

SUSTAINABILITY REPORT 2024



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Editorial Policy

Thank you very much for your interest in the Sustainability Report 2024 of the NOF Group.

The Sustainability Report 2024 reports on the NOF Group’s approach to the environment (E), society (S), and governance (G) and its initiatives in fiscal 2023. This report refers to the disclosure requirements of the GRI Standards in order to provide comprehensive information disclosure as an engagement tool for all stakeholders. In addition, in preparing the report, we referred to the disclosure standards for industries related to the NOF Group as defined in the Sustainable Industry Classification System (SICS) of the Sustainability Accounting Standards Board (SASB). We have also disclosed various types of information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Report profile (scope of the report)

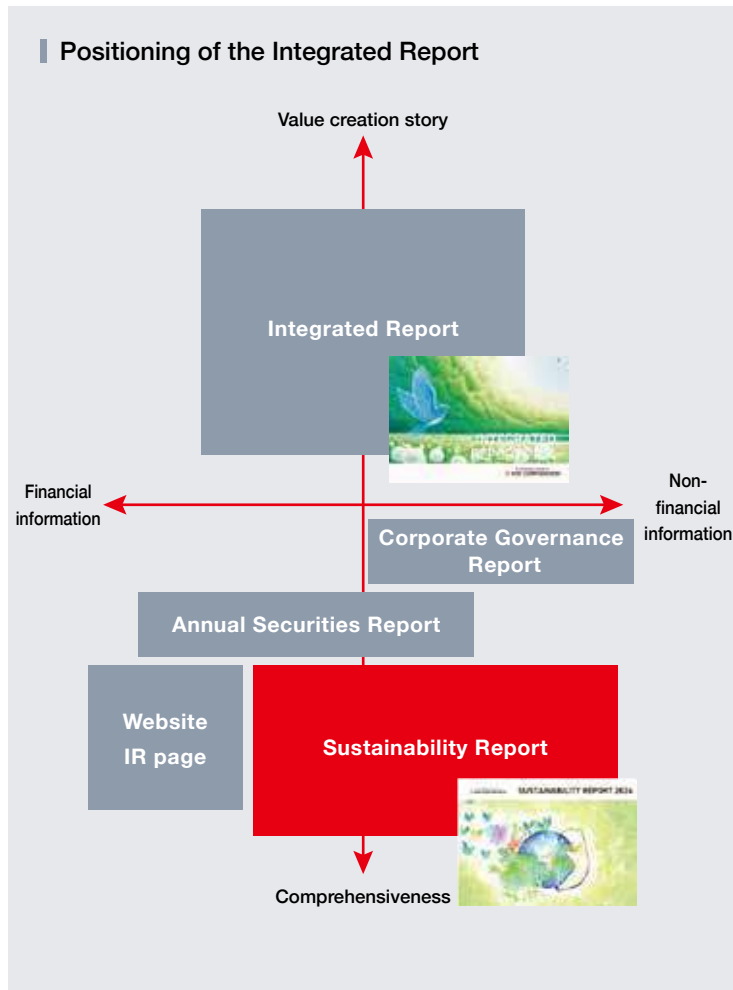
Reporting period	FY2023 (from April 1, 2023 to March 31, 2024) *Includes the details of some activities, etc. after April 2024	
Covered organizations	NOF CORPORATION and its subsidiaries and affiliated companies (the following are indicated and covered in this report) *Following the merger of Nippon Koki Co., Ltd. and HOKKAIDO NOF CORPORATION, the number of companies in the covered organization is the number as of April 1, 2024.	
	NOF Group	NOF CORPORATION and its 24 consolidated subsidiaries *Financial information is marked for the NOF Group, and environmental information is based on the NOF Group, with each individual data item marked for its subject.
	Domestic Group	NOF CORPORATION and its 12 domestic consolidated subsidiaries
	NOF/NOF CORPORATION/Non-consolidated	NOF Corporation only *Society-related information is centered on NOF and includes some of its subsidiaries and affiliated companies.
	Five Domestic Consolidated Companies	Consolidated subsidiaries (YUKA SANGYO CO.,LTD.; Nippon Koki Co.,Ltd.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; NICHYU LOGISTICS CO., LTD.)
Reporting cycle	Published annually as an annual report	
Issuance	September 2024 (next report: September 2025)	
Guidelines referenced	ISO26000: 2010 Guidance on Social Responsibility, Japanese Standards Association GRI Sustainability Reporting Standards	

Disclaimer

This Report contains forward-looking statements based on management plans and expectations at the time of publication, as well as past and present facts regarding the NOF Group.. These forward-looking statements comprise assumptions and judgments based on currently available information, and thus the actual events and outcome of future business activities may differ from those predicted due to changes in various conditions.

Editorial Policy

GRI 2-2,3



How to use this report

- Clicking on a title in the table of contents will take you to the desired page.
- There are category tabs on the right side of the page. Clicking one will take you to the first page of the category.
- Clicking on “Disclosure Location” in a content index will take you to the desired page or external link.

Organization

GRI Standards Content Index

GRI 000-00

The corresponding GRI code is written in the upper right corner of each page.

[CSR Procurement Guidelines](#)

Clicking on a product will take you to the page with details.

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If the above image is shown, you can click it to go to the desired page or external link.



Organization

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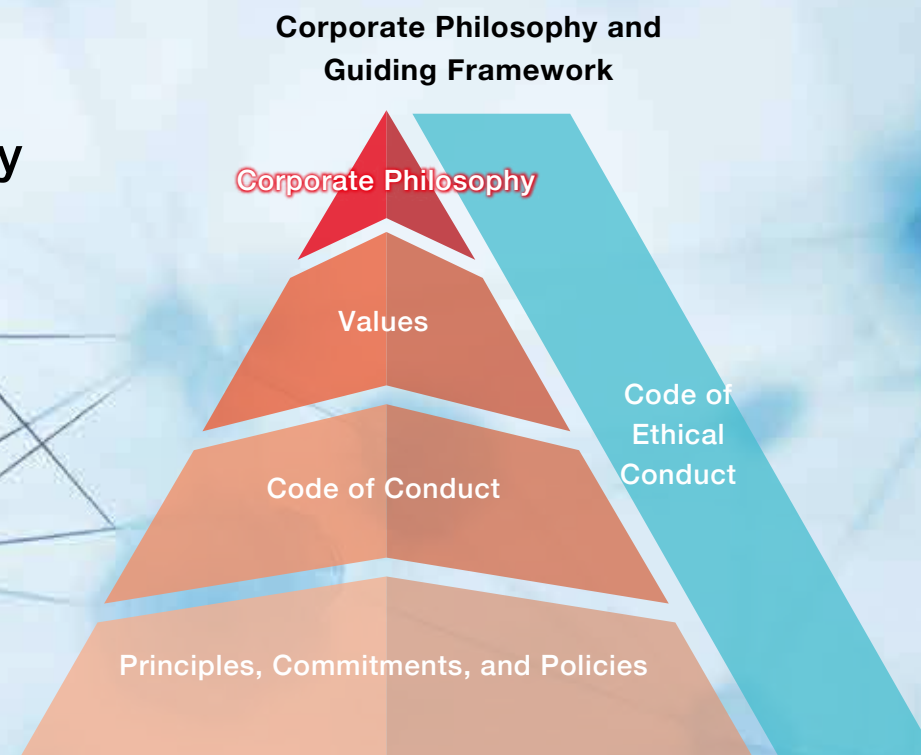


Corporate Philosophy

Contributing to humanity and society
as a corporate group
that creates new value
through the power of chemistry,
“from the biosphere to outer space”

In April 2023, the NOF Group shifted to have a new Corporate Philosophy and Guiding Framework.

Under the business slogan "From the Biosphere to Outer Space," we will seek to contribute to the development of humanity and society as a chemical company. While continuing our basic policy, we will strengthen our unity for the future and aim to improve our business performance. Our basic policy is to live in harmony with society by paying close attention to environmental protection and safety.



We have conducted restructuring to create a new Corporate Philosophy and Guiding Framework, centered on our Corporate Philosophy that defines the mission and vision that form the basis of the NOF Group's business activities, our Values that are to be prioritized when putting the Corporate Philosophy into practice, and our Code of Conduct that defines the mindset for concrete actions in business operations. Under these are our Principles, Commitments, and Policies, and the Code of Ethical Conduct is positioned as the foundation for the entire Corporate Philosophy and Guiding Framework.



Values

The following three Values are prioritized by the NOF Group as we put the Corporate Philosophy into practice.

Challenge

We continue to grow into our best selves through collaboration and mutual inspiration, undauntedly adapt to new realities, and tirelessly pioneer new frontiers.

Fairness

As responsible members of society, we maintain high ethical standards, act in good faith, and cultivate a corporate culture that embraces diverse values.

Harmony

We join forces to build a sustainable future in harmony with the global environment while keeping in mind safety and mutual respect.

Code of Conduct

Our Code of Conduct as follows represents an attitude to put actual action into practice based on the Corporate Philosophy and our Values.

1

Provide the highest quality products and services globally for the development of humanity and society.

2

Leverage the group's collective strengths to develop advanced technology and products that create new value across a wide range of fields.

3

Take on ambitious challenges to achieve personal growth and a fulfilling lifestyle.

4

Respect diversity and act fairly with high ethical standards and good sense.

5

Be conscious of safety and being in harmony with the environment, while solving social issues by bringing everyone's strengths together.

since
1937

Established as a general
oleochemical company,
we have diversified
our business
in response to change



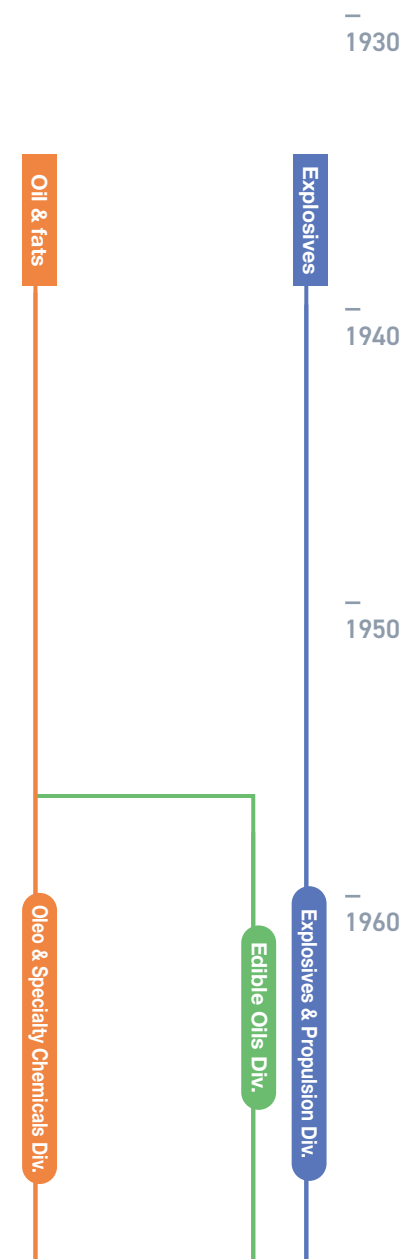
1937 - 1969

Expanding our business areas to include petrochemicals, centered on oils and fats Supporting rapid economic growth with products ahead of their time

Japan's oils and fats industry began with the export of hardened oil as a raw material for soap and margarine. As exports surged during the Showa period, Nippon Food Industries, Kokusan Industry Fuji Paint Works, Velvet Soap, and Associated Oil and Fats, which were under the Nippon Sangyo Group, merged under the Nissan concern to form the first Nippon Oil and Fats in June 1937. The company began operations as a general oleochemical company aiming for integrated production of cosmetic soap and detergent.

After the end of World War II, there was a period of turmoil that included financial difficulties for obtaining basic necessities and soaring commodity prices. In July 1949, the company once again took the name "Nippon Oil and Fats" as a chemical manufacturer with four divisions: oils and fats, coatings, explosives, and welding rods. Fish oil was replaced by beef tallow and coconut oil as the raw material for fats and oils, and uses of derivatives of simple fatty acids, developed through innovations in refining technology, expanded to include use as disinfectants and emulsifiers. The company also expanded into the field of edible oils such as margarine and shortening.

In the 1950s, as the petrochemical industry took off, the leading materials shifted from natural rubber to synthetic rubber, and from wood, metal, and glass to synthetic resin. The company focused on expanding sales channels to a wide range of industrial fields in response to the trend of rapid growth of large assembled products such as the "3Cs" (color TVs, cars, and coolers) due to high economic growth. The company developed derivatives along with various simple fatty acids to enhance its non-ionic surfactant product line. Applications as emulsifiers, modifiers, and stabilizers were also developed, and gained customers in a wide range of fields, including pharmaceuticals, cosmetics, toiletries, paper and pulp, and civil engineering and construction. Furthermore, efforts were made to mass produce organic peroxides, which are indispensable for the manufacture of synthetic rubber and synthetic resins, and production of edible oils increased rapidly due to the expanding market for western-style confections and baked sweets. In addition, the company diversified its business with efforts such as developing solid propellants for artificial satellite launch plans of the National Space Development Agency of Japan.



