

## Theme 3 Promote responsible care activities ①

# Climate change initiatives

## Policy (our fundamental view)

Climate change is an urgent issue shared by the entire world. It poses various threats, including an increase in abnormal weather conditions, adverse effects on ecosystems, and a decrease in water resources. The NOF Group has set the reduction of greenhouse gas emissions as one of the goals of its responsible care (RC) activities, and has been working on various energy-saving measures. In view of the 2050 Carbon Neutral Declaration announced by the government in October 2020 and its new targets to reduce greenhouse gas emissions announced in April 2021, the NOF Group has decided to set new targets to reduce greenhouse gas emissions. By recognizing the risks and opportunities posed by climate change and promoting countermeasures, the NOF Group will

co-create new value with the power of chemistry toward the realization of a prosperous and sustainable society as stated in the NOF VISION 2030.

## Support for the TCFD recommendations



In April 2022, the NOF Group announced its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Based on the TCFD recommendations, the Group will work to reduce climate-related risks and create opportunities for growth, as well as expand our information disclosure.

## Governance

The NOF Group identifies materiality issues

(important issues) related to sustainability through discussions in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers and Operating Officers with a title, and the Sustainability Committee, which is chaired by the President and Chief Executive Officer. The Board of Directors then approves the materiality issues. For each materiality issue, KPIs and numerical targets are set and activities are promoted by the supervising organizations and departments in charge, with the progress and results reported to the Sustainability Committee. All Directors participate in carrying out their review, with key issue items, KPIs, numerical targets, and response policies examined to continuously improve the level of activities.

Response to climate change is identified as one of the materiality issues, and important matters

including medium- and long-term targets are discussed by the Sustainability Committee. In regard to risks, the Risk Management Committee conducts a comprehensive assessment, while the RC Committee supervises monitoring and managing the progress of risk countermeasures and greenhouse gas emission reduction measures. In addition, opportunities are discussed by the Executive Management Committee and the Priority Business Review Committee, and important matters are deliberated by the Executive Committee. A system has been put in place in which the results of these committees and meetings are reported to the Board of Directors at least twice a year for supervision.

## Risk management

The Risk Management Committee 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 item in order to identify risks that need to be addressed as a priority. In disclosing information based on TCFD recommendations, a working group consisting of members selected from the Risk Management Committee and the RC Committee plays a central role in identifying the risks impacted by climate change among the

various management risks surrounding our business, and conducts risk management to determine the degree to which the impact will change in the future. The analysis results are reported to the Sustainability Committee, and important decisions are made related to climate change risk countermeasures.

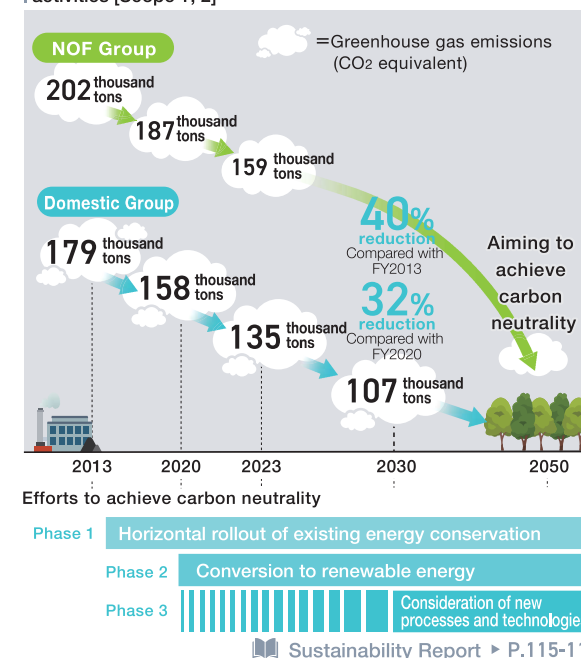
## Metrics and targets

The domestic Group has created a roadmap toward reducing greenhouse gas emissions with the target of reducing greenhouse gas emissions in 2030 by 40% compared to fiscal 2013 levels, and is working to mitigate climate change in its business activities.

In Phase 1, we have been working on the horizontal rollout of existing energy conservation through waste heat recovery and other energy conservation improvement activities, upgrading to high-efficiency equipment, the introduction of solar power generation at the Daishi Plant, and more. Also, considering the possibility of an increase in emissions due to business expansion, we have decided to make a strategic investment of ¥2.1 billion for environmental response in the 2025 Mid-term Management Plan. As a new Phase 2, we are working on the conversion to renewable energy sources, including considering the introduction of Internal Carbon Pricing (ICP), electrifying non-elec-

trified facilities, converting energy sources by reviewing production processes, and introducing electricity certified to come from non-fossil fuel sources. Further, in Phase 3, the Group will aim to become carbon neutral in 2050 by starting to consider new processes and technologies, such as the transition to low energy-consumption processes and the utilization of new energy sources (hydrogen, ammonia), etc., while also reducing the financial burden associated with transition risks.

Reduction of GHG (CO<sub>2</sub> equivalent) generated by our business activities [Scope 1, 2]



## Strategy: Scenario Analysis

The NOF Group analyzes the risks and opportunities posed by climate change based on the 1.5°C and 2°C scenario as well as the 4°C scenario. The key risks and opportunities are as follows.

