



Special Feature

NOF's Three Values

Supporting the Solving of Social Issues



The NOF Group has established “Challenge,” “Fairness,” and “Harmony” as the three values prioritized across the entire Group.

Challenge refers to “we continue to grow into our best selves through collaboration and mutual inspiration, undauntedly adapt to new realities, and tirelessly pioneer new frontiers.”

Fairness refers to “as responsible members of society, we maintain high ethical standards, act in good faith, and cultivate a corporate culture that embraces diverse values.”

Harmony refers to “we join forces to build a sustainable future in harmony with the global environment while keeping in mind safety and mutual respect.”

The NOF Group aims to create new value through the synergy of these three values.

In this special issue, we will introduce our initiatives in three fields based on our values as “Challenge x R&D,” “Fairness x Human Rights,” and “Harmony x RC Activities.”

Synergy of the three values

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Challenge



Changing times

Demand for sustainability

Technological innovation

Vision

Creating new value

Fairness



📖 ▶ P.020-023

Harmony



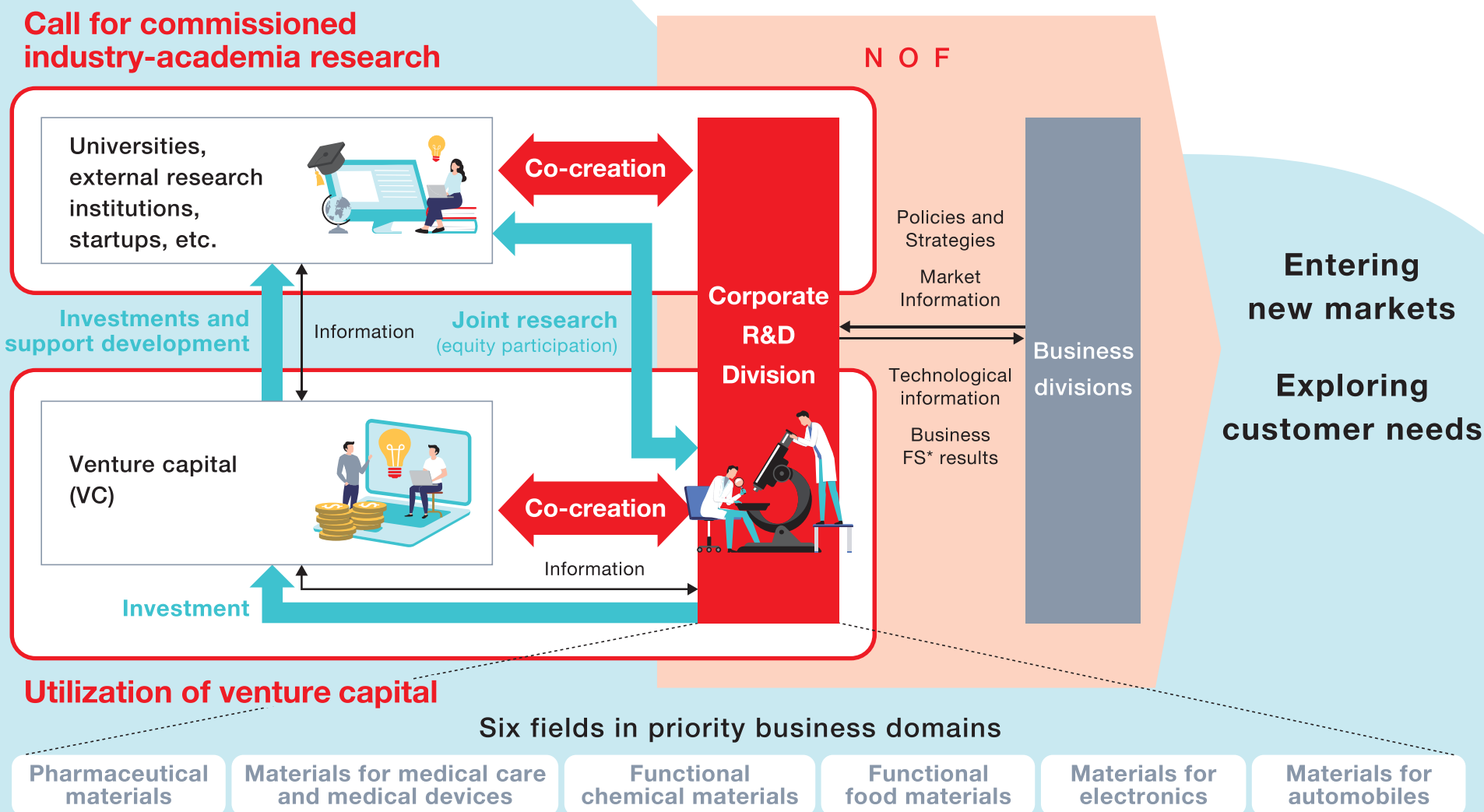
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R&D