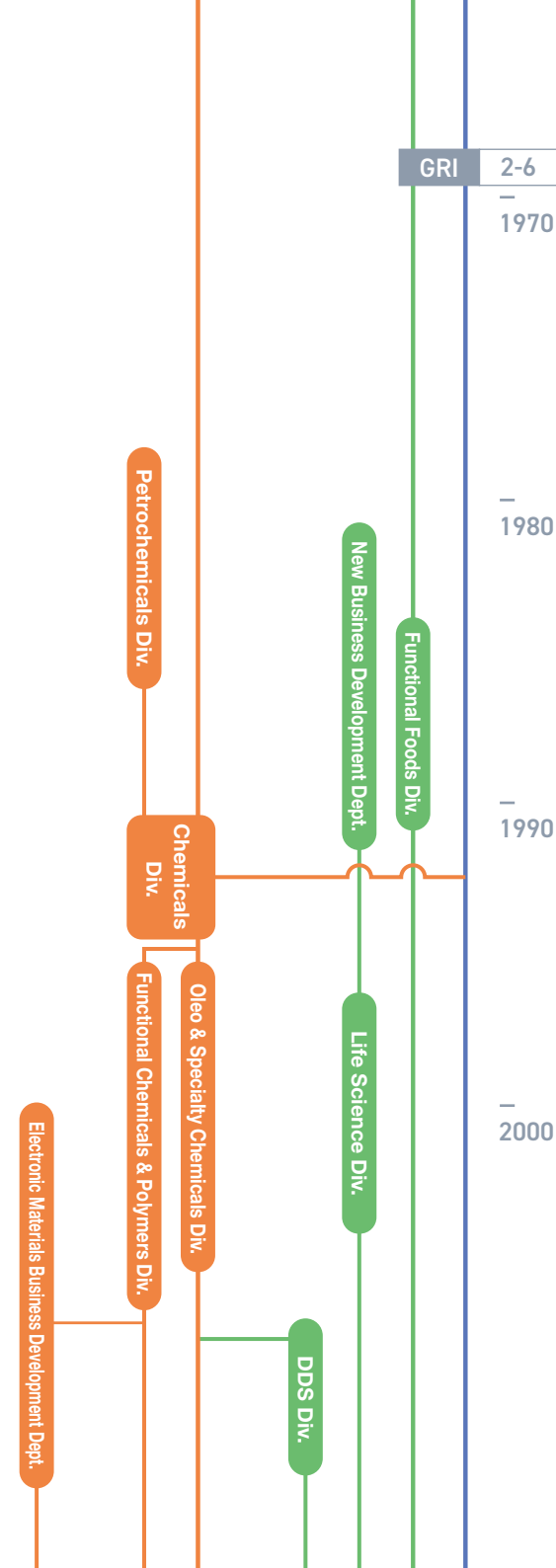
1970 - 2006

Focus on the pharmaceutical industry, centered on biotechnology Focus on R&D of new materials to expand our product lineup

In 1968, Japan's gross national product (GNP), which was soaring due to the Izanagi Boom, surpassed that of West Germany to become the second highest in the world. However, the first oil crisis in 1973 caused a sharp rise in the price of imported crude oil and a major downturn in Japan's economy. In order to secure stable supplies of raw materials, the company accelerated its overseas expansion, including by investing in Malaysia, a palm oil producing country. At the same time, the company focused on fine chemicals as high value-added products. The BLEMMER series of world-class polymer modifiers expanded its sales channels in fields such as coatings, adhesives, and resist materials, and the company also advanced the development of finer organic peroxides. In 1983, the Tsukuba Research Laboratory was established for R&D of new materials. The Laboratory became a stepping stone for offering high value-added products by linking lipids to promising biotechnology, focusing on the pharmaceutical industry, developing high-purity unsaturated fatty acids, and other means.

After the Japanese economy reached its peak in the 1980s, the bubble economy collapsed in the early 1990s, ushering in an era in which product development

capabilities would determine the future of the company. When the Life Science Products Division was established in 1999, the company expanded its manufacturing capacity in anticipation of increased demand for cleaning and storage solutions for contact lenses as well as cosmetic ingredients. In 2001, the DDS Business Development Department was established, after the company had established a track record in the development of high-purity activated PEG, phospholipids, and other products. In 2004, in addition to the establishment of a local subsidiary in China to supply organic peroxides to synthetic resin manufacturers, our Daishi Plant was completed as a new production base for edible oils, with the basic principle of "food safety and security" to ensure traceability of the raw materials used. Furthermore, in 2006, although the company established a new division to oversee the anti-corrosion business that had been operating in Japan, the United States, and Europe, it also made selections and concentrated its businesses, including discontinuing the welding and coating business and transferring it to another company.



2007 - 2024

Global expansion with five forms of business that generate the NOF brand

Promotion of innovation toward a sustainable society

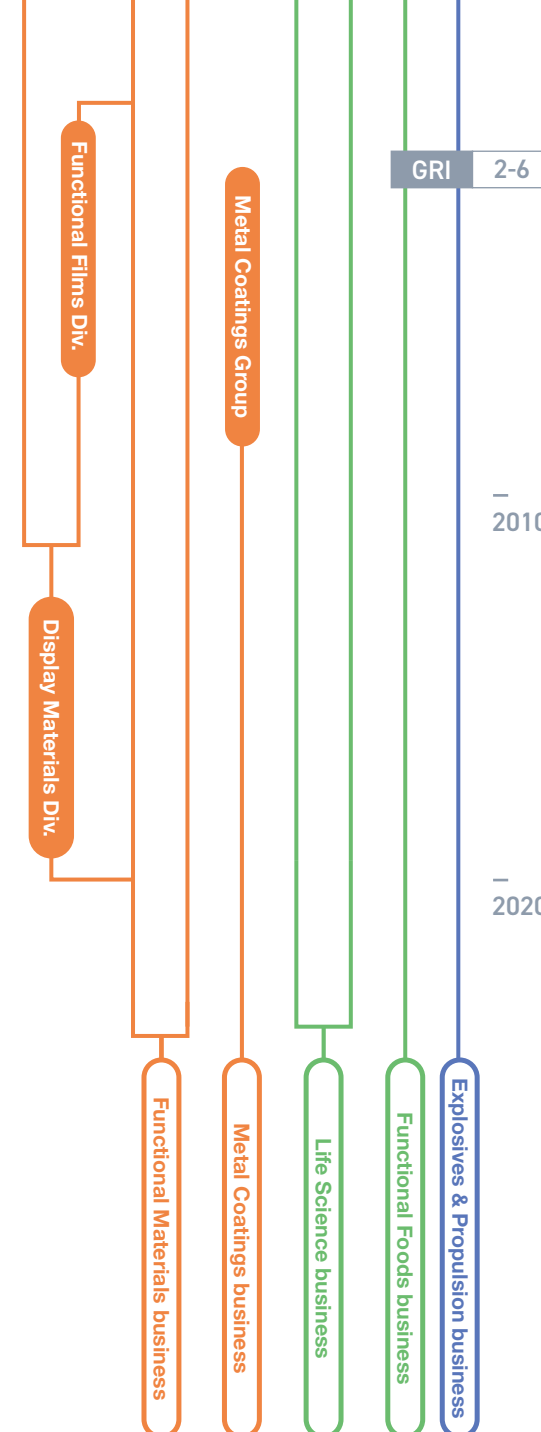
In October 2007, the 70th anniversary of our founding, the company name was changed from Nippon Oil and Fats to Nichiyu (NOF in English) with the aim of further expanding our business areas. In addition to the four core businesses of oleo & specialty chemicals, functional chemicals & polymers, explosives & propulsion systems, and functional foods, the company's organizational structure now also includes life science products, DDS development, and anti-corrosion. Under the slogan "From the Biosphere to Outer Space," we have taken the first step toward becoming a global general chemical manufacturer equipped with cutting-edge technologies.

As environmental and social issues continue to mount on a global scale, expectations are increasing for innovation toward a sustainable society. Therefore, in our Mid-term Management Plan for the 2010s and beyond, we identified three fields where future demand is expected to grow: Environment/Energy, Life/Healthcare, and Electronics/IT. In the Life/Healthcare field, for example, we are working on the development of new materials through co-creation in industry-government-academia collaboration, with a focus on advanced medical technique and regenerative medicine, which are

attracting worldwide attention.

In the DDS business, which was created by integrating NOF's technologies, such as high purification and cutting-edge molecular design technologies, we provide a wide range of materials to the biopharmaceuticals field, which is expected to grow significantly in the future. Among these, the main product, activated PEG, is used in many biopharmaceuticals, including protein drugs and peptide drugs, and holds the largest share in the global market. In addition, functional lipids such as ionic lipids and PEG lipids are being developed for use in nucleic acid drugs, including expected applications in gene medicine. In response to the increase in the number of pharmaceuticals which use NOF's materials, we expanded the manufacturing facilities at our Kawasaki Works in 2021, and plan to make a facility investment of ¥10 billion in our Aichi Works by 2025.

In 2023, we renewed our Corporate Philosophy structure and reorganized our business units. We will develop our global business with 12 consolidated subsidiaries in Japan as well as 12 bases in nine countries overseas toward achieving NOF VISION 2030.





Business Bases

GRI 2-2

Developing global business through our domestic and overseas bases

The NOF Group has 12 consolidated subsidiaries in Japan, covering each region from Hokkaido to Kyushu. Overseas, we have 12 bases in nine countries, and are developing our business with locally based sales and production systems.

Europe

NOF EUROPE GmbH /
NOF METAL COATINGS EUROPE S.A. /
NOF METAL COATINGS EUROPE N.V. /
NOF METAL COATINGS EUROPE s.r.l.



Changshu NOF Chemical Co., Ltd.

Asia

Changshu NOF Chemical Co., Ltd. /
NOF (Shanghai) Co., Ltd. /
PT.NOF MAS CHEMICAL INDUSTRIES /
NOF METAL COATINGS KOREA CO.,LTD. /
NOF METAL COATINGS SHANGHAI CO., LTD.



PT.NOF MAS CHEMICAL INDUSTRIES

America

NOF AMERICA CORPORATION /
NOF METAL COATINGS NORTH AMERICA INC.



NOF METAL COATINGS NORTH AMERICA INC.

NOF METALCOATINGS
SOUTH AMERICA IND. E
COM.LTDA.



Business Bases

GRI 2-2

Research laboratories

Ibaraki	Advanced Technology Research Laboratory
Kanagawa	I & S (Innovation & Solution) Department / Chidori Research Laboratory / Functional Foods Research Laboratory / Life Science Research Laboratory
Aichi	Taketoyo R&D Department / Kinuura Research Laboratory / Life Science Research Laboratory
Hyogo	Amagasaki Research Laboratory
Oita	Life Science Research Laboratory

Domestic consolidated subsidiaries

NICHYU TRADING CO., LTD. / NICHYU LOGISTICS CO., LTD. /
Nichiyo Kogyo Co., Ltd. / YUKA SANGYO CO., LTD. /
NIGK Corporation / Showa Kinzoku Kogyo Co., Ltd. /
Nippon Koki Co., Ltd.*1 / Nippo Kogyo Co., Ltd. / JAPEX Corp. /
CACTUS Co., Ltd. / NOF METAL COATINGS ASIA PACIFIC CO., LTD. /
NIKKA COATING CO., LTD.

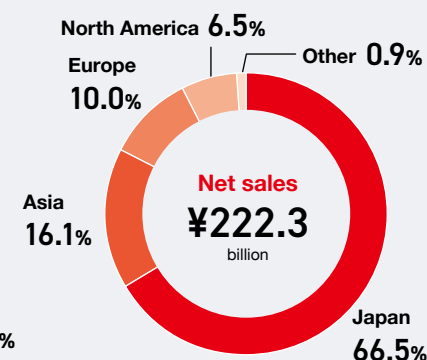
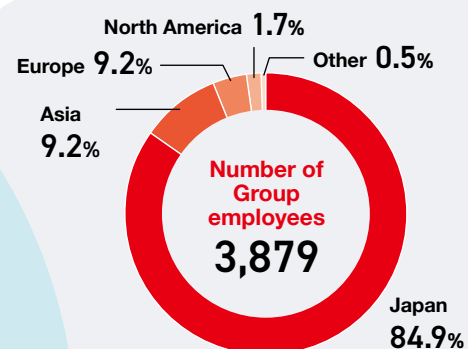
Japan

Head Office, branch offices, regional offices, sales offices

Tokyo	Head Office	Osaka	Osaka Office
Aichi	Nagoya Office	Fukuoka	Fukuoka Office
Hokkaido	Sapporo Office		

Plants

Kanagawa	Kawasaki Works / Chidori Plant / Daishi Plant / DDS Plant
Aichi	Aichi Works / Taketoyo Plant / Kinuura Plant / LS Aichi Plant*3
Hyogo	Amagasaki Plant
Oita	Oita Works / Oita Plant / LS Oita Plant*3



(As of March 2024)



Chidori Plant



Kinuura Plant



Nippon Koki Co., Ltd. Bibai Plant



Amagasaki Plant



Oita Plant

*1 HOKKAIDO NOF CORPORATION was merged with Nippon Koki Co., Ltd. on April 1, 2024.

*2 NOF + consolidated subsidiaries

*3 The organization and name were changed on June 21, 2024.



Support through technology from general consumer goods to advanced materials

The NOF Group has created a wide variety of products as a chemical manufacturer supplying materials to companies in Japan and abroad. We have a long history spanning 87 years since our founding. We support our customers' manufacturing with our technical capabilities and response capabilities.