Category	Scenario	Major risks and opportunities	Overview	Level of impact (2030)	Countermeasures
Transition risks	1.5°C 2°C	Tighter domestic and international regulations	Increased financial burden due to introduction of carbon tax, etc.	Large	•Promotion of measures toward reducing greenhouse gas emissions
		Sharp rise in raw material prices	Sharp rise in prices of raw materials such as petrochemicals and vegetable and animal-based oils and fats due to a decrease in the supply of petroleum, etc. and an increase in demand for biofuels	Large	•Securing stable raw materials through multiple purchases and long-term contracts •Switching from petrochemical-based raw materials to plant-based raw materials •Utilization of biomass chemicals •Carbon recycling (solvent recycling, etc.)
		Sharp rise in energy and transportation costs	Sharp rise in prices of oil and natural gas	Medium	•Introduction of energy-saving equipment, review of processes •Promotion of joint delivery and modal shifts
		Changes in the sales destination environment due to the shift to a decarbonization market	Decrease in sales due to decline in market share of gasoline and diesel vehicles	Medium	•Strengthening our response to decarbonization markets, such as electric vehicles and renewable energy
		Deterioration of evaluation/reputation	Deterioration of evaluation from investors in ESG investment and reputation among customers due to delay in climate change countermeasures	Small	•Active promotion of measures to reduce greenhouse gas emissions and information communication
Physical risks	4°C	Natural disasters such as torrential rains, floods, typhoons, storm surges, etc.	Increased risk of business interruption in production sites and supply chains due to increased torrential rainfall, sea level rise, and storm surges caused by stronger typhoons as a result of climate change	Large	•Rain water countermeasures and disaster prevention measures for buildings and facilities •Review the business continuity plan (BCP) and conduct education, training, and audits •Multiple purchases of raw materials
		High temperatures and heat waves	Impact of rising temperatures on refrigeration, air-conditioned storage, etc. in warehouses	Medium	•Ongoing review of facility investment plans
Opportunities	1.5°C 2°C	Growing needs for products that contribute to climate change solutions	Expanding needs for products that contribute to climate change mitigation and adaptation (see p.60-61 for details)	Large	•Development and provision of products that contribute to climate change mitigation and adaptation
		Improvement of evaluation and reputation	Improve evaluation from investors in ESG investment and reputation among customers through active climate change countermeasures	Small	•Development and provision of products that contribute to climate change solutions and communication of information on promotion of greenhouse gas reduction

\* 1.5°C and 2°C scenarios: Decarbonization scenarios that assume that necessary measures will be implemented to limit the temperature increase to 1.5°C or 2°C or less compared to pre-industrial times (International Energy Agency (IEA) "Net Zero Emissions by 2050" (NZE2050), "Stated Policies Scenario" (STEPS), etc.)

\* 4°C scenario: A scenario in which climate change has progressed to the point where the average global temperature has increased by 4°C at the end of the 21st century compared to pre-industrial times (UN Intergovernmental Panel on Climate Change (IPCC) "RCP8.5," etc.)

\* Level of impact: Financial amount of impact of risks - over 1 billion yen (large), less than 1 billion yen and over 100 million yen (medium), less than 100 million yen (small)  
Market scale of opportunities - over 30 billion yen per year (large), less than 30 billion yen and over 3 billion yen (medium), less than 3 billion yen (small)

Financial impacts (selected)

Steam, electricity, and other forms of energy are consumed mainly in the manufacturing processes of the NOF Group. As transition risks brought about by climate change, the financial burden is expected to increase due to rising carbon tax costs and higher unit prices of renewable energy charges,\* and the total impact is estimated to be around 3.3 billion yen. In addition, the NOF Group has established a business continuity plan for physical risks with the 4°C scenario assuming 7.7 billion yen in facilities damage in the event that a major typhoon, which occurs once every 500 to several thousand years, breaks through embankments and floods our waterfront plants.

\*Charges for promotion of renewable energy generation

Category	Scenario	Risks	Details of risks	Financial amount of impact	Notes						
Transition risks	1.5°C	Carbon tax	Financial burden from tax increases	<p>(Hundreds of millions of yen/year)</p> <table><tr><th>Year</th><th>Financial amount of impact (Hundreds of millions of yen/year)</th></tr><tr><td>2020</td><td>0.5</td></tr><tr><td>2030 (FY)</td><td>31.6</td></tr></table>	Year	Financial amount of impact (Hundreds of millions of yen/year)	2020	0.5	2030 (FY)	31.6	CO <sub>2</sub> equivalent emissions in fiscal 2020, with a carbon price of 20,000 yen per ton of CO <sub>2</sub> in fiscal 2030. <div>Domestic Group</div>
		Year	Financial amount of impact (Hundreds of millions of yen/year)								
2020	0.5										
2030 (FY)	31.6										
Renewable energy charges	Increased energy costs	<p>(Hundreds of millions of yen/year)</p> <table><tr><th>Year</th><th>Financial amount of impact (Hundreds of millions of yen/year)</th></tr><tr><td>2020</td><td>3.8</td></tr><tr><td>2030 (FY)</td><td>5.2</td></tr></table>	Year	Financial amount of impact (Hundreds of millions of yen/year)	2020	3.8	2030 (FY)	5.2	The unit price of the renewable energy charge for fiscal 2030 is set at 4.1 yen/kWh based on fiscal 2020 electricity consumption. <div>Domestic Group</div>		
Year	Financial amount of impact (Hundreds of millions of yen/year)										
2020	3.8										
2030 (FY)	5.2										
Physical risks	4°C	Storm surges	Flooding of facilities due to storm surges	<p>(Hundreds of millions of yen/year)</p> <table><tr><th>Year</th><th>Financial amount of impact (Hundreds of millions of yen/year)</th></tr><tr><td>2020</td><td>0</td></tr><tr><td>2050 (FY)</td><td>77</td></tr></table>	Year	Financial amount of impact (Hundreds of millions of yen/year)	2020	0	2050 (FY)	77	Typhoons and embankment failures every 500 to several thousand years. <div>NOF</div>
Year	Financial amount of impact (Hundreds of millions of yen/year)										
2020	0										
2050 (FY)	77										