The NOF Group will take on the challenge of developing new products and technologies. We will promote open innovation through public calls for research applications, industry-government-academia collaboration, and other co-creation with external parties, to open up new business domains in each of the markets where needs are expected to grow.





* Feasibility study: Advance study of the feasibility of a planned project.

Challenge



General Manager of Corporate R&D Division and
Executive Operating Officer, Doctor of Engineering

Eui-Chul Kang

We are creating new businesses and tackling the next steps to shape the future of society and NOF.

Tackling new challenges for NOF Vision 2030

The NOF Group has formulated a Mid-term Management Plan, NOF VISION 2030, and positioned the 2025 Mid-term Management Plan, which started in fiscal 2023, as the profit expansion stage and the 2028 Mid-term Management Plan as the business domains expansion stage in order to expand our businesses toward our vision for fiscal 2030. In the field of R&D, we have set a target of accelerating the development of new products and technologies through strategic investments in the three target areas of “Life/Health-care,” “Environment/Energy,” and “Electronics/IT.”

To achieve this, we have selected new priority business domains based on our basic strategy of creating new businesses in growth market fields by introducing new technologies with market advantages, with a focus on co-creation with startup companies and comprehensive industry-government-academia collaboration.

Strengthening our competitiveness in the market by establishing six priority areas

As priority business domains, we have selected six fields (pharmaceutical materials, materials for medical care and medical devices, functional chemical materials, functional food materials, materials for electronics, and materials for automobiles) in which we will make concentrated research investments. Further intensification of market competition is expected in each field. In respect of industry-government-academia collaboration and co-creation with venture capital (VC), we also plan to promote R&D focused on these six fields.

In the areas of pharmaceutical materials and materials for medical care and medical devices, needs have been growing for regenerative medicine, especially in the past few years. NOF is also preparing a system for commercialization in order that we can enter the chemical materials market as soon as possible. In the area of functional chemi-

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cal materials, we will promote initiatives for a sustainable society, including the production of raw materials for chemicals made from biomass. We are regularly investigating new functional food materials with the goal of developing materials for health food that are effective in the four fields of beauty, lifestyle diseases, immunity, and brain function, so that all people can live healthy lives. In the area of materials for electronics, we are working together as a team to commercialize new materials for semiconductors and communication materials for 5G and 6G. In the final area of

materials for automobiles, we are developing materials toward further improving the performance of rechargeable batteries for EV vehicles.

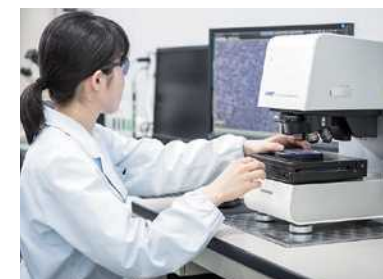
Creating new business through collaboration with external organizations

To strengthen the six priority fields, NOF continues to be involved in open innovation. By collaborating with external institutions, we can expect to discover new technologies and businesses unbound by existing business domains. For that reason, in addition to existing industry-academia-government collaborations, in January 2024 we invested in Universal Materials Incubator Co., Ltd., a VC that invests in superior technologies and businesses. The reasons behind the decision to invest in a VC were an immediate determination on the business potential of the startup's promising technology and the expertise it has that we lack at NOF. By achieving co-creation together with investee companies as a business partner, businesses can be developed not from a "seed" but from a "bud" in a short period of time. Moreover, investments in VC are also linked to promoting human resources development and R&D. We will continue to strengthen our relationships with various startup companies while anticipating

multifaceted effects.

In addition, industry-academia collaborative projects launched in fiscal 2021 produced results in the field of functional chemicals in the first fiscal year, and we expanded their scope to the electronics and health food fields in fiscal 2022, and the medical care and medical device field in fiscal 2023. For each field, we have begun to explore and research topics one by one.

