change in our business environment, and, if business is interrupted, that it is restored within the shortest possible timeframe.



Corrective Process Against Negative Impacts | Compliance

GRI 2-12,25,27/3-3

Policy (our fundamental view)

The NOF Group has developed an internal control system for ensuring adherence to laws and regulations, the Articles of Incorporation, and various internal rules of the Company and appropriateness of business operations. Regarding observance of social norms and laws and regulations, the Company has formulated its NOF Basic CSR Policy as well as its code of conduct known as the NOF Code of Ethical Conduct based on the Policy. The Compliance Committee is established to ensure thorough adherence to the Policy and Code. The planning of various compliance-related

measures and the status of their operation are reported as appropriate to the Board of Directors for management and supervision.

Overview

The NOF Group instituted the Code of Ethical Conduct in April 2002 to ensure that each member-company and each employee always conforms to social ethics and wins society's trust. In this connection, the Group set up the Ethics Committee (changed the name to Compliance Committee in April 2020) in an effort to strengthen its responsibility to society and ensure the transparency of its business activities. In addition, desks for whistle-blowing and consultations from employees have been set up in the Compliance Committee Secretariat, the Audit and Supervisory Committee's Office, and external third-party institutions.

Organizational setup

Regular meetings of the Compliance Committee are held two times every year. The Committee also meets as required when a compliance issues arises, identifies issues, and devises and follows up on countermeasures. The results are reported to the Board of Directors and deliberated as necessary.

Basic CSR Policy

We will fulfill our corporate social responsibility and conduct sustainable business activities.

1. We will, each and all, act in accordance with the highest standards of corporate ethics.
2. We will respect human rights, and enable a diversity of personnel to demonstrate their abilities.
3. We will promote responsible care activities, based on the five kinds of safety.
4. We will consider the interests of all our stakeholders.
5. We will contribute to society in cooperation with local communities.





Corrective Process Against Negative Impacts | Compliance

GRI 2-12,16,25,27/3-3

Risks and opportunities for compliance

Risk items	Risks caused by individual risk items	Risk response status (summary)	Opportunities
Insider trading	<ul style="list-style-type: none"> Loss of credibility due to occurrence of insider trading, embezzlement, breaches of trust, bribery, accounting fraud, window dressing, transactions with antisocial forces, or other grossly negligent acts that are regarded by society as malicious Poor governance of overseas subsidiaries leads to numerous accounting and compliance problems, which are exposed by local authorities and result in a loss of public trust 	<ul style="list-style-type: none"> Relevant items were published in the Code of Ethical Conduct and Compliance Manual to educate and raise the awareness of Group employees The Group-wide Basic Anti-Bribery Policy and Tax Policy were established and announced internally and externally Regulations for prevention of insider trading were formulated and put into operation Based on the consideration that risks to overseas subsidiaries are key risks for the entire company, we established a system to ensure the appropriateness of business operations and promoted internal control audits 	<ul style="list-style-type: none"> Improvement of reputation as a company highly trusted by society Stabilization of the business foundation
Embezzlement and breaches of trust			
Bribery			
Accounting fraud and window dressing			
Transactions with antisocial forces			
Inadequate governance of overseas subsidiaries and bases	<ul style="list-style-type: none"> Receipt of administrative or criminal penalties or claims for compensation for damages due to violations of laws and regulations or false reporting to government agencies Decline in trust from society due to criminal acts by employees Surging costs to comply with tightened regulations 	<ul style="list-style-type: none"> With regard to revisions of laws and regulations, a Group-wide law and regulation management system was established to ensure that information on revisions reaches people in charge in a timely manner. In addition, internal notifications are sent out by the corporate divisions in charge, and internal audits are conducted regularly to check the status of responses and provide guidance In response to tightening regulations, we systematically implemented measures to deal with facilities and worked to optimize costs 	<ul style="list-style-type: none"> Securing of an advantage over competitors by establishing a system to adapt to revisions of laws and regulations Securing of trust from society
Violations of laws and regulations			
Contract deficiency problems			
False reports to government agencies, etc.			
Illegal overtime work			
Employee misconduct (drugs, drunk driving, groping, etc.)			
Tightened regulations			
Difficulty (inability) to ship			
Mental illness	<ul style="list-style-type: none"> Receipt of compensation claims due to mental illness caused by work-related stress, harassment, and human rights violations 	<ul style="list-style-type: none"> Employees undergo "stress check" examinations to understand organizational stress and strengthen their own awareness of prevention We established a support system through the enactment of Rules for Handling Return-to-Work Support Programs We raised awareness of harassment through articles published in in-house newsletters (NOF News) We promote plans for the development of an environment for viewing educational materials using the company intranet 	<ul style="list-style-type: none"> Securing of a stable workforce and improving trust from society by establishing a system of mutual trust with employees
Harassment Human rights abuse			



Corrective Process Against Negative Impacts | Compliance

GRI 2-12,25,27

Compliance Manual

In order to instill a sense of compliance in its executives and employees, the NOF Group has prepared a Compliance Manual, which explains the Code of Ethical Conduct in detail and in easily understood terms. The universal Global Compliance Manual has been published in eleven different languages.