## Mitigation: 1.5°C and 2°C scenario

\*Mitigating the progression of climate change by reducing greenhouse gas emissions

## Electric vehicles

Functional Materials business Metal Coatings business

Market scale Large

Compared to gasoline-powered vehicles, EVs are expected to cause increased demand for additives for in-vehicle electronic components, lubricants for electronic units, anti-corrosive coatings, and overcoat materials for LCD color filters due to the increase in electronic components (passive components) and electronic units, as well as more and larger LCD panels. In addition, because LED lights are effective in reducing power consumption of EVs, demand for anti-fog agents for LED headlamps is expected to increase. Furthermore, EVs will make vehicles quieter, which is expected to increase demand for resin additives, such as agents that prevent abnormal noises caused by resins rubbing against each other in interior parts.

### End uses of the NOF Group's products

#### For capacitors and LCD panels

(Additives for electronic components / Lubricants for electronic units / Overcoat materials)

For noise reduction agents in door hinges and interior parts  
(Resin additives)

#### For antifogging of LED headlamps

(Anti-fog agents)



For bolts, nuts, and other parts that hold batteries in place  
(Anti-corrosive coatings)

## Wind / solar power generation

Functional Materials business Metal Coatings business

Market scale Medium

Demand is expected to increase for anti-corrosive coatings for bolts used in wind power generation blades and solar panel mounting parts, as well as biodegradable lubricant required for gear lubrication. Demand is also expected to increase for organic peroxides for cross-linked polyethylene, which is used as a coating material for ultra-high-voltage and high-voltage electric wires used to transmit electricity from wind and solar power generation sites.

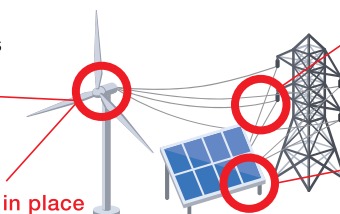
### End uses of the NOF Group's products

#### For gear oil

(Biodegradable lubricants)

For ultra-high-voltage and high-voltage wire coating materials  
(Organic peroxides)

For bolts that hold blades in place  
(Anti-corrosive coatings)



For mounting parts  
(Anti-corrosive coatings)

## Meat alternatives

Functional Foods business

Market scale Small

Demand is expected to increase for meat alternative oils and fats that help improve the flavor and texture of plant-derived meat alternatives that reduce environmental impact.

### End uses of the NOF Group's products



For meat alternatives such as soy meat hamburgers

(Oils and fats for meat alternatives)

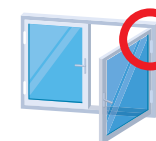
## Resin window sashes

Functional Materials business

Market scale Small

Demand for organic peroxides is expected to increase with the spread of energy-efficient housing because vinyl chloride resin is used in resin window sashes with high thermal insulation properties.

### End uses of the NOF Group's products



For resin window sashes  
(Organic peroxides)

## Adaptation

\*Reduction of climate change impacts through disaster prevention, etc.

## Air conditioners / refrigerators

Functional Materials business

Metal Coatings business

Market  
scale

Large

Demand for refrigerating machine oil, a lubricant for refrigeration equipment, anti-corrosive coatings for fastening parts for external air conditioner units, and polybutene for air conditioner putty is expected to increase due to the increasing need for air conditioners and refrigerators accompanying rising temperatures around the world, including developing countries. The base materials for refrigerating oils sold by NOF are for alternative CFC refrigerants and contribute to climate change adaptation.

## End uses of the NOF Group's products

For putty  
on air conditioner  
pipes

(Polybutene)

For fastening parts  
(Anti-corrosive coatings)

For lubricants  
used in  
air conditioners  
and refrigerators

(Base materials for refrigerating oils)

Diagnostic pharmaceuticals /  
Pharmaceutical raw materials

Functional Materials business

Life Science business

Market  
scale

Large

Due to climate change, there are concerns about the spread of tropical infectious diseases and other diseases and disorders. Therefore, demand for pharmaceutical raw materials is expected to increase due to the rise in disinfectants and additives for diagnostic pharmaceuticals to combat infectious diseases as well as the number of pharmaceutical products against diseases and disorders.