Diverse management

We are characterized by our wide range of business areas, from raw materials for familiar products, such as cosmetics, foods, and pharmaceuticals, to electronics-related products and solid propellants for rockets. While possessing proprietary technologies and products in each of these areas, we continue to create original products that are increasingly complex and highly functional, including the fusion of oleochemical and petrochemical technologies.

Integrated Report ▶ P.092-105



Global expansion

Since entering the overseas market in 1984, we have promoted active overseas expansion, including the establishment of sales bases in the United States and Europe and production sites in Indonesia and China. Currently, we have 12 consolidated subsidiaries in the United States, Europe, Asia, and South America, providing products and technologies to the entire world. We will further develop new business to meet the expectations of the untapped global market.

Integrated Report ▶ P.012-013



Advanced technology development

We are engaged in development at the research facilities of our business divisions, and in research on original and pioneering materials and technologies for the next generation at our Advanced Technology Research Laboratory. In addition, we are searching for new materials and technologies by leveraging our connections outside the company, including open innovation through industry-academia-government collaboration in advanced medical technique and regenerative medicine, as well as promoting development leveraging business integration synergies.

Integrated Report ▶ P.016-019,046-049

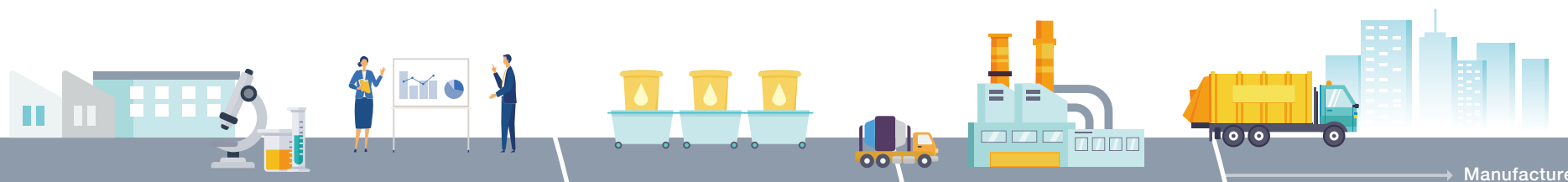




Support for customers from development to mass production

While utilizing our core technologies, we work closely with our customers in their product development efforts, proposing materials in accordance with their objectives and needs.

In addition, in accordance with our Responsible Care (RC) Activities, we are committed to safety management throughout the entire value chain and strive to provide the best products and services.



R&D

[Material design and precision synthesis technology]

Flexible design for customer requirements

We can flexibly design a variety of derivatives and polymers based on fats, oils, and petrochemicals, combined with our unique synthesis and refining technologies. This enables speedy product development that meets customer requirements.

[Technologies for formulation, analysis, and evaluation]

Offering functions that customers want

We have advanced analysis and evaluation technologies that enable us to propose functions for our customers' fields. The wealth of accumulated data obtained from this enables advanced formulation design and rapid feedback for material design.

Integrated Report
▶ P.016-019, 046-049

Integrated Report
▶ P.016-019, 046-049

Procurement

Stable securing of raw materials with our BCP in mind

We strive for stable procurement under our business continuity plan (BCP). At the same time, we conduct CSR questionnaires for our suppliers and work to procure raw materials with consideration for human rights, the work environment, legal compliance, and the environment and safety.

Integrated Report
▶ P.148-151

Manufacturing

Stable supply of products and consideration for the environment

We always strive to provide a stable supply of products under our advanced quality control system and thorough safety management. In addition, we are committed to eco-friendly manufacturing, giving due consideration to energy conservation and reduction of chemical substance emissions.

Integrated Report
▶ P.050-053, 119-120, 131-140

Delivery

Safety-conscious logistics with low environmental impact

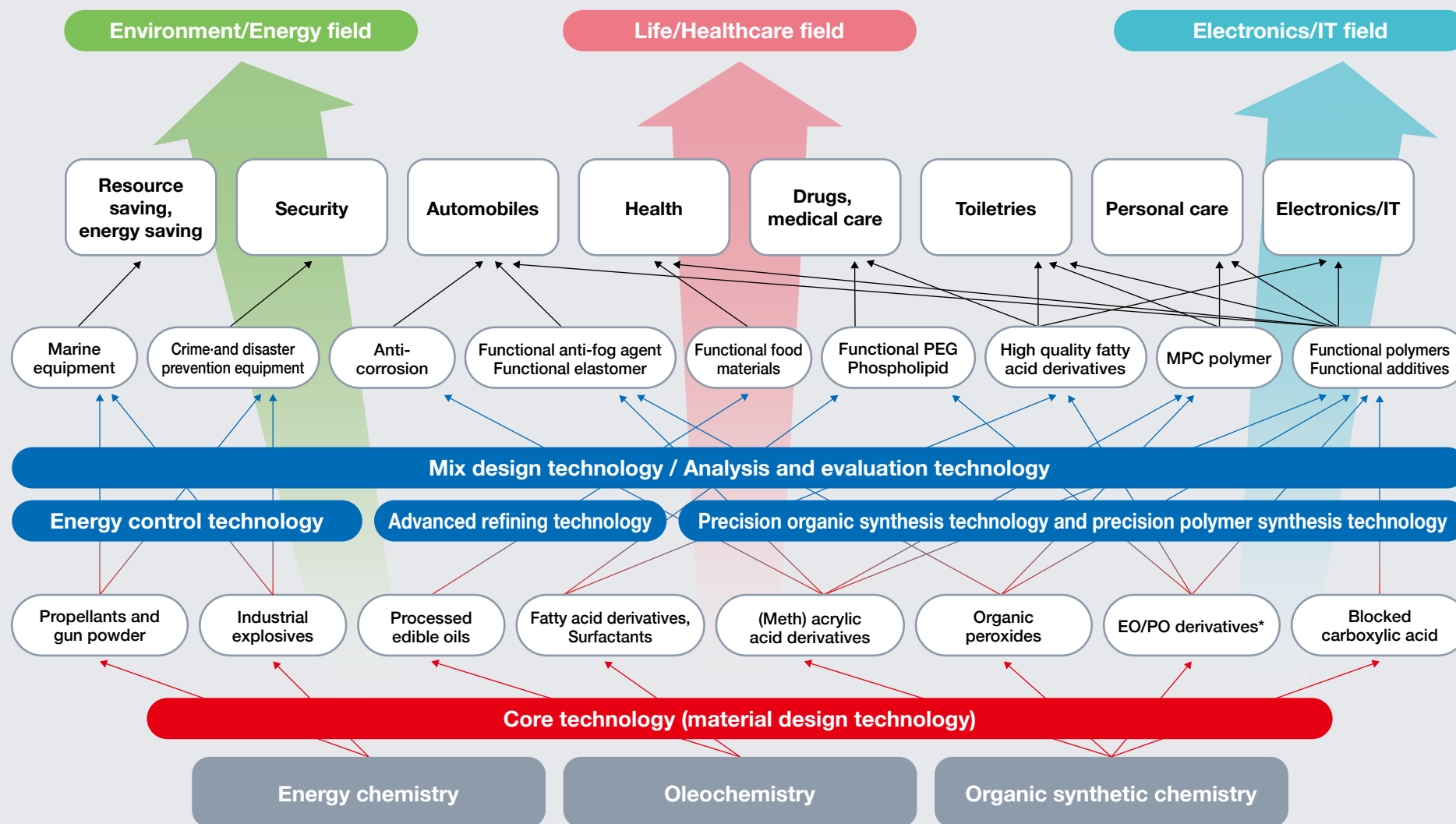
To ensure safe delivery of our products, we use safety data sheets (SDS) and GHS labels to thoroughly manage hazard information. In addition, we are promoting modal shifts and joint deliveries to reduce greenhouse gas emissions.

Integrated Report
▶ P.121, 131-140



Technologies and materials of the NOF Group

GRI 2-6



*Ethylene oxide Propylene oxide derivatives (polyalkylene glycol derivatives)

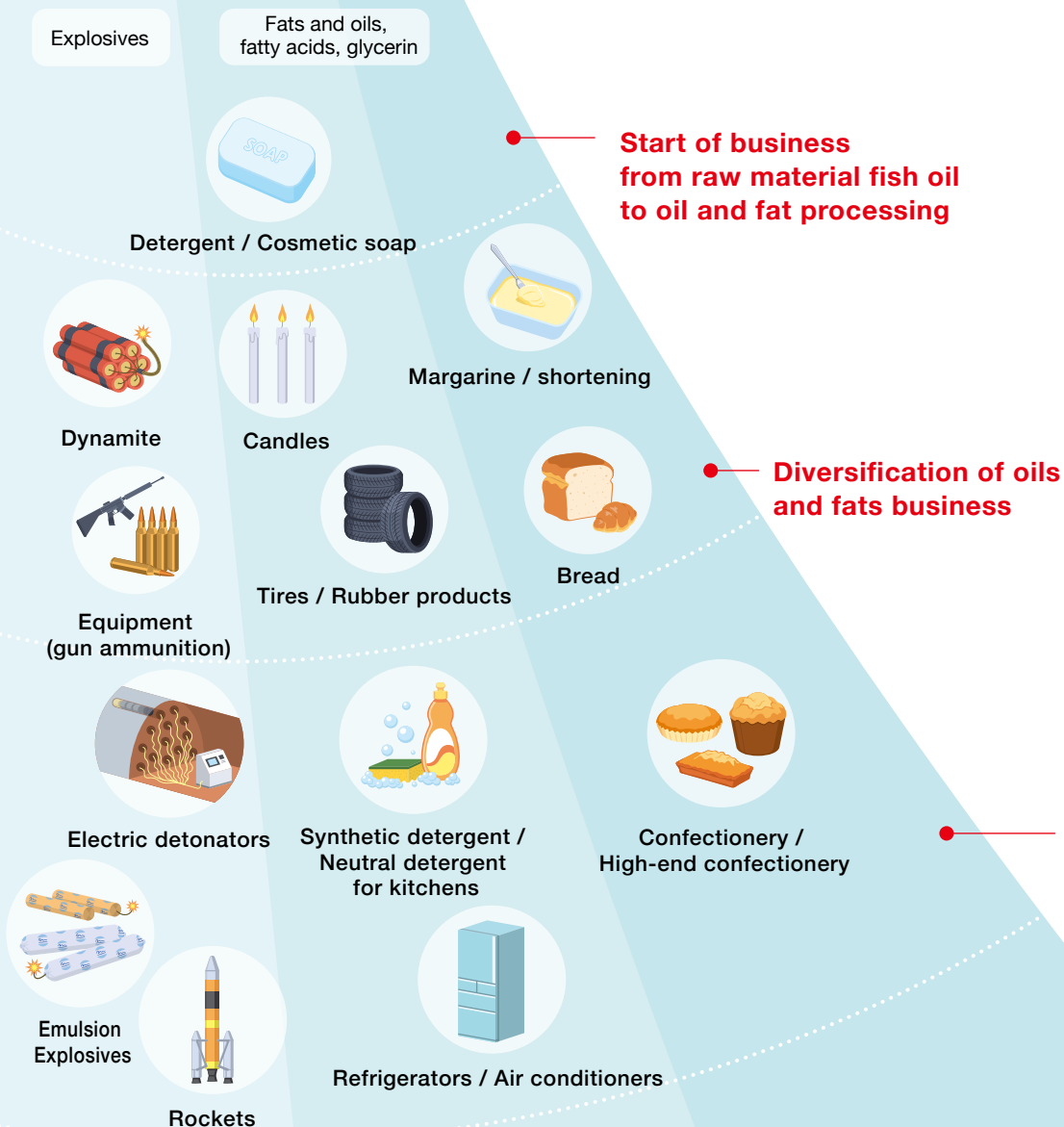


Everyday Products Created from NOF's Products

GRI 2-6

The World Created through NOF's Technology

When NOF began operations in 1937 as an oleochemical manufacturer, we offered only a limited range of products. Later, in response to changes in industrial structures and global needs, we expanded our operations into the area of petrochemicals from the 1970s. Furthermore, by pursuing the functions of the materials that NOF possesses, we have developed a wide range of customer segments, including biocompatible materials and DDS. As a result, NOF materials are used in a wide variety of products that you see in your daily life, from daily necessities such as food, pharmaceuticals, and cosmetics to industrial products such as automobiles, home appliances, construction products, and electricity-related products.