Country-specific compliance manuals

The NOF Group is preparing country-specific compliance manuals based on the legal systems of each country. Following the publication of versions for the United States, China, Indonesia, France, Germany, Belgium, Italy, South Korea, and Brazil where the Group has a large number of employees, the manuals are being utilized in Group companies.

Compliance-related training

The NOF Group regularly holds compliance-related training sessions for employees.

In fiscal 2023, we continued compliance training for new employees and hires with experience, as well as ensuring awareness of precautions related to the Act against Delay in Payment of Subcontract Proceeds, Etc. for Subcontractors. In addition, we implemented training on the subcontract act for materials-related personnel of affiliates.

Obtaining information on the enactment and revision of laws and regulations

We have obtained information on the enactment and revision of laws and regulations by utilizing various sources on a continual basis while taking appropriate actions. In order to reduce risk of overlooking information on the enactment and revision of laws and regulations, the whole Group

has introduced a system that enables us to automatically receive information on the enactment and revision of laws and regulations by email.

Raising awareness by internal magazine

NOF uses its quarterly internal magazine to help raise employees' awareness of compliance. NOF continues activities to raise awareness through relatable articles using cartoon characters.



Past themes for compliance recommendations

Year	Theme	Category
2019	Compliance with the Antimonopoly Act	Subcontract Act, Antimonopoly Act
	Severing connections with antisocial forces	Illegal acts (antisocial)
	What is harassment?	Harassment
2020	Special edition: Special feature on prohibition of abuse of authority	Harassment
	Intellectual property rights (copyright)	Information (copyright)
	Contact points for whistle-blowing	Whistle-blowing system
2021	Prohibition of bribery, excessive wining and dining, etc.	Illegal acts (bribery)
	Precautions for using social media	Information
	How do you create an "open workplace"?	Other
	Significance of the SDGs	Other

Year	Theme	Category
2022	Risk of potential information leaks in web conferences	Information
	Abuse of a superior bargaining position	Subcontract Act, Antimonopoly Act
	If you become aware of any misconduct in other departments	Whistle-blowing system
2023	Protection of whistleblowers	Whistle-blowing system
	Harassment in the workplace	Harassment
	Applying the Corporate Philosophy to operations	Other
2024	Appropriate guidance and abuse of authority	Harassment
	If you notice a suspicious email	Information
	Export of product and technical information	Security export
	What acts constitute "abuse of authority"?	Harassment



Corrective Process Against Negative Impacts | Compliance

GRI

2-12,25,27/205-2,3/
206-1/415-1

Basic Anti-Bribery Policy

In today's society, preventing corruption related to business activities is recognized as one of the major issues for companies. NOF set forth the NOF Group's basic Anti-Bribery Policy and announced it in the name of the President. We have also promoted its adoption at the Group companies in each country. We will ensure adherence to anti-bribery and corruption regulations in each country and region that have become increasingly strict in recent years.

As a result of these activities, there have been no cases of bribery offenses in the past five years.

Prevention of unfair competition

NOF prohibits acts of unfair competition such as improper acquisition of trade secrets, actions that could lead to factual errors, and infringement of intellectual property rights, and ensures compliance with the Unfair Competition Prevention Act by providing detailed information in the Compliance Manual and making it thoroughly known.

As a result of these activities, there have been no cases of violations of the Unfair Competition Prevention Act during the past five years.

Political contributions

Political contributions NOF

(Thousand yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Political contributions	230	210	209	359	300



NOF Group's Basic Anti-Bribery Policy

Overview

We, the NOF Group, declare that we will, each and all, act in accordance with the highest standards of corporate ethics as our Basic CSR Policy. The Code of Ethical Conduct has been adopted in all NOF Group companies, and we are working to practice and improve compliance. In order to further promote the abovementioned initiatives, we have established the NOF Group's Basic Anti-Bribery Policy ("the Basic Policy"). The Basic Policy applies to all executives and employees working for the NOF Group.

Declaration

We, the NOF Group, will not make profits by illegal means in any situation, and adhere to anti-bribery laws and regulations in all countries and regions where the NOF Group operates.