We believe that the role of the Corporate R&D Division is not only to solve current customer issues, but also to take on the future of the entire Company and determine its direction. To enable each individual in the Corporate R&D Division to become a self-motivated employee who "thinks and acts independently," we make use of internal training and education programs to not only offer passive learning, but also to improve leadership capabilities. Further, we strive to create an environment where the growth of our employees is encouraged to enable self-education and development, thereby allowing us to continually take on challenges with the power of both individuals and the team.



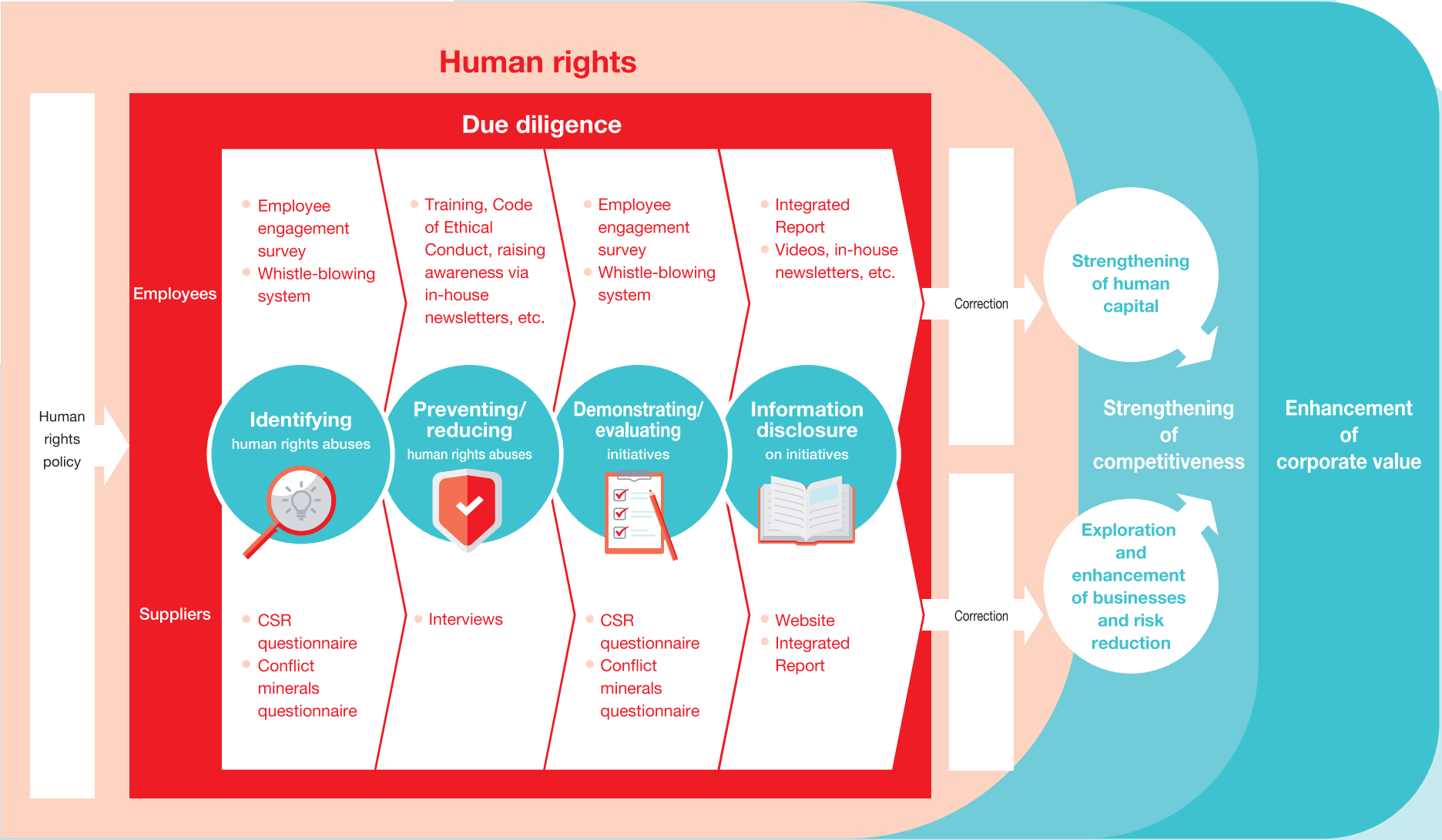
Six fields in priority business domains





**Human
Rights**

The NOF Group takes an overarching view of human rights issues. Externally, to develop relationships with suppliers, and internally, to improve employee collaboration. Both will work to promote the enhancement of corporate value based on the values of “fairness.”