Everyday Products Created from NOF's Products

GRI 2-6



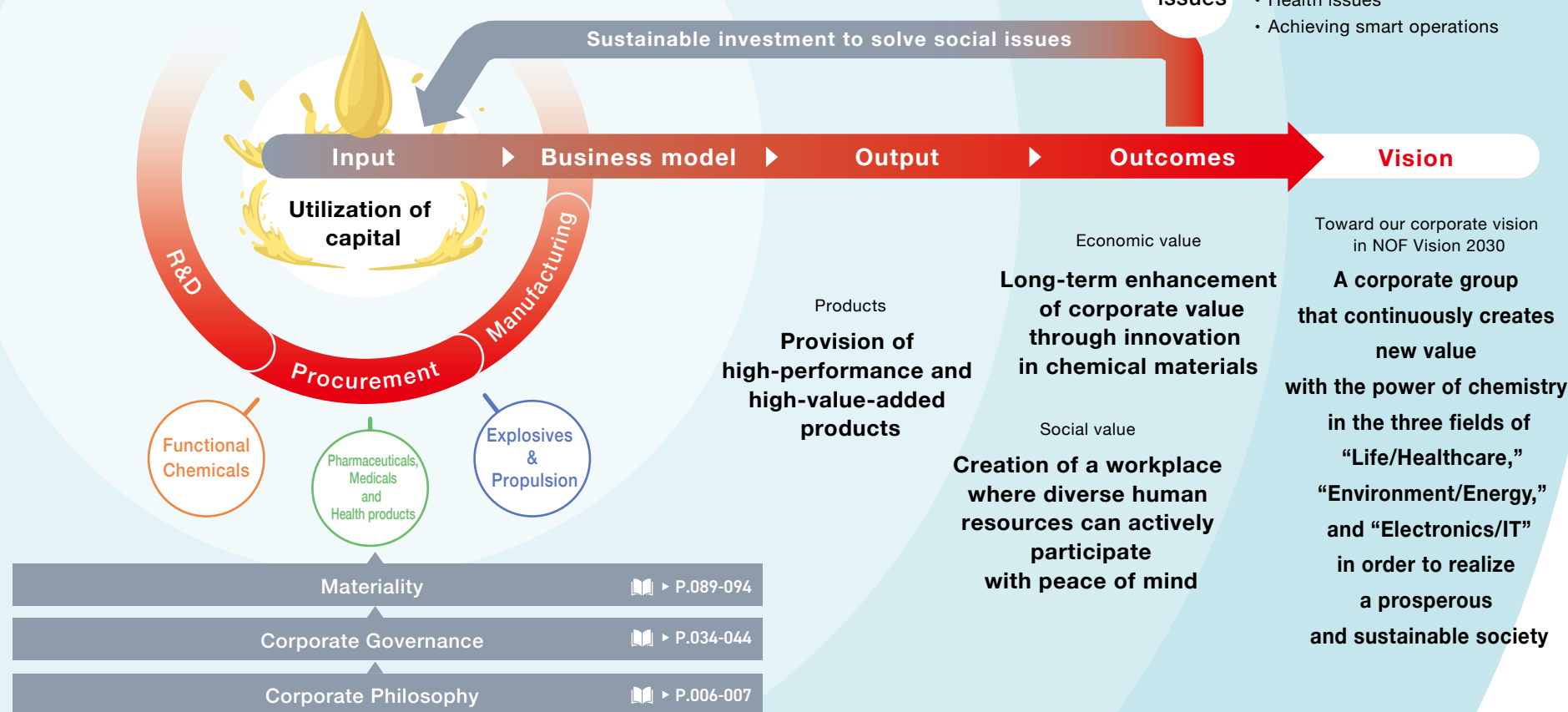


Value Creation Process

GRI 2-6

Creating products, value, and a new future with the power of chemistry

We propose new technologies and new products by combining the core technologies we have acquired in our diverse business areas. To solve various social issues, we aim to grow sustainably centered on our three prioritized business fields.

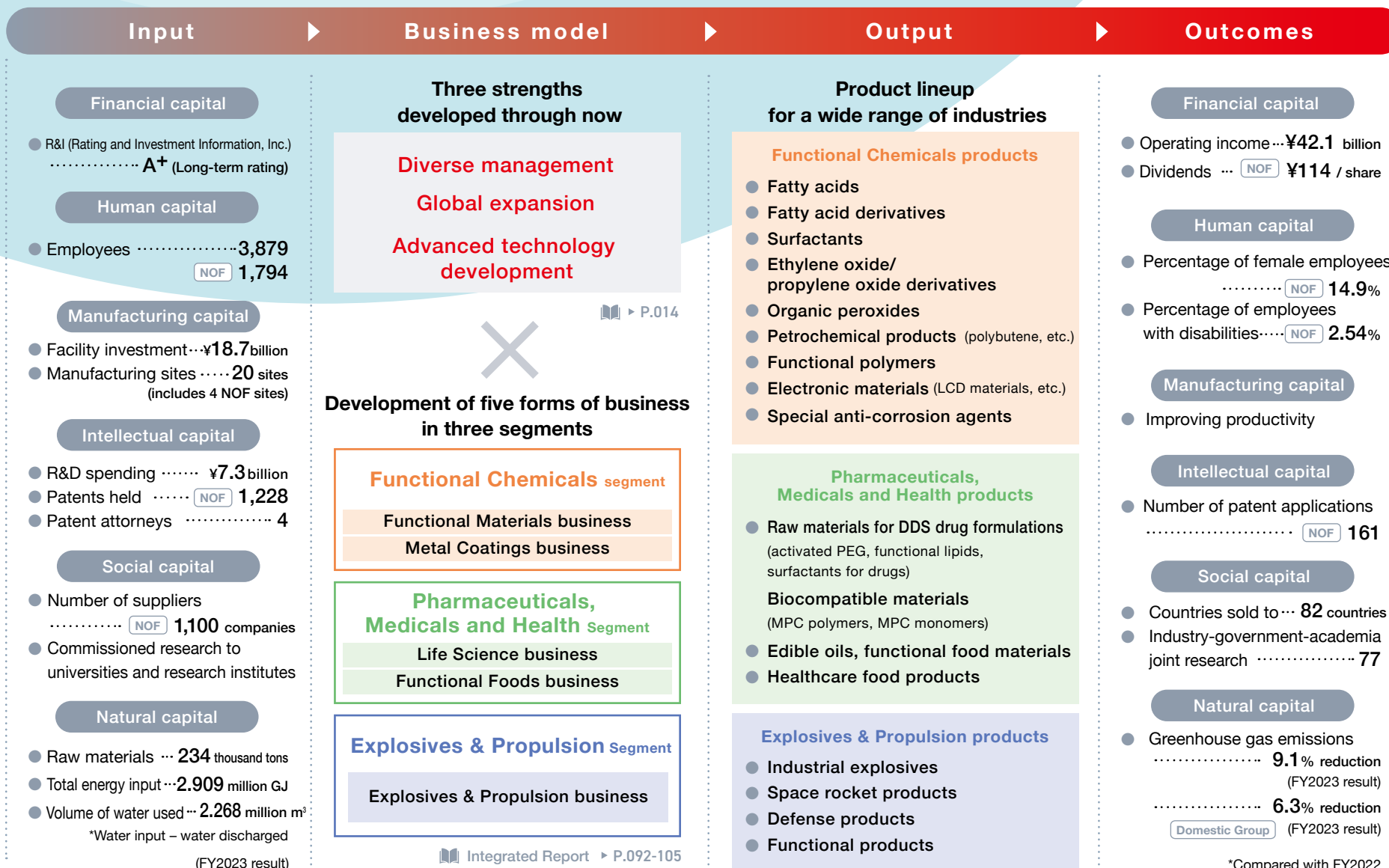




Value Creation Process

GRI 2-6,7

NOF Group





NOF's Intellectual Property

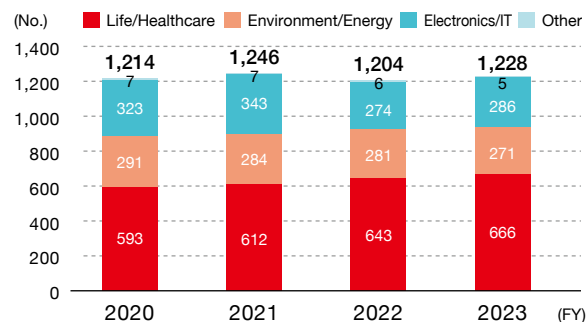
The NOF Group aims to create new value in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT, and is actively promoting the development of new products and technologies while proactively pursuing intellectual property rights. We also respect intellectual property rights and are making efforts for human resources development.

Status of applications in the three prioritized business fields

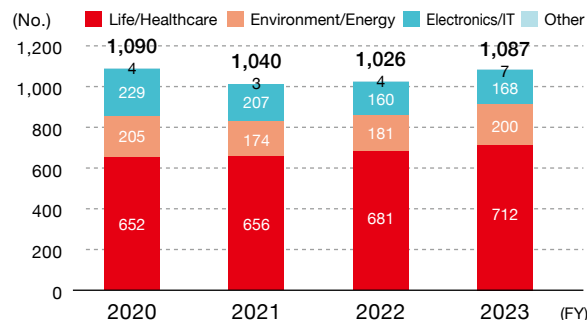
In the Life/Healthcare, Environment/Energy, and Electronics/IT fields, we formulate intellectual property strategies based on management strategies and acquire the necessary rights.

Our number of patents held in the Life/Healthcare field has been growing in line with the expansion of global operations.

Number of domestic patents held



Number of foreign patents held



Promotion of joint research and intellectual property rights acquisition

Based on our Corporate Philosophy of “Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, from the biosphere to outer space,” we work to create new businesses by actively promoting open innovation and the discovery of promising themes both inside and outside the company.

Centered on the research divisions of the NOF Group, including the Advanced Technology Research Laboratory and the New Business Development Department, we promote the development of new products and technologies through joint research and commissioned research with industry, academia, and the government, and acquire effective rights to these products and technologies.

In addition, we offer invention rewards for patents that make a significant contribution to the company's profits. In 2024, both the number of rewards and the amount of rewards were at an all-time high. By increasing incentives

for inventors, we are working to increase motivation to produce inventions that highly contribute to profits.

Expansion of intellectual property human resources

We hire qualified patent attorneys and provide support for the acquisition of patent attorney qualifications to enhance the expertise of our personnel working in this area. We also provide intellectual property education to inventors to raise the level of intellectual property throughout the Group.

Response to risks

In order to respect the intellectual property rights of others and avoid disputes, we conduct regular patent searches to ensure patent clearance.

Employee invention rewards

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



Ceremony for the employee invention reward

Our “commissioned industry-academia research open innovation program” through external collaboration

We are actively promoting open innovation activities in line with our vision of co-creating new value through the power of chemistry.



Life/Healthcare field

Called for applications from four topics related to medical care and medical devices, and selected three materials and technologies from these

The commissioned industry-academia research open innovation program, which aims to develop new technologies and products through co-creation with external parties, called for applications on topics related to the medical care and medical device fields. We called for applications on the four topics of (1) materials for regenerative medicine, cell therapy, and gene therapy; (2) in vitro diagnostic pharmaceutical materials; (3) materials for pharmaceuticals (small molecules, peptides, nucleic acid, biotech); and (4) materials for medical devices from applicants from various research and academic institutions and startups in Japan and overseas. With the support of NineSigma Holdings, Inc. and after careful screening for commercialization potential and other factors, we selected technologies from Shinshu University, Nagasaki University, and Nagoya University. Selected organizations will be provided with commissioned research funds to conduct research over a period of one year toward contributing to society, with the aim of new business creation in future.



Selected organizations (in Japanese syllabary order)





Products that Contribute to the Environment

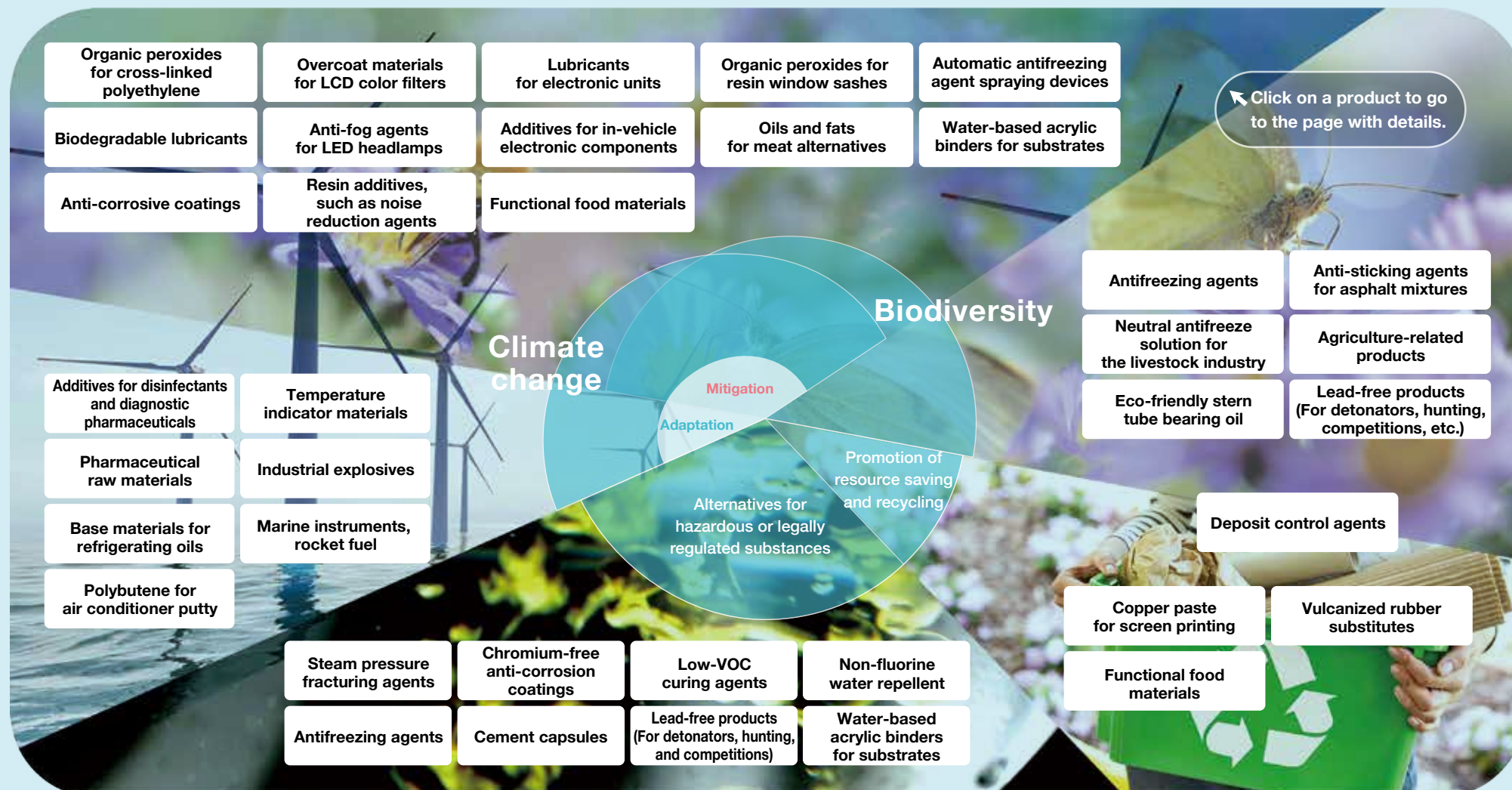
GRI 201-2/304-2/417-1

In response to global issues such as climate change and biodiversity, the NOF Group is conducting research and development for technologies (cleantech) in our three prioritized business fields, and creating a variety of products that contribute to the environment.