End uses of the  
NOF Group's products

For  
disinfecting  
hands  
(Additives)

For diagnostic pharmaceuticals  
to combat infectious diseases  
(Additives)

For pharmaceutical ingredients  
(Pharmaceutical raw materials)

Environmental information /  
Disaster prevention and mitigation products

Explosives &amp; Propulsion business

Market  
scale

Small

As climate change progresses, the need to survey the entire world, including seawater temperatures, may increase, and the amount of marine instruments, rocket launches, etc., for research may increase. In addition, there may be increased applications for temperature indicator materials (labels, stickers, etc.) for temperature control that change color when a specific temperature is reached. Furthermore, with the increased risk of storm surges and other such conditions, there may be an increase in embankment construction using industrial explosives involving procurement of rocks and soil from mountainous areas.

## End uses of the NOF Group's products

For marine instruments  
and rockets

(Marine instruments, rocket fuel)

To procure soil  
for embankment  
construction  
(Industrial explosives)

## Greenhouse gas emissions

In view of the 2050 Carbon Neutral Declaration announced by the government in October 2020 and its new targets to reduce greenhouse gas emissions announced in April 2021, the NOF Group set a new target of reducing CO<sub>2</sub> emissions by 40% by fiscal 2030 compared to fiscal 2013. The Group has already reduced CO<sub>2</sub> emissions by about 25% (compared to fiscal 2013) in fiscal 2023, and aims to reduce greenhouse gas emissions and achieve carbon neutrality by 2050.

Scope 1 and 2 CO <sub>2</sub> emissions (FY2023)			
	Scope1	Scope2	Total (Scope1+2)
NOF	44.4	78.2	122.7
Domestic Group	51.2	83.4	134.5
NOF Group	58.6	100.6	159.2

(Thousand tons of CO<sub>2</sub>)

### Scope 3 CO<sub>2</sub> emissions (FY2023)

NOF Group

(Thousand tons of CO<sub>2</sub>)

Category	FY2023	Calculating method
1 Purchased products and services	453.3	Calculated by multiplying the quantity and cost of each item of purchased raw materials, consumables, and repair materials by the emission intensity by division according to the guidelines Calculation scope: All of NOF, 8 domestic affiliate companies in Japan, and 2 major overseas affiliate companies
2 Capital goods	53.3	Calculated by multiplying acquisition cost of fixed assets by CO <sub>2</sub> the emission intensity according to the guidelines
3 Fuels and energy-related activities not included in Scope 1 or 2	29.1	Calculated by multiplying the sum of electricity consumption and steam consumption by CO <sub>2</sub> the emission intensity according to the guidelines
4 Transportation and distribution (upstream)	26.7	Calculated from ton-kilometers of transportation for purchased raw materials and ton-kilometers of transportation for delivered products for which the company is the consignor
5 Waste generated in business activities	9.7	Calculated by multiplying the weight of each type of waste generated at production sites by CO <sub>2</sub> the emission intensity according to the guidelines
6 Business travel	0.5	Calculated by multiplying the number of employees by CO <sub>2</sub> the emission intensity according to the guidelines
7 Employee commuting	1.4	Calculated by multiplying the amount of commuting expenses by CO <sub>2</sub> the emission intensity according to the guidelines
8 Leased assets (upstream)	—	Not applicable
9 Transportation and distribution (downstream)	—	Not applicable
10 Processing of sold products	17.8	Calculated by multiplying the sales volume of processed edible oils and industrial explosives by the emission intensity according to the guidelines
11 Use of sold products	Not determined	Calculation is not possible because NOF products are mainly intermediate raw materials and the processing methods utilized by users after delivery are wide-ranging and undisclosed
12 End-of-life treatment of sold products	0.6	For packaging materials of shipped products, calculated by multiplying the weight of each type by the emission intensity according to the guidelines
13 Leased assets (downstream)	—	Not applicable
14 Franchises	—	Not applicable
15 Investments	—	Not applicable
<b>Total</b>	<b>592.4</b>	

\* From fiscal 2023, the scope of Scope 3 is calculated as a consolidated Group that includes major overseas affiliate companies (Categories 1, 2, 3, and 6)

\* Guidelines utilized: Emission Factor Database on Accounting for Greenhouse Gas Emissions of an Organization Throughout the Supply Chain (Ver. 3.4) (issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry)

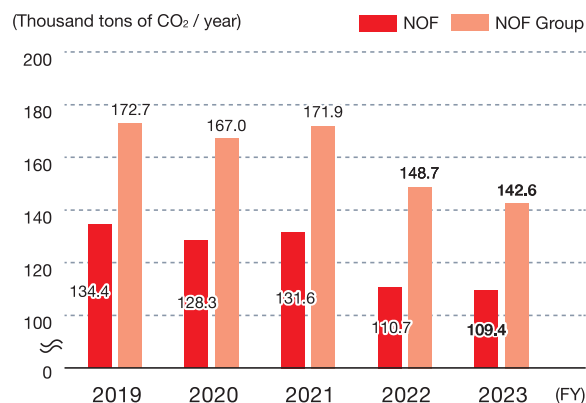
## Energy consumption and CO<sub>2</sub> emissions

Energy consumption for fiscal 2023 decreased 6.5% from the previous year for the NOF Group, and decreased 4.5% from the previous year for NOF. The total volume of energy-derived CO<sub>2</sub> emissions decreased 4.1% from the previous year to 143,000 tons for the NOF Group, and decreased 1.1% from the previous year to 109,000 tons for NOF. Energy intensity per product increased 0.9% from the previous year to 13.9 GJ/t for the NOF Group, and slightly increased by 0.4% from the previous year to 14.6 GJ/t for NOF. Going forward, we will continue to steadily implement energy conservation measures, including conversion to high-efficiency equipment.

