

## Materiality

### Identification of 11 materiality issues (important issues)

The NOF Group has set KPIs and their targets for each issue in order to realize the ideal conditions contained in the NOF VISION 2030. Gaps between target figures and actual results are evaluated, and targets are re-set for the following year and beyond to achieve them.

#### Process of identifying materiality



We will draw up a list of potential themes by adding new social issues and high-profile issues to the themes considered in the previous process. We will classify and consolidate the themes as materiality factors with reference to various guidelines.

#### Reference material

- ISO26000
- GRI Standards
- SASB CHEMICALS
- SDGs
- Competitors' materiality issues
- In-house workshops

We will assess the priority levels with which to tackle of the materiality factors based on the two axes of “degree of impact on society” and “degree of impact on the company. We will also add the following elements to our considerations.

- ① Results of evaluation of NOF by ESG rating agencies
- ② ESG-related opinions received from shareholders in the past twelve months
- ③ Perspectives of issues pursued by the NOF Group in the past

After summing up the opinions of the individual divisions that handle the promotion of CSR activities, we will hold discussions at Strategic Meetings, which comprise Operating Officers with a title, and in the Sustainability Committee chaired by the President, and select the important issues. The lead divisions and divisions tasked with handling the important issues will also draft KPIs and numerical targets.

The Board of Directors will approve the important issues. Moreover, the KPIs and numerical targets of each important issue will be adjusted as required based on the opinions of the Board of Directors. Based on this, the individual divisions will carry out their respective activities.

The important issues will undergo periodic reviews. Each of the important issues will be reviewed annually by following Steps 1-3 while incorporating internal and external stakeholders' opinions.