Products that contribute to the environment, including to address climate change and biodiversity, among the cleantech-related products of the NOF Group

☀ Responses to Climate Change (TCFD) 📖 ▶ P.107-121

🐦 Biodiversity Conservation 📖 ▶ P.141-147





Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to the shift to EVs

Functional Materials business

Metal Coatings business

- Additives for in-vehicle electronic components
- Lubricants for electronic units
- Anti-corrosive coatings
- Overcoat materials for LCD color filters
- Resin additives, such as noise reduction agents
- Anti-fog agents for LED headlamps



It is expected that electric vehicles (EVs) will contribute to climate change mitigation because they generate less greenhouse gas emissions than gasoline-powered vehicles when running. In addition, compared to gasoline-powered vehicles, EVs are expected to require more electronic components (passive components), electronic units, LCD panels, very quiet components, and power-saving components. Thus, the NOF Group's products used in these applications provide positive contributions in this area. Climate change mitigation also contributes to biodiversity because it reduces the ecological imbalance caused by global warming.

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to renewable energy

Functional Materials business

Metal Coatings business

- Organic peroxides for cross-linked polyethylene
- Biodegradable lubricants
- Anti-corrosive coatings



Eco Mark Certification Number:
08110006
Name of utilizing contractor:
NOF CORPORATION
Products: MILLUBE® series

Renewable energy such as wind power and solar power are becoming increasingly important because they do not produce greenhouse gases. Our anti-corrosive coatings and biodegradable lubricants used in solar panel mounting parts as well as wind power generation blades and gears for wind power generation provide positive contributions in this area. In addition, ultra-high voltage and high-voltage electric wires are indispensable to transmit electricity from wind and solar power generation sites. Thus, our organic peroxides for cross-linked polyethylene used as a coating material provide positive contributions to the spread of renewable energy.



Products that Contribute to the Environment

GRI 201-2/304-2/417-1

Climate change

Biodiversity

Promotion of resource saving and recycling

Alternatives for hazardous or legally regulated substances

Products that contribute to reducing greenhouse gas emissions and securing protein sources

Functional Foods business

- Oils and fats for meat alternatives



Due to the greenhouse gases (methane) produced by the livestock industry and the protein shortage accompanying the rapid growth of the global population, movements are starting to find new sources of protein. NOF's oils and fats for meat alternatives are contributing to the spread of soy protein and other such meat alternatives, as they enhance the flavor and texture of these products through our proprietary oil and fat processing technologies.

Climate change

Biodiversity

Promotion of resource saving and recycling

Alternatives for hazardous or legally regulated substances

Products that contribute to the spread of energy conservation

Functional Materials business

- Organic peroxides for resin window sashes

Window sashes made using vinyl chloride resin contribute to the spread of energy-efficient housing because of their excellent heat insulation. Organic peroxides are used as polymerization initiators for the vinyl chloride resin, and thus contribute to the spread of energy conservation.



Climate change

Biodiversity

Promotion of resource saving and recycling

Alternatives for hazardous or legally regulated substances

Products that contribute to the reduction of food loss

Functional Foods business

- Functional food materials

Securing food resources has become an issue, as waste due to expiration of food products leads to food loss. NOF provides functional materials for food that can maintain the softness and improve the texture and volume of breads and sweets, thereby contributing to reduction of food loss by preventing waste due to expiration.





Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to the prevention of ozone layer depletion

Functional Materials business

- Base materials for refrigerating oils



HFC (Hydrofluorocarbon) refrigerants, which do not deplete the ozone layer, are increasingly used as refrigerants for air conditioners and refrigerators. Base materials for refrigerating oils enhance co-solubility with HFC refrigerants and improve their thermal stability, electrical insulation performance, and other factors. Moreover, the low viscosity contributes to saving energy consumption. In recent years, refrigerants with a smaller global-warming potential compared with previous products are required. NOF is now supplying refrigerating machine oil for refrigerants with a low global-warming potential.

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to biodiversity, climate change mitigation, and environmental conservation

Explosives & Propulsion business

Nippon Koki Co., Ltd.

- Antifreezing agents
- Automatic antifreezing agent spraying devices



KAMAGU®, together with AUTOKAMAGU® JET, is proving highly effective against the freezing of road surfaces.

Antifreezing agents, such as calcium chloride conventionally used on road surfaces in cold areas, have posed the problem of “salt damages.” NOF’s antifreezing agent KAMAGU®, an acetic acid-derived chemical containing no chloride, poses no fear of salt damages. It is also an eco-friendly anti-freezing agent with minimal impact on plants. AUTOKAMAGU® JET, an automatic antifreezing agent spraying device, is a sensor-based system that automatically sprays KAMAGU® onto snowy or frozen roads. A type is available that works using 100% natural energy (solar energy), and thus contributes to climate change mitigation. It can also perform advanced road surface management via remote monitoring and control, and therefore contributes to both environmental conservation and road safety along with the antifreezing agent.



Climate change

Biodiversity

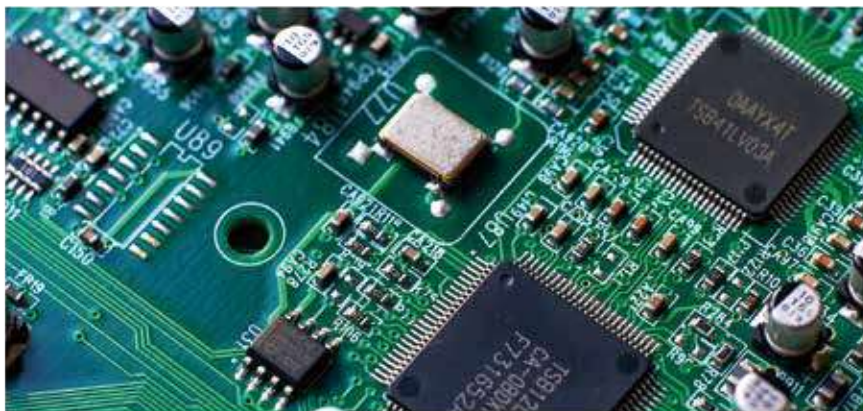
Promotion of resource
saving and recycling

Alternatives for hazardous or
legally regulated substances

Products that contribute to environmental conservation and energy saving

Functional Materials business

- Water-based acrylic binders for substrates



Demand for ceramic substrates and green sheets is increasing due to the enhanced performance and miniaturization of vehicles, electronic devices, telecommunications equipment, and other such items. Solvent-based binders, which are high in volatile organic compounds (VOCs), have typically been used to form these items. NOF's water-based acrylic binder, MARPROOF® AE-002, not only reduces environmental impact and improves worker safety due to its low VOC levels, but also offers excellent thermal decomposition at low temperatures, which contributes to energy saving.

Climate change

Biodiversity

Promotion of resource
saving and recycling

Alternatives for hazardous or
legally regulated substances

Products that contribute to climate change adaptation (air conditioners / refrigerators)

Functional Materials business

- Base materials for refrigerating oils
- Anti-corrosive coatings
- Polybutene for air conditioner putty



As temperatures rise, there is an increasing need for air conditioners and refrigerators around the world, including in developing countries. Base materials for refrigerating oils, which are used for refrigerator lubricants, as well as anti-corrosive coatings for fastening parts for external air conditioner units and polybutene for putty used for air conditioners, which fills in gaps in outer walls, provide positive contributions in this area.



Products that Contribute to the Environment

GRI 201-2/417-1

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to climate change adaptation (diagnostic pharmaceuticals / pharmaceutical raw materials)

Functional Materials business Life Science business

- Additives for disinfectants and diagnostic pharmaceuticals
- Pharmaceutical raw materials



If tropical infectious diseases and other diseases and disorders spread due to the effects of climate change, then positive contributions in this area will be made by our disinfectants for infectious diseases and additives for diagnostic pharmaceuticals as well as our pharmaceutical raw materials that combat diseases and disorders.

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to climate change adaptation (environmental information / disaster prevention and mitigation products)

Explosives & Propulsion business Nippon Koki Co., Ltd. NiGK Corporation

- Marine instruments, rocket fuel
- Industrial explosives
- Temperature indicator materials



Photo courtesy of JAXA

As climate change progresses, there may be an increase in the need to survey the entire world, including seawater temperatures. In addition, there may be an increase in embankment construction to safeguard against the risk of storm surges and other such conditions. Marine instruments and rocket fuel for these environmental surveys, as well as industrial explosives used to procure rocks and sediment from the mountains, will make positive contributions in this area.



Products that Contribute to the Environment

GRI 304-2/417-1

Climate change

Biodiversity

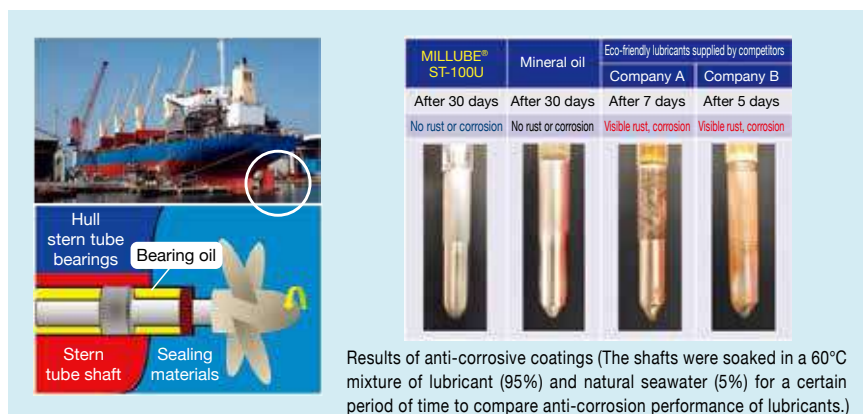
Promotion of resource saving and recycling

Alternatives for hazardous or legally regulated substances

Products that contribute to conservation of marine environments

Functional Materials business

● Eco-friendly stern tube bearing oil



Results of anti-corrosive coatings (The shafts were soaked in a 60°C mixture of lubricant (95%) and natural seawater (5%) for a certain period of time to compare anti-corrosion performance of lubricants.)

After a major oil spill in the Gulf of Mexico in 2010, the United States' 2013 Vessel General Permit (VGP) regulations came into effect for all vessels in 2013. This regulation has led to growing global demand for biodegradable, eco-friendly lubricants. We developed MILLUBE® ST-100U, stern tube bearing oil that meets the needs of the market by greatly improving the lubrication and anti-corrosion performance of conventional biodegradable lubricants offered by other companies. The product, which satisfies 2013 VGP requirements in terms of high biodegradability, low toxicity, and low bioaccumulation, is a superior lubricant that can help conserve marine environments.

Climate change

Biodiversity

Promotion of resource saving and recycling

Alternatives for hazardous or legally regulated substances

Products that contribute to protection of animals (disinfectants)

Explosives & Propulsion business

Nippon Koki Co., Ltd.

● Neutral antifreeze solution for the livestock industry



Barns, vehicles, etc. are disinfected for hygienic livestock management, but the disinfectant freezes in the winter, so it must be mixed with antifreeze. We contribute to protection of animals with Viva Frostir®, a neutral antifreeze solution for the livestock industry that is gentle to animals and humans.



Products that Contribute to the Environment

GRI 304-2/417-1

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to environmental conservation

Functional Materials business

- Anti-sticking agents for asphalt mixtures



Eco Mark Certification Number: 12110001
Name of utilizing contractor: NOF CORPORATION
Product:
ASPHARAB® series

In road construction, asphalt mixtures often stick to the cargo beds and hoppers used within plant facilities, and to prevent this trouble, petroleum-derived adhesion preventers have been used. However, conventional adhesion preventers are not friendly to the environment; they contaminate soil and/or water. ASPHARAB®, made from natural oil, contributes to environmental conservation as a highly biodegradable product.

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to protection of animals (weak calves, dirt removal)

Functional Materials business

YUKA SANGYO CO., LTD.

- Agriculture-related products
(NEODRINK®, Za Yoroi-Otoshi)

NEODRINK® is a nutritional supplement that maintains the physical strength of weak calves, and Za Yoroi-Otoshi helps reduce stress in cows by quickly removing stubbornly-stuck dirt from the cows' bodies.



Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to use of old paper

Functional Materials business

YUKA SANGYO CO., LTD.