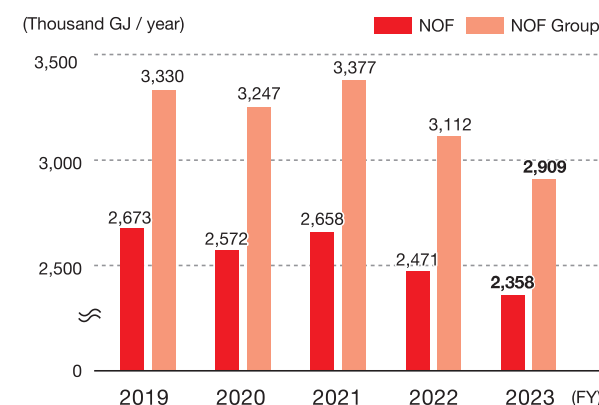
## CO<sub>2</sub> emissions other than from energy consumption

At the Aichi Works, NOF manufactures products for specific purposes using perfluorocarbon (PFC), which has a high global warming coefficient, as the diluent for organic peroxides. In fiscal 2023, PFC emissions decreased approximately 37% from fiscal 2022, due in part to the effects of facility improvements. Going forward, we will aim to reduce emissions through efforts such as maintaining steady operation of recovery equipment and further promoting the use of alternative diluent.

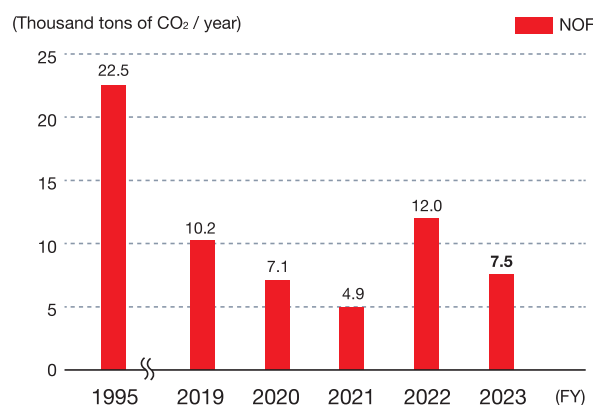
### Changes in CO<sub>2</sub> emissions\*1 by energy consumption



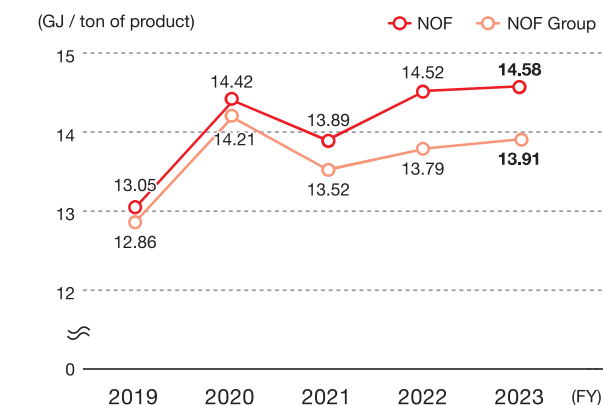
### Changes in energy input\*2



### Changes in PFC emissions



### Changes in energy intensity per product



\*1 The coefficient used in converting the electricity consumption into CO<sub>2</sub> emissions is the emission coefficient used by electric power supply companies in the fiscal year.

\*2 Energy consumption is estimated using 9.76 MJ/kWh as the coefficient when converting electric power consumption into the calorific value.



## Theme 3 Promote responsible care activities ②

## Chemical substance management initiatives

## Policy (our fundamental view)

We have been deploying compliance and adaptation to relevant laws and regulations, management and handling of chemical substances, management and reduction of environmental impacts, and customer safety as elements of chemical safety in our responsible care (RC) activities.

We comply with relevant laws and regulations set forth in each country and region, and adapt to environmental laws and regulations by disclosing chemical substance risk information, participating in industry associations, and gathering information on regulatory trends.

In the management of chemical substances, we are also working to assess product safety risks, including new chemical substances, and enhance the functions of our management system to improve transparency and visibility. Moreover, to ensure the safety of our employees, we require the wearing of appropriate protective equipment and measure working environments based on chemical substance risk assessments.

We are also actively working to manage and reduce environmental impacts, and are managing PRTR Act-controlled substances, reducing

emissions into the atmosphere, and controlling CFCs in accordance with the law.

Further, to ensure the safety of our customers, we provide information obtained from product safety risk assessments listed on product labels and safety data sheets (SDS), as well as ensuring that Yellow Cards are carried for safety during transportation.

Through RC activities utilizing the PDCA cycle, we are working to improve the level of chemical safety each year.