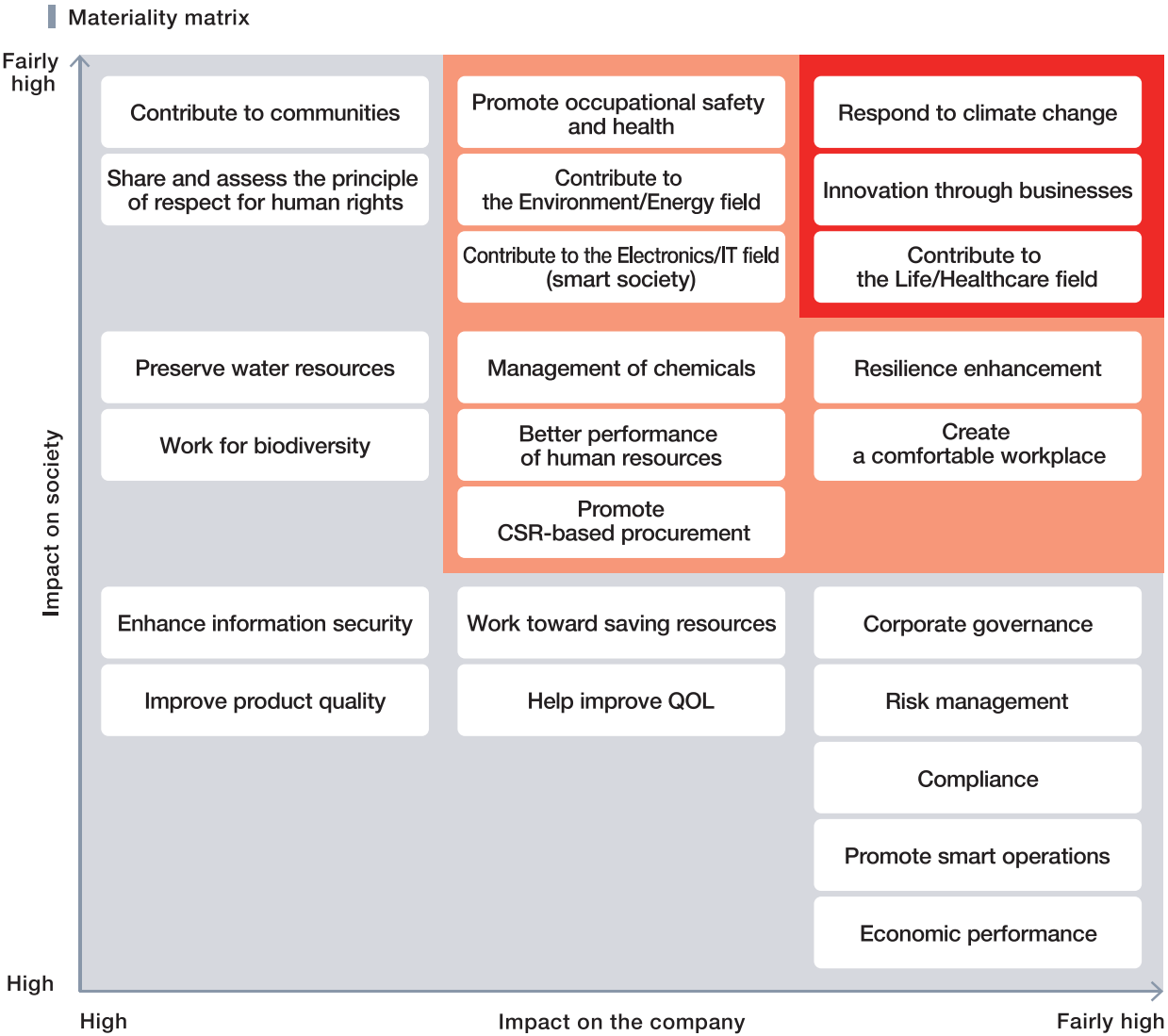
# Materiality

## Materiality matrix

The 24 materiality factors were mapped according to the two axes of “degree of impact on society” and “degree of impact on the company” to create a materiality matrix. The 11 items shown in the top right domain were identified as materiality issues.

## FY2023 review

All Directors and Operating Officers with a title, including Outside Directors, participate in the Sustainability Committee, which is chaired by the President, and they reviewed materiality issues and set fiscal 2024 targets based on the actual results in fiscal 2023 for each materiality issue.



## Materiality

### Three categories and the main initiatives

The 11 important issues arranged in the Materiality Matrix were divided into three activity categories.

#### Provide new values to realize a prosperous and sustainable society

Targeting the three prioritized business fields, we will aim to offer new value by combining the core technologies we have cultivated through our diverse business development.



▶ P.046-049

#### Strengthen the business foundation

As well as building a corporate culture that accepts diversity of values, we will appropriately identify changes in the environment and technological progress and enhance our resilience.



▶ P.050-055














#### Promote responsible care activities

By securing the environment, safety, and health in all processes, from product development and manufacture to disposal, we will aim to be a corporate group that is trusted by the whole of society.




















▶ P.056-069

## Provide new values to realize a prosperous and sustainable society













Materiality	Goals (KPIs)	FY2023				FY2024		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Innovation through businesses	  <b>R&amp;D investment</b> NOF Group	¥25.6 billion (3-year cumulative total)	2025	¥7.3 billion (achievement rate of 28%)	<b>Enhancement of R&amp;D capabilities</b> <ul style="list-style-type: none"> <li>• Call for commissioned industry-academia research</li> <li>• Promotion of joint research</li> <li>• Enhancement of support for R&amp;D</li> <li>• Intellectual property strategy formulation and strategic applications</li> </ul>	¥25.6 billion (3-year cumulative total)	2025	<b>Enhancement of R&amp;D capabilities</b> <ul style="list-style-type: none"> <li>• Call for commissioned industry-academia research</li> <li>• Promotion of joint research</li> <li>• Enhancement of support for R&amp;D</li> <li>• Intellectual property strategy formulation and strategic applications</li> </ul>
	 <b>Number of patent applications</b> NOF	500 (3-year cumulative total)	2025	161 (achievement rate of 32%)		500 (3-year cumulative total)	2025	
Contribute to the Life/Healthcare field NOF Group	  <b>Net sales of strategic products in the Life/Healthcare field</b>	Up 15% (compared to FY2022 results)	2025	Up 3.1%	<ul style="list-style-type: none"> <li>• Supply of strategic products to the Life/Healthcare field</li> </ul>	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> <li>• Supply of strategic products to the Life/Healthcare field</li> </ul>
Contribute to the Environment/Energy field NOF Group	      <b>Net sales of strategic products to the Environment/Energy field</b>	Up 15% (compared to FY2022 results)	2025	Up 11.8%	<ul style="list-style-type: none"> <li>• Supply of strategic products to the Environment/Energy field</li> </ul>	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> <li>• Supply of strategic products to the Environment/Energy field</li> </ul>
Contribute to the Electronics/IT field (smart society) NOF Group	  <b>Net sales of strategic products in the Electronics/IT field</b>	Up 15% (compared to FY2022 results)	2025	Up 1.2%	<ul style="list-style-type: none"> <li>• Supply of strategic products to the Electronics/IT field</li> </ul>	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> <li>• Supply of strategic products to the Electronics/IT field</li> </ul>