- Deposit control agents

Recycled paper resources contain numerous impurities, including sticky substances such as adhesives. These impurities lower the efficiency of the paper recycling process and impact the quality of the product. The pitch control agent MILLSPRAY®, SPANOL® and DETAC® and the removing agent BIOREX® have solved these problems and promote the recycling of waste paper.



These products demonstrate their superior performance in reducing impurities that generate in the paper-making process.



Products that Contribute to the Environment

GRI 304-2/417-1

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to environmental conservation and health maintenance

Explosives & Propulsion business

Lead-free products (detonators, hunting, competitions, etc.)

We are promoting the removal of lead from detonators, ammunition, and small arms that have long contained a large amount of lead. Lead can cause poisoning of birds of prey as well as soil and water pollution. Lead in detonators can vaporize during firing and cause health damage to the human body. Therefore, making such products lead-free contributes to environmental preservation and health maintenance.



Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to recycling

Functional Materials business

Vulcanized rubber substitutes

While large quantities of vulcanized rubber are used in auto parts and sealing materials, which have to be highly resistant to heat and oil, vulcanized rubber can never be molten once it is molded, and therefore cannot be recycled. Unlike this, the NOFALLOY® TZ series, which can be heated for re-melting as many times as wanted for recycling, is extensively utilized as a substitute for vulcanized rubber.



Products made recyclable by the use of NOFALLOY® TZ series

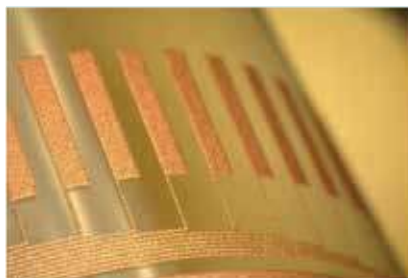
Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to efficient resources utilization

Functional Materials business

Copper paste for screen printing

Etching is the standard method for forming copper wiring on electronic circuit boards. However, this method requires waste fluid processing because copper waste fluid is generated as most of copper foil is dissolved. The copper paste developed by NOF makes it possible to directly draw copper wire on the necessary areas through the screen printing method. For this reason, it is possible to form copper wiring that is not wasteful without generating waste fluid, which in turn makes it possible to use resources efficiently and contribute to environmental preservation.



Example of use in printing of copper paste by screen printing

Climate change Biodiversity Promotion of resource saving and recycling Alternatives for hazardous or legally regulated substances

Products that contribute to reducing environmental impact

Functional Materials business

Low-VOC* curing agents

Bath tubs are manufactured by thermally curing unsaturated polyester resin. PERHEXYL® A is a curing agent that can shorten the molding cycle and moreover significantly reduce the VOC, an environmental load that remains in the molded product.



* Volatile Organic Compounds



Products that Contribute to the Environment

GRI 417-1


Climate change	Biodiversity	Promotion of resource saving and recycling	Alternatives for hazardous or legally regulated substances
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Products that contribute to environmental conservation and health maintenance

Chromium-free anti-corrosion coatings

The chromium-free anti-corrosion coating GEOMET® is a water-based anti-corrosion coating which contains no chrome compounds. Satisfying the requirements of Europe's ELV*1 and RoHS*2 directives, GEOMET® treatment parts are used by automakers across the world.

Metal Coatings business
NOF METAL COATINGS ASIA PACIFIC CO., LTD.



Parts treated with GEOMET® anti-corrosive coating

*1 Scrapped automobiles
*2 Restriction of the use of certain hazardous substances in electrical and electronic equipment


Climate change	Biodiversity	Promotion of resource saving and recycling	Alternatives for hazardous or legally regulated substances
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Products that contribute to reducing environmental impact

Cement capsules

A cement capsule is an (inorganic) adhesive-based capsule anchor for post-installed application intended for typical use in anti-earthquake reinforcement work. This product is more resistant to fire than resin products, and excels in safety as it contains no harmful chemicals, which might lead to sick house syndrome.

Explosives & Propulsion business
NiGK Corporation



Example of use in an actual project (anti-earthquake reinforcement of Shinkansen bridge piers)

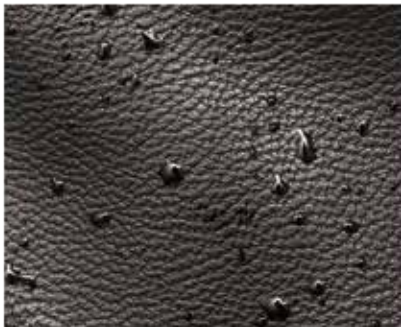
Climate change	Biodiversity	Promotion of resource saving and recycling	Alternatives for hazardous or legally regulated substances
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Products that contribute to environmental conservation and health maintenance

Non-fluorine water repellent

Organic fluorine compounds (PFAS), which have been used to make products water repellent, are known for their poor biodegradability, bioaccumulation, and toxicity. Due to this, the European Chemicals Agency (ECHA) has unveiled proposed restrictions on their use. In response, NOF has developed BLEMMER® HU-SP, a plant-derived, PFAS-free product. We will contribute to meeting the growing need for PFAS substitutes in applications such as paper, textiles, and leather products.

Functional Materials business




Climate change	Biodiversity	Promotion of resource saving and recycling	Alternatives for hazardous or legally regulated substances
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Products that are gentle on the surrounding environment

Steam pressure cracking agent, GANSIZER®

GANSIZER® uses high vapor pressure that is generated during the thermolysis of the agent to crush bedrock, stone, and concrete structures with low vibration and low noise. It has gained a strong reputation as a crushing agent not containing explosives that is friendly towards the surrounding environment. It has a strong track record in situations such as crushing concrete and excavation works near rivers, and it was also used for underwater crushing of breakwaters that were destroyed in the Great East Japan Earthquake.

Explosives & Propulsion business
Nippon Koki Co., Ltd.





Governance

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- 037 Governance in the Sustainability Report Governance
- 038 Officers
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- 041 Board of Directors
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045 RC Management

- 045 Activities Policy
- 046 Initiatives to Ensure the Five Components of Safety
- 047 Promotion System
- 048 Management System

050 Quality Management

- 050 Policies and Systems
- 051 QMS
- 052 Approach to Pharmaceutical-Related Products
- 053 Risks and Opportunities



With a view to architecting a management setup that can appropriately and promptly respond to changes in the business environment, NOF introduced the operating officer system. It was intended to strengthen the decision making function and the supervision function of the Board of Directors and at the same time to enhance the efficiency of the executive setup under authorization by the Representative Director by separating the decision making function and the business executing function of management.

Board of Directors

The Board of Directors, consisting of ten members including five independent Outside Directors, holds one regular meeting every month and extraordinary sessions are also convened as required. Besides deciding on important matters set forth by laws, regulations, the articles of incorporation, and the rules of the Board of Directors, the Board supervises the state of business execution. Any important matter to be referred to the Board of Directors goes through preliminary deliberation, intended to ensure more appropriate decision making, by the Executive Committee from time to time attended by Directors who concurrently serve as Operating Officers, Operating Officers with a title, standing Audit and Supervisory Committee members, and heads of the organizational unit or units concerned, or the weekly Strategic Meeting as a rule attended by the Directors who concurrently serve as Operating Officers and Operating Officers with a title.

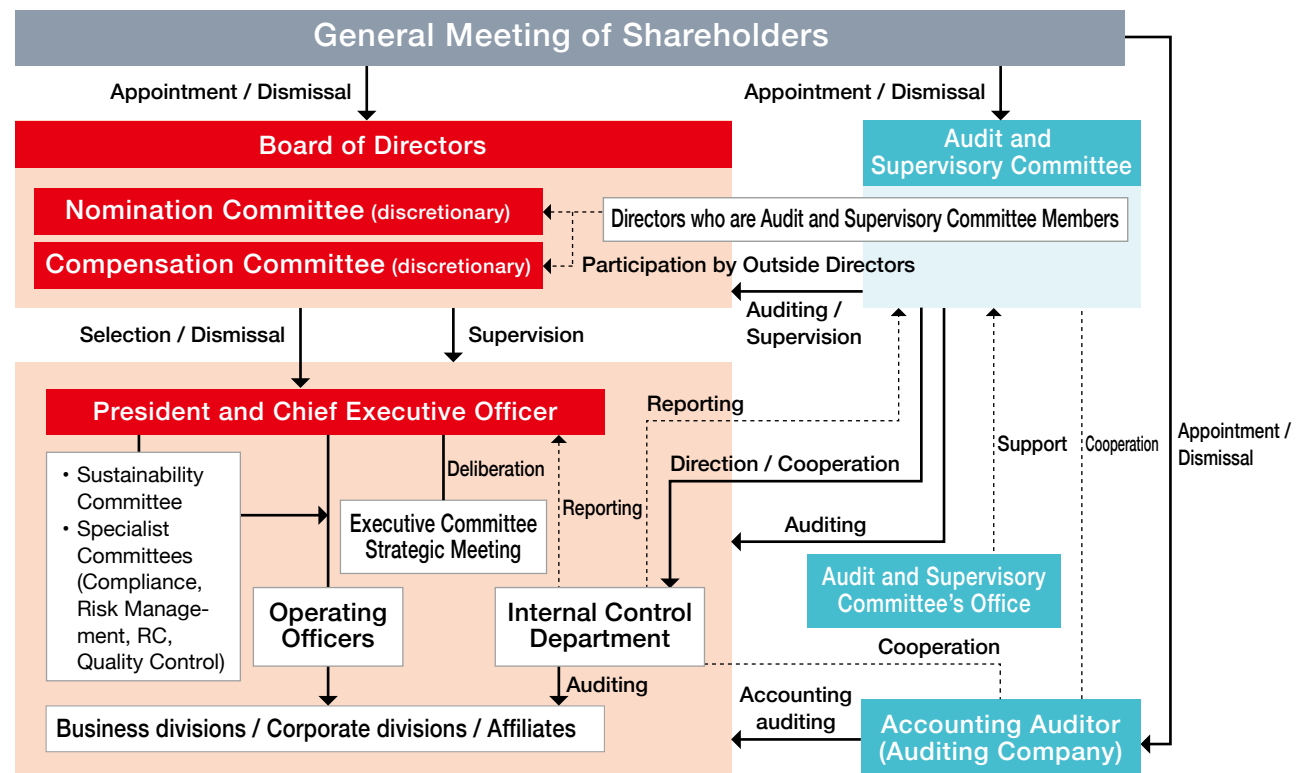
Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four

Directors, including three independent Outside Directors. In accordance with auditing policy and standards, the standing Audit and Supervisory Committee members play a leading role in attending important meetings including meetings of the Executive Committee, implementing audits through inspection of important documents, and supervising the business execution of Directors. In addition, with regard to internal control, the Committee receives reports

on audit plans and audit results conducted by the Internal Control Office, our Internal Audit Department, and confirms the situation to aim for effective collaboration, including giving instructions for investigations as necessary. Moreover, the Committee holds meetings regularly and as necessary with the Accounting Auditor and exchanges relevant information, including receiving reports on audit plans and audit results.

Corporate governance diagram





Nomination Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Nomination Committee, which is a voluntary advisory committee to the Board of Directors, has been established. In consultation with the Board of Directors, the Nomination Committee deliberates and reports to the Board of Directors on matters such as the election and dismissal of directors (excluding Audit and Supervisory Committee members), the selection and dismissal of representative directors, and succession planning for such directors. The committee is chaired by an independent Outside Director, and consists of five independent Outside Directors and two Internal Directors. This ensures the committee's independence and objectivity.

Compensation Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Compensation Committee, which is a voluntary advisory committee to the Board of Directors, has been established. The Compensation Committee, in consultation with the Board of Directors, deliberates and reports to the Board of Directors on matters related to the compensation of Directors, excluding Audit and Supervisory Committee members. The committee is chaired by an independent Outside Director, and consists of five independent Outside Directors

and two Internal Directors. This ensures the committee's independence and objectivity.

Accounting auditing

Ernst & Young ShinNihon LLC has been selected as the Accounting Auditor.

Internal control system

Each NOF Group company 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. Each specialist committee conducts audits and investigations to ensure thoroughness. Regarding observance of social norms and laws and regulations, the Company's code of conduct is formally spelled out as the NOF Code of Ethical Conduct, based on the NOF Basic CSR Policy, and a Compliance Committee is established to ensure thorough adherence to the code. Further, in order to secure safety in production sectors in the Five Core Components, including the environment, products, plants, transportation, and labor, the Responsible Care (RC) rules are instituted, with the RC Committee checking conduct in actual scenes of production and performing internal auditing.

Internal audits

In addition to audits conducted by each risk-related committee, NOF has established the Internal

Audit Department to audit the execution of operations encompassing all management activities and report the results to the Representative Director and the Board of Directors. The results of operations audits by the Internal Audit Department are also reported to the Audit and Supervisory Committee as necessary for evaluation and receiving necessary instructions.

The Internal Audit Department, Audit and Supervisory Committee, and Accounting Auditor strive to mutually cooperate by sharing information on their respective annual audit plans and audit results, and exchanging opinions at regular or ad-hoc meetings.



Specialist Committees

Each specialist committee analyzes risks, considers countermeasures, analyzes and evaluates matters under its jurisdiction, and reports to the Board of Directors.

Sustainability Committee

The Sustainability Committee was established to promote and develop CSR activities. The Committee deliberates and approves CSR activity plans submitted by each department, and oversees the activities of specialist committees and related departments. The Committee also requests activity reports from and provides advice to affiliate companies through specialist committees and related divisions.