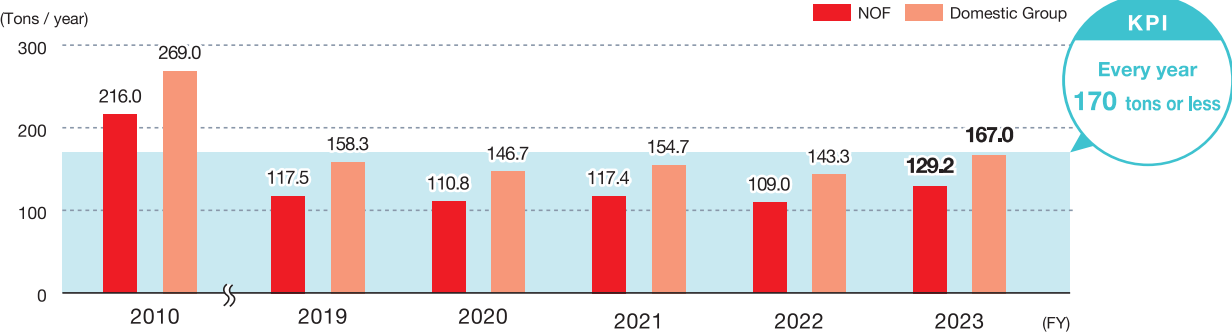
Measures to reduce emissions of PRTR Act-controlled substances

NOF has set a KPI of reducing emissions of PRTR Act-controlled substances to 170 tons or less each year. In particular, we are examining manufacturing methods in which PRTR Act-controlled substances are not used in order to reduce the amount of substances with high environmental emissions. We aim to reduce emissions through the adoption of alternative substances and environmentally friendly manufacturing methods.

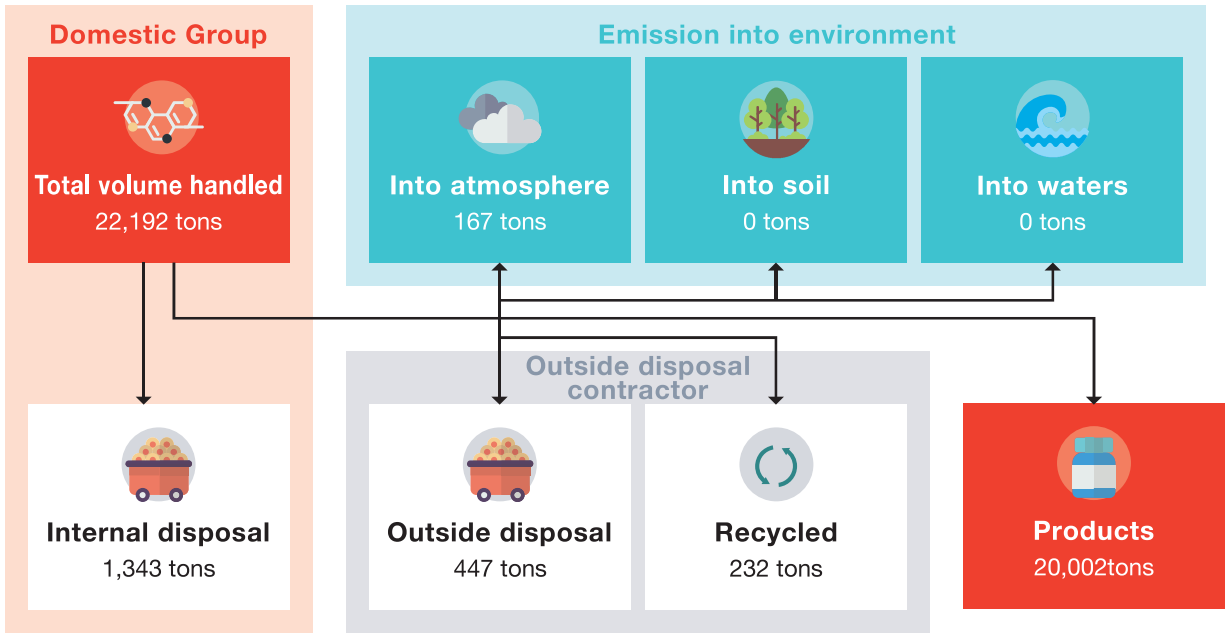
In addition, the operating conditions of recovery equipment are optimized to improve the recovery rate of emissions. Regular maintenance and proper operation and management ensure effective recovery and lead to reduced emissions.

NOF will continue its efforts to reduce emissions of PRTR Act-controlled substances and promote more environmentally friendly manufacturing activities. In this way, we will contribute to the achievement of a sustainable society and work to protect the global environment.

Changes in emissions of PRTR Act-controlled substances Domestic Group



Balance of emissions of PRTR Act-controlled substances in fiscal 2023 Domestic Group



## Management of chemicals

### Meeting laws and regulations

#### Compliance with REACH

REACH\* is a comprehensive system of registration, evaluation, authorization, and restriction of chemical substances within the EU. REACH aims to protect human health and the environment, and to maintain and enhance competitiveness of the EU chemicals industry, among others, and includes almost all chemical substances exported to the EU within its jurisdiction.

The NOF Group actively engages in exporting to the EU region and complies with REACH in accordance with the export volume of the chemical substance involved. We practice appropriate compliance by obtaining the latest information from industrial associations and related authorities.

#### Responses to other countries and regions

There has been increasing legislation of late for stricter controls over chemical substances not only in the US but also in Asian countries and regions such as South Korea, China, and Taiwan, and we are gathering the latest information regarding exports to such countries, and practicing appropriate compliance, when the situation arises.

#### Meeting domestic requirements

In Japan, prior notification of new chemical substances is mandatory, pursuant to the Act on the Evaluation of Chemical Substances and Regulation of Manufacture, etc (Chemical Substances Control Act) and the Industrial Safety and Health Act.