## Strengthen the business foundation

Materiality	Goals (KPIs)	FY2023				FY2024		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
<b>Creation of comfortable workplaces</b> • employee engagement NOF	  <b>Utilization rate of annual paid leave</b>	75% or more	2025	<b>76.0%</b>	<ul style="list-style-type: none"> <li>Promotion of utilization of annual paid leave</li> </ul>	75% or more	2025	<ul style="list-style-type: none"> <li>Raising awareness by disseminating the Health-Conscious Management Declaration</li> </ul>
	 <b>Overall employee engagement score</b>	50.0 or more	2025	<b>49.5</b>	<ul style="list-style-type: none"> <li>Execution of measures using employee engagement surveys as a starting point</li> </ul>	50.0 or more	2025	<ul style="list-style-type: none"> <li>Execution of measures using employee engagement surveys as a starting point</li> </ul>
<b>Better performance of human resources</b> • Human resources development • Diversity NOF	  <b>Training costs</b>	Over 2.5-fold (compared with FY2022)	2025	<b>1.7-fold</b>	<ul style="list-style-type: none"> <li>Strengthening of human resources development support</li> </ul>	Over 2.5-fold (compared with FY2022)	2025	<ul style="list-style-type: none"> <li>Strengthening of human resources development support</li> </ul>
	 <b>Rate of hiring of female new graduates recruited for career-track positions</b>	30% or more	Every year	<b>32.7%</b>	<ul style="list-style-type: none"> <li>Expansion of hiring of female new graduates recruited for career-track positions</li> </ul>	30% or more	Every year	<ul style="list-style-type: none"> <li>Implementation of systematic recruitment</li> </ul>
	 <b>Ratio of female management-level employees</b>	Over 3-fold (compared with FY2021)	2030	<b>1.1-fold</b>	<ul style="list-style-type: none"> <li>Increasing the Ratio of female management-level employees</li> </ul>	Over 3-fold (compared with FY2021)	2030	<ul style="list-style-type: none"> <li>Implementation of systematic recruitment</li> <li>Development and promotion of female management-level employees</li> </ul>
	 <b>Percentage of employees with disabilities</b>	3.0% or more	2030	<b>2.54%</b> (end of March 2024)	<ul style="list-style-type: none"> <li>Promotion of employment of people with disabilities</li> </ul>	3.0% or more	2030	<ul style="list-style-type: none"> <li>Promotion of employment of people with disabilities</li> </ul>
	 <b>Pay gap ratio between male and female full-time employees</b>	75% or more	2030	<b>72.6%</b>	<ul style="list-style-type: none"> <li>Reduction in pay gap between male and female employees</li> </ul>	75% or more	2030	<ul style="list-style-type: none"> <li>Improvement of working environments, such as production sites</li> <li>Development and promotion of female management-level employees</li> </ul>
	 <b>Rate of male employees utilizing childcare leave</b>	100%	2030	<b>97.4%</b>	<ul style="list-style-type: none"> <li>Increase of rate of male employees utilizing childcare leave</li> </ul>	100%	2030	<ul style="list-style-type: none"> <li>Development of environments where leave can be utilized easily</li> </ul>
	 <b>Rate of hiring of mid-career workers for executive and career-track positions</b>	25% or more	Every year	<b>38.8%</b>	<ul style="list-style-type: none"> <li>Hiring of mid-career human resources</li> </ul>	25% or more	Every year	<ul style="list-style-type: none"> <li>Implementation of systematic recruitment</li> </ul>
<b>Promotion of CSR-based procurement</b> NOF	  <b>Coverage rate of CSR questionnaire (based on value of purchases)</b>	85% or more	2025	<b>83%</b> (cumulative total over 2025 plan)	<ul style="list-style-type: none"> <li>Implementation of CSR questionnaire for suppliers (suppliers with value of purchases of ¥5 million/month or more)</li> </ul>	85% or more	2025	<ul style="list-style-type: none"> <li>Implementation of CSR questionnaire for suppliers (suppliers with value of purchases between ¥1 and ¥5 million/month)</li> </ul>
	  <b>Improvement requests via interviews to target suppliers in order to firmly establish CSR-based procurement (based on number of companies)</b>	85% or more	2025	— (planned for implementation in FY2025)	<ul style="list-style-type: none"> <li>Review of target suppliers and polishing of interview content</li> </ul>	85% or more	2025	<ul style="list-style-type: none"> <li>Implementation (ahead of schedule) of improvement requests via interviews to target suppliers</li> </ul>
<b>Resilience enhancement</b> NOF Group	  <b>BCP education and training hours</b>	Total of 4,000 hours or more	Every year	<b>Total of 7,000 hours</b>	<ul style="list-style-type: none"> <li>Enhancement of each BCP manual</li> <li>Improvement of response capabilities through expanded training scenarios</li> <li>Inspection and confirmation of location activities through audits</li> </ul>	Total of 4,000 hours or more	Every year	<ul style="list-style-type: none"> <li>Enhancement of each BCP manual</li> <li>Improvement of response capabilities through expanded training scenarios</li> <li>Inspection and confirmation of location activities through audits</li> </ul>