Compliance Committee

The Compliance Committee was established to promote compliance and roll out corporate activities with high ethical standards. The Committee deliberates and plans matters related to compliance, reports to the Board of Directors, and rolls out the formulated content internally and at affiliate companies.

Risk Management Committee

The Risk Management Committee was established to promote risk management. The Committee deliberates and plans basic policies on risk management, reports to the Board of Directors,

and rolls out the formulated policies internally and at affiliate companies.

RC Committee

The RC Committee was established to ensure implementation of Responsible Care policies and guidelines. The Committee discusses and deliberates support plans and improvement measures regarding important matters concerning Responsible Care activities, submits reports to the President, and rolls out the formulated content to related parties inside and outside the company.

Quality Management Committee

We established the Quality Management Committee to ensure the implementation of our Quality Policy in order to “provide the highest quality products and services.” The Committee discusses and deliberates important matters concerning quality management, submits reports to the President, and rolls out the formulated content internally and at affiliate companies.

Number of meetings of committees in the year (FY2023)

Sustainability Committee **3 meetings**

Compliance Committee **2 meetings**

Risk Management Committee **2 meetings**

RC Committee **2 meetings**

Quality Management Committee **3 meetings**

Meetings are held on a regular basis and on an as-needed basis



Sustainability Policy (Approach) and Initiatives (Highest Governance Body's Role)

The NOF Group identifies materiality (important issues) related to sustainability through discussions in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers as well as Operating Officers with a title, and the Sustainability Committee, which is chaired by the President. The Board of Directors then approves the materiality. For each materiality issue, KPIs and target values are set and activities are promoted by the supervising organization or department in charge. The progress and results are reported to the Sustainability Committee. The Sustainability Committee reviews materiality with the participation of all directors, and examines key issue items, KPIs, target values, and response policies in order to continuously improve the level of activities.

In regard to risks, the Risk Management Committee conducts a comprehensive assessment, and the various specialist committees supervise monitoring and managing the progress of risk countermeasures and response 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.

Promotion of Sustainability

We will increase frequency of activities of the Sustainability Committee, an umbrella organization chaired by the President, as well as the various specialist committees to strengthen the risk management system.

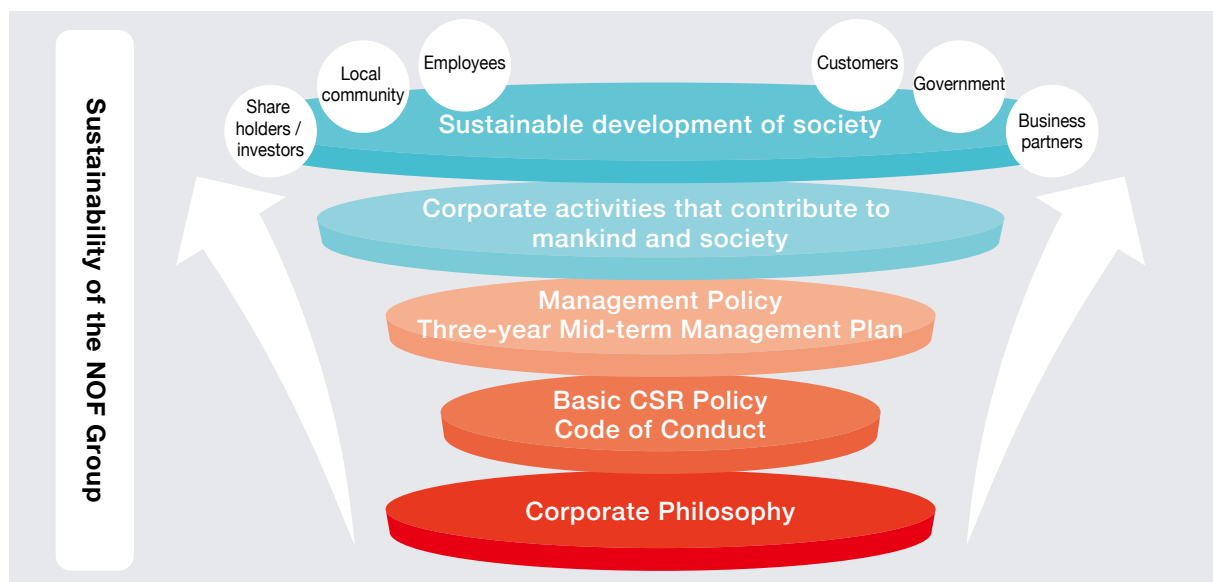
Sustainability promotion system

Promotion of sustainability



Sustainability of the NOF Group

The NOF Group considers sustainability in our business activities to be encompassed by our Corporate Philosophy: "Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, from the biosphere to outer space." We will strive to maximize the values that we share with every stakeholder and with society.







Corporate Governance | Introduction of Officers

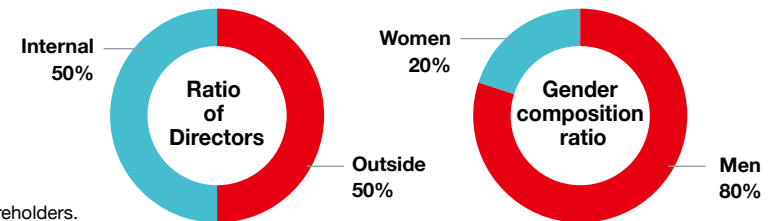
GRI 2-9,10

	Name	Position	Years in current position	Attendance in FY2023	Business management, business administration, DX	R&D, quality and production technologies	Sales and marketing, SCM	Overseas business, global	Legal and ESG, environment and safety, HR and labor	Finance and accounting
	1 Takeo Miyaji	Representative Director, Executive Chairman	13 years	Board of Directors: 17/17 meetings (100%)	●		●		●	●
	2 Koji Sawamura	Representative Director, President and CEO	1 year	Board of Directors: 13/13 meetings (100%)	●	●	●	●		
	3 Manabu Saito	Director and Executive Operating Officer	1 year	Board of Directors: 13/13 meetings (100%)	●		●		●	●
	4 Kazuyoshi Yamauchi	Director and Executive Operating Officer, General Manager of Corporate Technical Division	3 years	Board of Directors: 17/17 meetings (100%)	●	●		●	●	
Outside	5 Shingo Unami	Outside Directors	3 years	Board of Directors: 17/17 meetings (100%)	●				●	●
	6 Izumi Hayashi	Outside Directors	3 years	Board of Directors: 17/17 meetings (100%)				●	●	
	7 Masanobu Miyo	Audit and Supervisory Committee Member Directors	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●		●	●		
Outside	8 Kunimitsu Ito	Audit and Supervisory Committee Member Outside Directors	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)				●		●
	9 Yuriko Sagara	Audit and Supervisory Committee Member Outside Directors	3 years	Board of Directors: 16/17 meetings (94%) Audit and Supervisory Committee: 14/16 meetings (88%)				●	●	
	10 Keiichi Miura	Audit and Supervisory Committee Member Outside Directors	3 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●	●			●	

* The ● symbols indicate skills that are particularly expected of each director.

* The above table does not indicate all professional skills possessed by each individual.

* The number of years in current position indicates the terms of Directors as of the close of the 101st Annual General Meeting of Shareholders.





Outside Directors

Name	Audit and Supervisory Committee member	Independent committee member	Reasons for election
Shingo Unami		●	Mr. Shingo Unami has abundant experience and advanced insight in the financial industry, as well as broad knowledge in corporate management, and provides appropriate opinions on overall management from a fair and objective standpoint. He serves as chair of the Compensation Committee and as a member of the Nomination Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. The Company expects that he can continue to play a role in advising management and appropriately supervising business execution from his professional perspective, including his high expertise on HR and labor matters and financial accounting.
Izumi Hayashi		●	As an attorney, Ms. Izumi Hayashi is well versed in corporate legal affairs and has advanced knowledge of intellectual property and corporate compliance. She fulfills her role as an Outside Director of NOF. She also serves as chair of the Nomination Committee and as a member of the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although she has never been involved in corporate management other than as an outside officer, for the above reasons, the Company expects that she can continue to play a role going forward in advising management and appropriately supervising business execution from her professional perspective, including her global view of legal and risk management.
Kunimitsu Ito	●	●	Mr. Kunimitsu Ito is a certified public accountant and tax accountant with deep insight on accounting and taxation. He is a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although he has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects that he will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his specialized knowledge.
Yuriko Sagara	●	●	Ms. Yuriko Sagara has a high level of expertise and global-based knowledge as an attorney. In addition, as a patent attorney, she has a deep level of insight on intellectual property. She is a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although she has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects that she will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on her specialized knowledge.
Keiichi Miura	●	●	Mr. Keiichi Miura has been engaged in the management of TAIHEIYO CEMENT CORPORATION, and has abundant experience and advanced insight and capabilities regarding research planning, etc. He also has extensive experience and knowledge, having served in positions such as outside director in the chemicals industry. He is a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. For the reasons above, the Company expects that he will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his abundant experience and knowledge of advanced technology as a corporate manager.



Conflicts of interest

Processes conducted by our highest governance body to prevent and mitigate conflicts of interest

Competitive and proprietary transactions between NOF and its Directors are subject to approval by the Board of Directors under the “Rules of the Board of Directors.”

Mutual appointment to the Board of Directors

There are no cases of mutual appointments.

Cross-shareholdings with suppliers and other stakeholders

NOF holds shares for policy purposes only when it deems it reasonable based on a comprehensive assessment of the risks and capital costs involved in holding the shares, with the aim of enhancing NOF’s corporate value over the medium to long term through smooth business operations and the maintenance and strengthening of business relationships. Under the basic policy of reducing cross-shareholdings that are considered to be of unsubstantial significance, the Board of Directors examines each share and reviews the propriety of holding it on an annual basis. As a result of its review, NOF sold some of its cross-shareholdings in fiscal 2023 to reduce its holdings.

We aim to reduce the ratio of cross-shareholdings to consolidated net assets to 15% or less by the end of fiscal 2025.

In the event that a shareholder that holds NOF shares for policy purposes expresses the intention to sell NOF shares or another such action, NOF will not prevent the shareholder from doing so by, for example, suggesting the curtailing of transactions. NOF will not engage in transactions with shareholders that hold NOF shares for policy purposes that are detrimental to the company or the common interests of shareholders, such as continuing transactions without fully verifying the economic rationality for the transactions.

Existence of controlling shareholder(s)

There is no controlling shareholder(s).

Related parties, relationships with related parties, transactions, and outstanding balances

As NOF does not currently have a parent company or major shareholders holding 10% or more of its shares, no approval procedures have been established for transactions with these shareholders.



Analysis and evaluation of effectiveness of the Board as a whole

NOF analyzes and evaluates the effectiveness of the Board of Directors once a year, in principle. Since fiscal 2016, NOF has implemented an effectiveness evaluation every year. In fiscal 2023, the Company employed a questionnaire form crafted by an external institution, and implemented the Board of Directors effectiveness evaluation questionnaire by surveying all 10 Directors.

By combining a five-level rating scale and open-ended questions, the questionnaire aimed to understand current conditions and identify challenges from both aspects of quantitative and qualitative evaluation. As the questionnaire was answered by sending responses directly to the external institution, anonymity was ensured. The tallying and analysis of the questionnaire forms was also delegated to an external institution, for the purpose of securing objectivity and further

increasing the effectiveness of the Board of Directors going forward. Based on the tallying and analysis of the results of the external institution, the Board of Directors conducted a deliberation and evaluation in April 2023.

Summary of results for fiscal 2023 effectiveness evaluation

The NOF Board of Directors ensures a suitable diversity of knowledge, experience, and abilities necessary in light of management strategies and provides appropriate opportunities to utilize the experience and expertise of Outside Directors. It was confirmed that based on the Corporate Philosophy and values of the NOF Group, the Board of Directors is generally operating appropriately, with Directors freely and openly expressing their opinions while leveraging their careers and expertise, open and active discussions taking place as a Board of Directors, and ensuring of

sufficient time for deliberation on important matters.

To further enhance the overall governance structure, the challenge recognized in the fiscal 2022 effectiveness evaluation, the Board of Directors decided to appoint the C-suite to direct strategies across the entire Company. Through this initiative, we will further strengthen our governance structure.

Points of improvement for the future

It was confirmed that the Company will continue to further expand the agenda of the Board of Directors to include discussions toward the realization of cost of capital-conscious management and on non-financial information, such as sustainability.

Question matters in the questionnaire (30 total questions)

- | | |
|---|---|
| ● Roles and functions of the Board of Directors (5 questions) | ● Relationship with shareholders and investors (3 questions) |
| ● Scale and composition of the Board of Directors (4 questions) | ● Future direction of the Board of Directors' function (1 question) |
| ● Operation of the Board of Directors (5 questions) | ● Degree of Improvement (1 question) |
| ● Cooperation with auditing institutions, etc. (4 questions) | ● Open-ended section (4 questions) |
| ● Relationship with Outside Directors (3 questions) | |



Method of determining policy concerning details of compensation, etc. of individual Directors

Regarding the policy on compensation of Directors (excluding Audit and Supervisory Committee members), after undergoing deliberation by the Compensation Committee, an advisory body to the Board of Directors, a resolution on partial revision of the policy was reached at the Board of Directors meeting held on January 27, 2023.