Fairness



We are returning to the “norm” of companies and people to strengthen relationships with suppliers and employees.

The key to corporate survival is raising awareness of fairness

Among the values of “Challenge,” “Fairness,” and “Harmony” put forth by the NOF Group, “Fairness” is a premise that all companies and employees should be aware of. Recently, several quality fraud and data tampering issues have occurred at domestic companies. We believe an important issue for the survival of a company is that employees are aware of fairness not only for the organization, but also as individual human beings, and that they continue to make correct decisions. Also, it is NOF employees who are involved in sales, which is the contact point with external parties, as well as discovering new suppliers and developing new products and technologies. In order to become an organization in which individual characteristics blend together and employees can continue to work with psychological security, we will instill the concept of fairness in each employee across NOF.

In addition, NOF has done business with many

suppliers up to present, but in order for us to decide to enter into and continue doing business with a supplier, we also require “fair and equitable treatment” from all suppliers as well. We will share the values of “Fairness” to strengthen relationships with our employees and the parties we work with, including our suppliers.

Expanding business with suppliers through permanent transactions

Corporate human rights issues are attracting a significant amount of attention in society. In 2022, the Ministry of Economy, Trade and Industry (METI) released the Guidelines on Respecting Human Rights in Responsible Supply Chains, and NOF has also developed and continually implements its own action plans toward formulating a human rights policy, conducting human rights due diligence (human rights DD) and implementing relief measures. Among them, human rights DD

General Manager of
Legal Department
and Operating Officer

**Hiroyuki
Kajikawa**

General Manager of
Purchasing Department
and Operating Officer

**Satoshi
Kataoka**

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and implementing relief measures for relevant parties are topics that we believe the entire Company should be focusing on. In particular, the Purchasing Department conducts surveys and interviews with each supplier as part of its initiatives aimed at external parties. We have established a proprietary follow-up system by conducting awareness surveys on environmental conservation and occupational safety through the use of CSR* questionnaires and the Responsible Mineral Procurement Survey, as well as holding interviews with suppliers who have issues to discuss measures together and reevaluating the effectiveness of such measures.

Future developments include (1) actions based on the values of “Fairness” and (2) the promotion of CSR-based procurement.

In respect of actions based on the value of “Fairness,” in addition to standard evaluation items such as price and quality, we have also added environmental and human rights initiatives to our terms and conditions in order to provide a fair and equitable competitive environment and strengthen the partnership between NOF and its suppliers.

Questionnaire items

I. Corporate governance concerning CSR	VI. Quality and safety
II. Human rights	VII. Information security
III. Labor	VIII. Supply chain
IV. The environment	IX. Living in harmony with local communities
V. Fair corporate activities	

As for the promotion of CSR-based procurement, we will continue to conduct surveys and interviews using questionnaires and reflect CSR procurement standards in contract documents, and by doing so, reduce risks to business continuity and fulfill our social responsibility as a company. Also, through such CSR-based procurement, we will enhance the value of the NOF brand, which will not only ensure stable procurement, but will also lead to the discovery of new suppliers and the creation of business opportunities, thereby contributing to improving the competitiveness of our businesses.

Widely gathering feedback to become a company where it is easy to work

The Legal Department conducts employee engagement surveys to visualize the status of the organization. The surveys include an open-ended section that we use to solicit a wide range of feedback from employees, such as whether they have experienced any gender discrimination or whether internal systems are easy to use. Responses are then checked within the Legal Department, and measures in line with employee requests are considered and implemented as necessary. In particular, we will take measures to deal on a case-by-case basis with whistleblowing

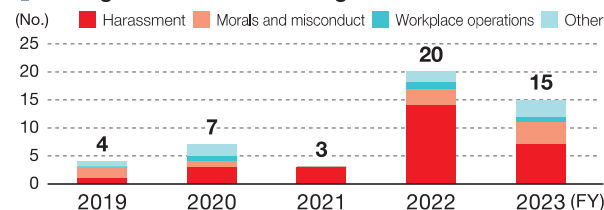
incidents, the number of which increased sharply in fiscal 2022, while bearing in mind that the issues that have surfaced are just the tip of the iceberg.