In order to make proper notifications, when beginning production of a new chemical substance, the Responsible Care & Production Engineering Department confirms compliance with laws, and such substances remain under strict control as internal audits are conducted to ensure that there are no excesses beyond the volume that has been authorized for manufacture or import. NOF also trains its responsible personnel regarding related regulatory matters in order to keep them up-to-date with the latest information.

In terms of reports on the actual quantity of general chemical substances manufactured, we practice appropriate control with the cooperation of our clients.

We also positively disclose information on the risks and other negative aspects of chemical substances through the Japan Initiative of Product Stewardship, which is the chemical industry's institution for voluntary activities for the control of chemicals.

In addition, we participate in the Long-Range

Research Initiative (LRI) implemented through the Japan Chemical Industry Association (JCIA), support research that leads to safety and security from a viewpoint that a company should “meet the needs of society,” and work together to solve social issues.

Based on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), a set of criteria for classifying the health, environmental, and physicochemical hazards of chemical substances and mixtures according to certain criteria, this information is listed on SDS and GHS labels to reflect the latest information. By doing so, the NOF Group is alerting its users, sales agents, and other companies handling our products, including product transport businesses, in order to ensure safe handling.



\* Abbreviation of Registration, Evaluation, Authorization, and Restriction of Chemicals.  
REACH represents the EU's quality control regulations on chemicals and is applied to the registration, evaluation, authorization, and restriction of chemicals.

## Construction and expansion of functions of NOF's company-wide SDS creation support system

In fiscal 2020, NOF introduced and constructed a company-wide SDS creation support system, and has centralized management of SDS throughout the Company. This system enables us to manage all chemical substances used in our products on a company-wide server, and to provide our customers with the latest information on chemical substances in our products through timely updating of SDS and GHS labels issued by each business unit to reflect changes in the laws and regulations of major countries. While we have fully responded to the revisions to the PRTR Act from fiscal 2023, we are also working to expand the functions of the system to track and

manage important information such as trial usage and handling history of chemical substances, in order to improve transparency and visibility.

## Occupational safety and health in chemical substance management

### Chemical substances risk assessment

The NOF Group strives to reduce all risks of occupational accidents and prevent their occurrence. Among them, in order to ensure compliance with the Ordinance on Industrial Safety and Health, which was revised and came into effect on April 1, 2023 to prevent occupational accidents caused by chemical substances, we have set this risk assessment as one

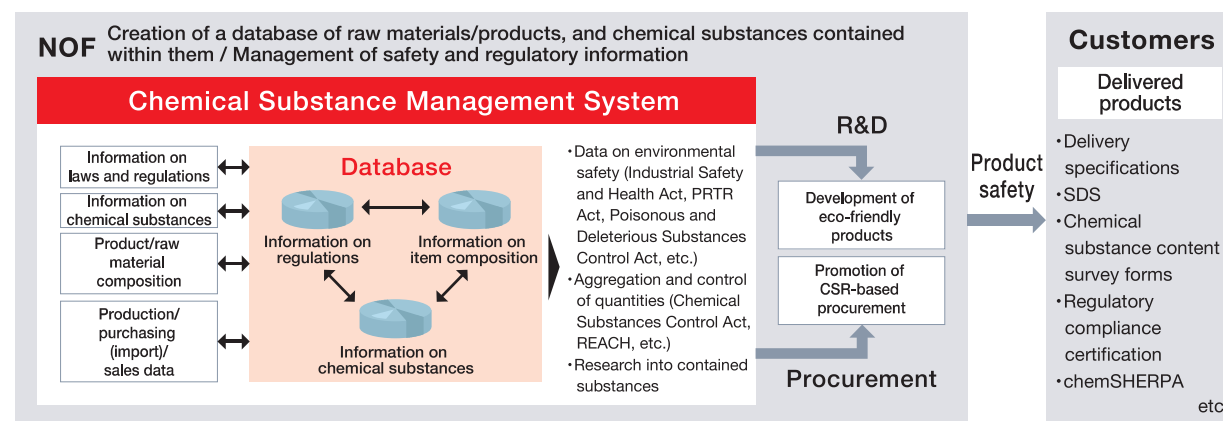
of the implementation items related to occupational safety in the RC activity targets for fiscal 2024, and are checking the implementation status during regularly conducted RC audits. Chemical substance risk assessment is one of these, and we have established a system to ensure that we do not omit anything in responding to the increasing number of substances subject to assessment each year.

### Wearing protective equipment

Following this revision, not only is it mandatory to appoint a chemical substance control whose duty is to autonomously manage chemical substances, but it is also mandatory for employees who handle chemical substances to wear protective equipment and for a person in charge of protective equipment to select appropriate protective equipment and manage its use. The NOF Group is once again working to ensure the wearing of protective equipment, which it required from before, and has established a management system in line with the revised law.



### Overview of Chemical Substance Management System





## Theme 3 Promote responsible care activities ③

## Promote occupational safety and health

## Promote occupational safety and health

The NOF Group works to promote occupational safety and health by sharing activity targets as activities related to “occupational safety” among RC activities classified into “five components of safety,” and is developing Group-wide activities, including those of affiliated companies at each works, based on the RC management system.