## Materiality | KPIs

### Promote responsible care activities

Materiality	Goals (KPIs)	FY2023				FY2024		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Response to climate change	  <b>CO<sub>2</sub> emissions</b> Domestic Group	40% reduction (compared with FY2013)	2030	<b>135,000 tons/year</b>	<ul style="list-style-type: none"> <li>Promotion of a shift to energy sources with low environmental impact</li> <li>Promotion of introduction of energy-saving facilities</li> <li>Promotion of efficient energy use and visualization</li> </ul>	40% reduction (compared with FY2013)	2030	<ul style="list-style-type: none"> <li>Promotion of a shift to energy sources with low environmental impact</li> <li>Promotion of introduction of energy-saving facilities</li> <li>Promotion of efficient energy use and visualization</li> </ul>
	  <b>Carbon neutrality</b> NOF Group	Aim for achievement	2050	<b>25% reduction (compared with FY2013)</b>		Aim for achievement	2050	
Management of chemicals	      <b>Emissions of substances subject to PRTR Act after revision in FY2021</b> Domestic Group	under 170 tons/year	Every year	<b>167 tons/year</b>	<ul style="list-style-type: none"> <li>Creation and execution of emission reduction measures</li> <li>Reevaluation of production processes</li> </ul>	under 170 tons/year	Every year	<ul style="list-style-type: none"> <li>Creation and execution of emission reduction measures</li> <li>Reevaluation of production processes</li> </ul>
Promote occupational safety and health	  <b>Number of lost workday-involving accidents</b> Domestic Group	0	Every year	<b>3 cases</b>	<ul style="list-style-type: none"> <li>Enhancement of sensitivity toward danger</li> <li>Thorough enforcement of basic safety actions</li> <li>Reduction of disaster risks</li> <li>Strengthening of responses based on Sangen Shugi (the “three actuals” principle)</li> </ul>	0	Every year	Through the participation of all personnel and anticipating risk <ul style="list-style-type: none"> <li>Enhancement of sensitivity toward danger</li> <li>Thorough enforcement of basic safety actions</li> <li>Reduction of disaster risks</li> <li>Strengthening of responses based on Sangen Shugi (the “three actuals” principle)</li> </ul>