Future developments include instilling in employees the values of fairness and an awareness of human rights. We do not merely subdivide internal rules, but also strive to update regulations and systems and educate employees so that they understand the significance of why the rules exist, and enhance human capital through the development of independent human resources and friendly competition among employees.

“Fairness” is a foundation that absolutely cannot be ignored in business. NOF’s human rights initiatives for employees and suppliers aim to increase our corporate value by discovering and strengthening businesses and reducing risk, as well as enhancing market competitiveness.

Changes in whistle-blowing incidents*



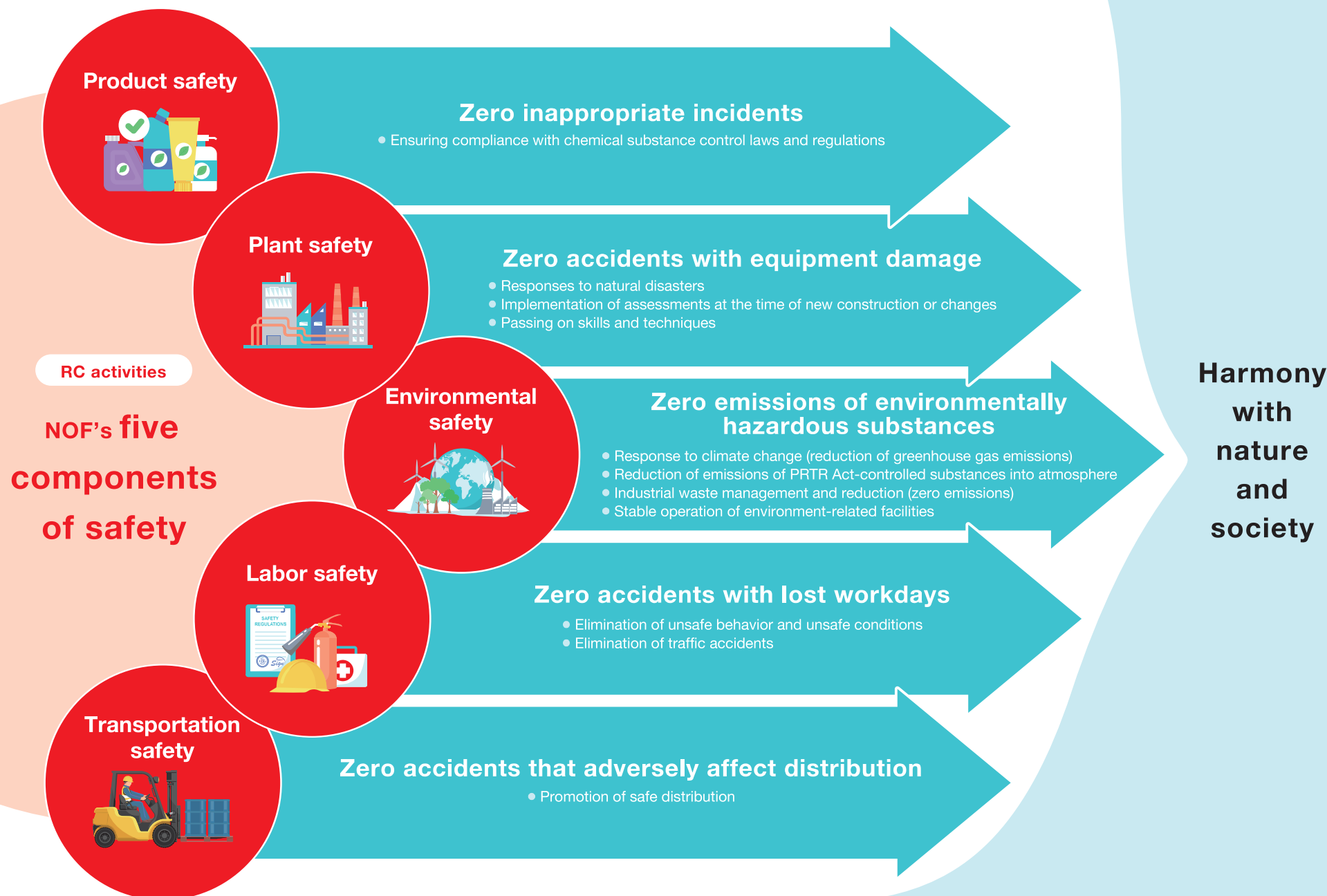
* Aggregated as the NOF Group from fiscal 2019

* CSR: Corporate social responsibility

As a chemical manufacturer engaged in a wide range of businesses, the NOF Group has aimed for harmony with the natural and social environment. We will continue to fulfill our corporate social responsibility while expanding our business, continuing to conduct our business activities in a safe and secure manner.