## Occupational Safety and Health Policy

With the aim of eliminating labor accidents, the NOF

Group has clearly expressed its determination to make its workplaces secure and safe for all the workers involved in Group activities, and to realize this ideal, set forth its Occupational Safety and Health

Policy in April 2006. Under this policy, each of our offices, plants, and Group companies are developing activities, including the establishment of an occupational health and safety management system.

## Occupational Safety and Health Policy

## Fundamental idea

We, as a group of chemical companies, shall endeavor to secure the safety and health of our employees and local communities in the belief that “no business can be viable without safety.” All the officers and employees shall be committed to the buildup of “workplaces where we can work safely and securely” in close teamwork consistent with responsible care activities, and positively promote activities for occupational safety and health.

## Fundamental principles

- (1) We shall organize an appropriate self-management system regarding occupational safety and health, and continue necessary management and improvement.
- (2) Our target shall be the eradication of labor accidents by improving the working environment, making the equipment intrinsically safe, and carrying out risk-reducing activities in anticipation of future changes in the working environment.
- (3) We shall faithfully observe relevant laws and regulations and our own rules and standards.
- (4) We shall endeavor for the creation of a pleasant working environment and support efforts for keeping and promoting health.
- (5) We shall make the Occupational Safety and Health Policy thoroughly known to all the employees, and review it every year or as necessary.

The principles will be made widely available to the general public. (Amended April 2015)

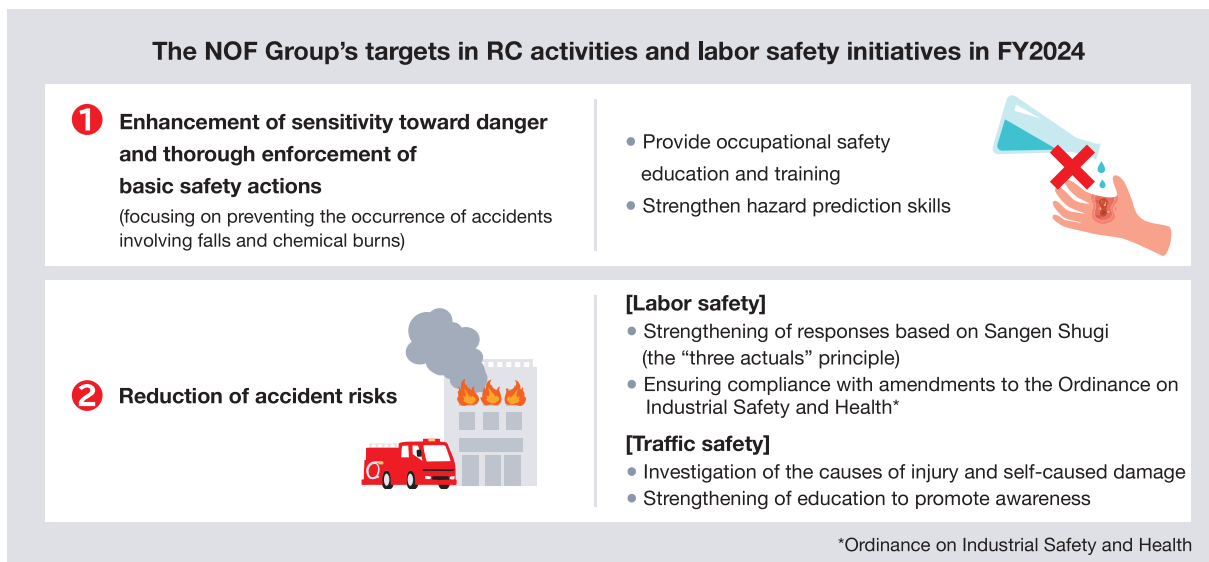
## Occupational safety activities (RC activities)

The status of occupational safety activities at NOF's offices, plants, and Group companies is confirmed through regular RC audits. Along with audits, we are working to revitalize RC activities throughout the Group, with members of labor unions and Group companies also participating in RC audits as auditors. The results are reported to the RC Committee, as well as being shared with labor unions to develop joint labor-management activities. Moreover, recognizing the importance of safety education, the NOF Group strives to further enhance its occupational safety and health management system and reinforce its safety activities, including promoting safety education, in an effort to ensure the safety and health of its employees.

### FY2023 safety activity results and FY2024 RC activity targets

We have been striving for “completely zero accidents” since fiscal 2015. While there were zero fatal accidents in fiscal 2023, there were eight occupational accidents, thus we did not achieve our target.

In fiscal 2023, we continued with “thorough enforcement of basic safety actions” as an implementation item in RC activity targets alongside focusing on “fall accidents,” which have been occurring continuously across the Group, in working to prevent their occurrence.



In addition, with the aim of strengthening countermeasures for potential disaster risks in the workplace, we continued to promote on-site management based on Sangen Shugi (the “three actuals” principle), in which managers actually observe work sites, recognize problem areas, and work to make operations safer. However, in comparison to fiscal 2022, the number of accidents with lost workdays increased to three (up two from the previous fiscal year) and the number of all accidents increased to eight (up two from the previous fiscal year).

Since all eight occupational accidents occurred during “peripheral tasks (including daily activities)” of “main work,” and “chemical burns” were increasing, we

decided to focus on “chemical burns” alongside “fall accidents” and work on their prevention alongside continuing with “thorough enforcement of basic safety actions.”

### Changes in number of accidents with lost workdays