May 28, 2021

Takeo Miyaji, President and Chief Executive Officer of NOF Corporation

Matters to be adhered to

1. Adherence to laws and regulations

Executives and employees of the NOF Group will adhere to the Basic Policy and anti-bribery laws and regulations in the countries and regions where the NOF Group operates.

2. Development of internal rules and organizational setup

The NOF Group will develop and operate organizational setups to prevent bribery, including operation of each company's Ethics and Compliance Committee and contact points for whistle-blowing in an equitable manner, and preparation of various internal rules and guidelines.

3. Conduct educational activities

The NOF Group will conduct appropriate educational

activities to further raise awareness of NOF Group executives and employees about compliance.

4. Conduct audits

The NOF Group will conduct audits on a regular or irregular basis to confirm that its anti-bribery system is functioning properly.

5. Regular reviews and improvement

The NOF Group will assess and review its anti-bribery system regularly on the basis of the audit results.

6. Recording and management

The NOF Group will, in developing an anti-bribery system, create and manage accurate and proper records of all transactions under an appropriate internal control process.

7. Responses to emergencies

In the event that an executive or employee of the NOF Group violates or is suspected of violating the Basic Policy, the NOF Group will promptly take measures to ensure adherence to laws and regulations and to minimize the spread of violations, and cooperate with investigations by the relevant authorities.

8. Disciplinary action

In the event that an executive or employee of the NOF Group commits bribery or is involved in bribery in violation of the Basic Policy, the NOF Group will take strict disciplinary action in accordance with the rules of employment of the NOF Group companies.

Definitions

(1) "Anti-bribery laws and regulations" refer to the Unfair Competition Prevention Act and National Public Service Ethics Act of Japan, the Foreign Corrupt Practices Act

of the U.S., and the Bribery Act 2010 of the U.K., among others.

(2) "Bribery" refers to (1) giving, or offering or promising to give, any money or other benefits to a civil servant, etc., either directly or indirectly, for the purpose of having the civil servant, etc. act or refrain from acting in a particular way in relation to his or her duties, or having the civil servant, etc. use his or her position to influence another civil servant, etc. to act or refrain from acting in a particular way in relation to that civil servant's duties, in order to obtain illicit gains in business, and (2) receiving, or demanding or promising to receive, any money or other benefits in relation to one's own duties for the purpose of obtaining illicit gains for oneself or a third party.

(3) "Civil servant, etc." refers to any and all of the following:

- (1) A person engaged in public duties for the national or local governments of Japan or a foreign country;
- (2) A person engaged in the affairs of government-related organizations of Japan or a foreign country;
- (3) A person engaged in the affairs of public bodies of Japan or a foreign country;
- (4) A person engaged in public duties of international organizations established to carry out specific affairs related to the public interest;
- (5) A person to whom authority is delegated by a Japanese or foreign national government;
- (6) A political party or a staff member thereof; and
- (7) A candidate for public office.

(4) "Executive(s) and (or) employee(s)" refer to all executives and employees of the NOF Group, as well as all other persons who have employment contracts with the NOF Group companies including part-time and temporary employees.



Code of Ethical Conduct

In order that we can maintain NOF CORPORATION's position as a good corporate citizen, earn and keep the trust of the community and continue to develop as a company, each and every one of us-employees and executives alike shall abide by this code faithfully.

1. Compliance

We shall act in an ethical manner becoming of members of a company and society, and we shall obey the law and other regulations, and respect others' human rights.

2. Community

We shall give priority in all processes of our business activities to human safety and health, as well as protection of the natural environment, and we shall work proactively to maintain a harmonious existence in all our local communities worldwide.

3. Respect for Individuals

We shall not engage in any act that goes beyond the Company's justifiable interests or that damages the Company's credit or honor, and we shall respect the personality and individuality of all people.

4. Business Partners, Government Officers

We shall always treat our trading partners and business partners fairly and equally and in good faith, and we shall not provide any civil servant with any benefits or favors.

5. Shareholders, Investors

We are an open company, and we shall disclose the details of our management and business status and other corporate information in a timely fashion as required by relevant laws.

6. Company Assets and Information

We shall not use the Company's assets for any purpose other than the Company's official business objectives. We shall record and report accurately our business performance, protect intellectual property rights and hold confidential information and other companies' business secrets in strict confidence.

7. Fair Trade

We shall comply with antimonopoly laws and international trade laws, and we shall observe the Financial Instruments and Exchange Law and not engage in insider trading.

8. Prohibition of Antisocial Behavior

We shall eliminate the influence of antisocial groups, and shall not provide undue benefits to specific shareholders.