RC activities



Harmony



General Manager of Corporate Technical Division,
Director and Executive Operating Officer

Kazuyoshi Yamauchi

NOF will continue to aim for zero accidents through five safety activities to ensure harmony with nature and society.

Achieving harmony through RC activities and dialogue with society

The NOF Group, which handles chemical products, ensures the protection of the environment, health, and safety in all processes from development, manufacturing, distribution, use, and final consumption to the disposal of chemical products, and is developing Responsible Care (RC) activities to make the results thereof publicly available and engage in dialogue and communication with society. In addition, we have defined the topics of RC activities as the “five components of safety,” which comprise “environmental safety,” “plant safety,” “product safety,” “occupational safety,” and “distribution safety,” and we have been working to steadily improve the level of these activities by implementing the PDCA cycle since 1995. Further, in order to achieve harmony with the natural and social environment, we have set a final target for the five components of safety of achieving “zero” for each item.

Reduced emissions substances that impact the environment

With NOF's “Environmental Safety,” we aim for zero emissions of environmentally hazardous substances. In response to climate change, we have set a 40% reduction from the 2013 level as a 2030 target, with the aim of achieving carbon neutrality by 2050. We are working to reduce greenhouse gas emissions by accumulating and implementing measures such as converting to low-impact energy sources, electrifying non-electrified facilities, and reviewing production processes. In addition, to raise employees' awareness of energy conservation, we will promote the efficient use of energy by visualizing energy consumption and considering the introduction of Internal Carbon Pricing (ICP).

In respect of reducing emissions of PRTR Act*-controlled substances into the atmosphere, we will work to limit emissions to 170 tons or less per year while balancing this with profit expansion. This will lead to sweeping initiatives such as further

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act). In this report, we have used the notation of the PRTR Act when describing activities such as reducing emissions of specific chemical substances into the environment.

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reviewing manufacturing processes and improving recovery technologies.

In addition to these initiatives, we will improve the natural environment through the reduction and recycling of industrial waste, including plastics, and stable operation of environment-related facilities.

Creating a safe and secure environment for all stakeholders

As a company that handles chemical substances, we are committed to improving the social environment for the safety and security of its various stakeholders, including employees, local communities, and customers.

In the area of plant safety, we aim to achieve “zero accidents with equipment damage” to ensure the health and safety of our employees and local residents. To achieve our targets, we are implementing measures to prevent accidents from occurring, such as conducting assessments (objective evaluation and analysis) when equipment is newly installed or modified, and passing on safety-related skills and techniques during internal training. In addition, as part of our Business Continuity Plans (BCP) to prepare for disasters and other emergency situations, we are working to both limit damage and ensure business continuity even in the event of natural

disasters by implementing disaster prevention and disaster mitigation measures at our facilities and conducting regular disaster drills.



In the area of product safety, we aim to achieve “zero inappropriate incidents” by complying with laws, regulations, and guidelines, along with providing correct information to our customers. Further, we plan to create a Company-wide chemical substance database by fiscal 2025. By managing information previously collected by each department centrally as a Company-wide system, the accuracy of information can be improved and amendments of laws can be dealt with promptly. To ensure that our customers can use our products with peace of mind, we will continue to take measures to ensure compliance with chemical substance control laws and regulations.

In the area of occupational safety, we aim to achieve “zero accidents with lost workdays” to protect the health and safety of workers. We strive to eliminate unsafe behavior and unsafe conditions and eliminate traffic accidents by improving sensitivity towards danger, thoroughly enforcing safety actions, and implementing education and training.

In the area of distribution safety, we strive to prevent accidents and disasters in transportation and distribution, aiming for “zero accidents that adversely

affect distribution.” In particular, in order to prevent accidental chemical leaks or spills and respond appropriately in the event of an emergency, we have prepared Safety Data Sheets (SDS) and Yellow Cards and provide information to all concerned parties without fail. In addition, we strive for further safety management by providing thorough communication and guidance to distribution companies.

Our group will continue to deliver safety and security to its various stakeholders by positioning RC activities at the core of CSR.

Image of composition of chemical substance database