Overview of contents of determination policy

Under the policy to promote sustainable growth and medium- to long-term enhancement of corporate value based on the Company's Corporate Philosophy and reward Directors for business results and other achievements through an appropriate level of compensation, compensation for Directors consists of monthly compensation, bonuses, and stock compensation. In order to maintain incentives, at least 40% of the compensation paid is set as performance-linked compensation (bonuses, ESG indicators-linked compensation, stock compensation). (Compensation for Outside Directors is limited to fixed compensation.)

Compensation system

Type	Deliberation and resolution method
Fixed compensation	Calculation methods, etc. of fixed compensation for Directors are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. In addition, with regard to the determination of the specific details of the amount of fixed compensation for each individual director, excluding members of the Audit and Supervisory Committee, a resolution is passed by the Board of Directors after deliberation by the Compensation Committee.
Bonus	Calculation methods, etc. of bonuses for Directors (excluding Audit and Supervisory Committee members and Outside Directors) are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. The calculation method of the said bonuses is based on consolidated operating income, an important indicator related to the Group's business performance evaluation. The base amount is multiplied by a designated coefficient determined for each Director position. The Compensation Committee verifies this calculation method and the amount paid in each term.
ESG indicators-linked compensation	At the Board of Directors meeting held on January 27, 2023, it was decided to use a calculation method utilizing the level of achievement of ESG indicators and other factors for a portion of the compensation (monthly compensation) for Directors (excluding Audit and Supervisory Committee members and Outside Directors) in the next term. The calculation method for this compensation is determined by multiplying a standard amount, set for each position, by an evaluation coefficient that reflects the degree of achievement concerning ESG indicators related to the NOF Group's efforts toward sustainability challenges. The Compensation Committee reviews this calculation method and the payment amounts each fiscal year.
Stock compensation	<p>Based on the resolution of the 96th Annual General Meeting of Shareholders held on June 27, 2019, a new performance-linked stock compensation plan (Board Benefit Trust) was introduced. At the 98th Annual General Meeting of Shareholders held on June 29, 2021, NOF transitioned to being a company with an Audit and Supervisory Committee. In conjunction with this transition, the plan applies to Directors who concurrently serve as Operating Officers and Operating Officers with a title (excluding Outside Directors and Audit and Supervisory Committee members, hereinafter collectively "Directors, etc.").</p> <p>For each fiscal year, the Directors, etc. are awarded points, the number of which is to be decided taking into account their respective positions, achievement level of their performance, etc. based on the Officer Stock Distribution Rules. Each point awarded to the Directors, etc. is converted into one share of the Company's common stock at the time of the distribution of the Company's shares, etc. (In the event of a stock split, allotment of shares without contribution, or a consolidation of shares, the maximum number of points, the number of points already granted, and the conversion ratio will be reasonably adjusted in accordance with such ratio, etc.). The number of points held by a Director, etc., which will be used as the basis for the distribution of the Company's shares, etc., is, in principle, the number of points awarded to the said Director, etc. by the time of his/her retirement.</p> <p>The Officer Stock Distribution Rules, which determine the calculation method, etc., which considers such matters as the respective positions and achievement level of performance targets of the Directors, etc., are deliberated by the Compensation Committee and then resolved by the Board of Directors.</p>

1. Calculation methods of points awarded

The number of points awarded is calculated by multiplying the number of position-based points, decided for each position, by the performance evaluation coefficient, which is determined by the achievement level, etc. of consolidated operating income and ROE in the Mid-term Management Plan, an important index for the evaluation of the NOF Group's business performance.

(Formula) Number of position-based points × Performance evaluation coefficient

*Performance evaluation coefficient= (performance evaluation coefficient based on consolidated operating income × 50%) + (performance evaluation coefficient based on ROE × 50%)

*Taking into account the achievement level of performance, the value of the performance evaluation coefficient varies between 0 and 1.5.

2. Distribution methods

Distribution takes place after the retirement of Directors, etc., and the Company's shares and cash, equivalent to the Defined Number of Points, are distributed (when distributed as survivor benefits, cash is distributed).

3. Achievement level of the targets for consolidated operating income and ROE during the fiscal year

The planned target for consolidated operating income in the 2025 Mid-term Management Plan is ¥46.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥42.1 billion, representing a 99.4% achievement level in the fiscal year, calculated according to the level of growth in the period of the 2025 Mid-term Management Plan. In addition, the ROE target for the final fiscal year of the 2025 Mid-term Management Plan is 12% or more, and the actual ROE for this fiscal year was 13.48%, representing a 112.3% achievement level of the target.



Reasons why the Board of Directors deemed that details of compensation, etc. of individual Directors concerning the fiscal year under review aligned with the determination policy

For matters regarding the compensation system and policy concerning Directors, matters regarding the calculation method in determining specific compensation amounts for Directors, and individual compensation amounts, etc., the Compensation Committee conducts deliberations from a multi-faceted perspective, including compliance with the policy on compensation of Directors. The Board of Directors respects the results of the deliberations, and deems that they are aligned with the said policy. Furthermore, the Compensation Committee consists of five Outside Directors and two Internal Directors, and an independent Outside Director serves as the chairperson.

Total amount of compensation, etc. by officer category, total amount of compensation, etc. by type, and number of eligible officers

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers (people)
		Fixed compensation	Bonus	Stock compensation	
Directors (Excluding Audit and Supervisory Committee members and Outside Directors)	226	137	75	13	6
Audit and Supervisory Committee members (excluding Outside Directors)	24	24	—	—	2
Outside Officers	45	45	—	—	5

- *1 The maximum amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) was resolved to be ¥360 million per year (including ¥40 million per year for Outside Directors, but excluding remuneration received as employees) at the 98th Annual General Meeting of Shareholders held on June 29, 2021. There were six Directors as of the conclusion of the aforementioned Annual General Meeting of Shareholders (including two Outside Directors).
- *2 Separate from the maximum amount of compensation for Directors mentioned in point 1 (excluding Directors who are Audit & Supervisory Committee members), based on the resolution of the 98th Annual General Meeting of Shareholders held on June 29, 2021, the Company will contribute up to a maximum of 12,000 points to the performance-linked stock compensation plan (Board Benefit Trust) for Directors who concurrently serve as Operating Officers, per fiscal year (each point awarded to the Directors, etc. is converted into one share of the Company's common stock at the time of the distribution of the Company's shares, etc.). There were four Directors who concurrently served as Operating Officers following the aforementioned Annual General Meeting of Shareholders.
- *The Company conducted a split of common stock at the ratio of 1 share to 3 shares effective April 1, 2024. Therefore, from that date onward, the maximum total number of points granted per fiscal year to Directors who concurrently serve as Operating Officers is set at 36,000 points.
- *3 The maximum amount of compensation for Directors who are Audit and Supervisory Committee members (¥80 million per year) was resolved at the 98th Annual General Meeting of Shareholders held on June 29, 2021. There were four Directors who concurrently served as Audit and Supervisory Committee members following the Annual General Meeting of Shareholders.



Management Policy Regarding Responsible Care

For a chemical company to live together with society as one of its vitally important members, it has to seek harmony with social environment and natural environment, and be recognized, appreciated, and accepted by society. With this fundamental awareness in mind, the NOF Group has set forth its Management Policy Regarding Responsible Care as a set of norms to be faithfully observed

by every officer and employee of the Group with a view to winning even greater trust from society.

Furthermore, NOF became a signatory of the Responsible Care Global Charter, proposed by the International Council of Chemical Associations in 2014, and declared its support of the Charter and its commitment to practice RC activities both in Japan and overseas.

Management Policy Regarding Responsible Care

The NOF Group is dedicated to protecting the safety and health of customers, the public, and employees, as well as the environment, ecosystems, and resources. For this purpose, based on the principles of Responsible Care, NOF, its affiliates, and all executives and employees observe the following management policies on safety concerning the five areas of environment, products, plants, transportation, and labor.

- (1) Retain an awareness concerning safety issues involving the social and natural environments.
- (2) Conduct activities based on appropriate self-management along with close collaboration with other business units.
- (3) Conduct highly reliable safety checks and adhere to all laws and regulations.
- (4) Everyone must work to minimize the impact of products on the environment, safety and health. This covers every aspect of products, from their development and manufacture through retail, use and disposal.

(Amended April 2023)

The Five Components of Safety

The NOF Group classifies its RC activities into “Five Core Components” comprising environmental safety, plant safety, product safety, labor safety, and transportation safety. Every year, we set RC activity targets, key issues, and implementation items, which are then applied into specific measures for each works, plant, and Group company. These activities have been implemented since 1994. In addition, “dialogue with society,” including information disclosure and exchanges with local communities, has been added to the Five Core Components as a theme of activities.





The NOF Group is promoting various initiatives related to the five components of safety.



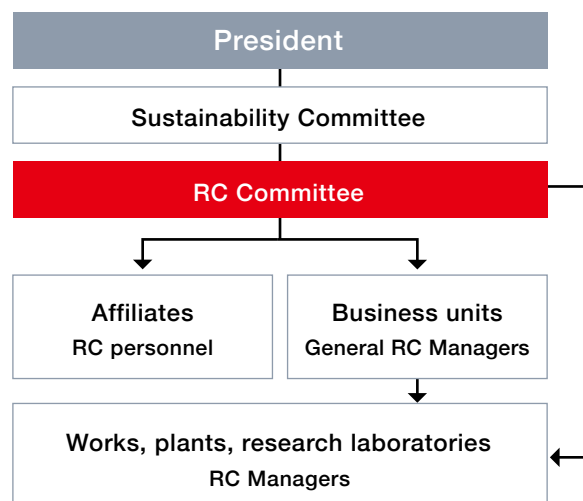


RC promoting organization

The RC Committee, chaired by the general manager of the Corporate Technical Division (concurrently director and executive operating officer) appointed by the President, comprises business division managers, corporate division managers, and managers of plants and works.

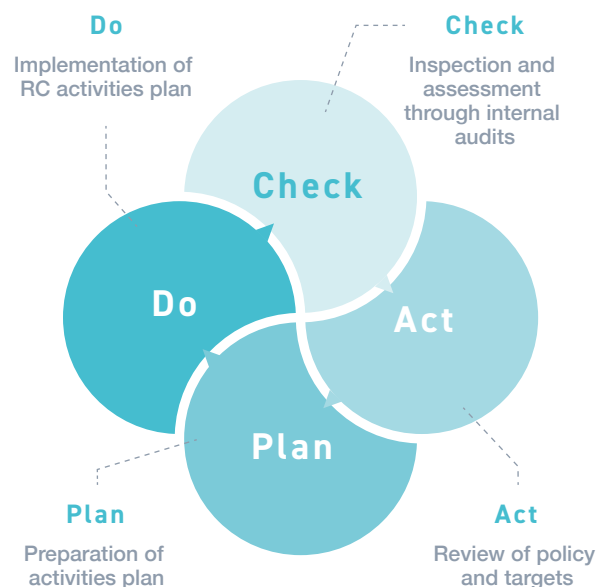
In order to ensure that decisions on RC activities made by the RC Committee chair are thoroughly disseminated as Group policies in a timely manner, managers and staff in charge are assigned to business divisions, plants, research laboratories, and affiliate companies to ensure concrete rollout of RC targets.

RC promoting organization diagram



Flowchart of RC activities

RC activities are being developed by ensuring that the PDCA cycle is followed in an effort to “spiral up” the activities.





Status of Internal Auditing (RC Audits)

It is important to improve the effectiveness of RC activities through internal audits.

We have been conducting RC auditing of all NOF plants and works since fiscal 1998 as well as of our domestic and overseas subsidiaries with manufacturing divisions since fiscal 2005 in order to strengthen our self-inspection activities and promote RC activities.

In fiscal 2023, we are conducting planned audits of the entire NOF Group, including overseas businesses, like before the COVID-19 pandemic.

In addition to confirming progress toward the RC activity targets set annually by the NOF Group, the audits also set common priority themes each time. By probing these themes, we are endeavoring to raise the level of activities conducted at each works to ensure the five components of safety.

If any item needs improvements, we follow up on the progress and confirm the completion of measures.

Priority themes in the past five years are listed on the right.

Implementation status of RC auditing

FY	Priority theme in audit
FY2019	<ul style="list-style-type: none"> Confirmation of the status of maintenance and management for environmental facilities Confirmation of the status of SDS management Confirmation of safety upon delivering hazardous materials Confirmation of status of management of specific chemical substances
FY2020	<ul style="list-style-type: none"> Confirmation of the preparedness for earthquakes and tsunami Confirmation of status of management of PCB waste disposal Confirmation of safety measures for movable objects Confirmation of monitoring of legal and regulatory changes
FY2021	<ul style="list-style-type: none"> Propose use of hoses Confirmation of management status for the Ordinance on Prevention of Organic Solvent Poisoning and Ordinance on Prevention of Hazards Due to Specified Chemical Substances Confirmation of appropriate protective equipment decisions and usage control status Confirmation of energy management status
FY2022	<ul style="list-style-type: none"> Amendment of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) Confirmation of safety of portable equipment Confirmation of implementation of safety assessments Confirmation of progress of CO₂ reduction measures
FY2023	<ul style="list-style-type: none"> Amendment of the Ordinance on Industrial Safety and Health Status of implementation of measures to prevent falls, tumbles, and crashes Status of implementation of measures to prevent chemical burn accidents Confirmation of progress of measures to reduce emissions of CO₂ and PRTR Act-controlled substances



The NOF Group is promoting the acquisition of certification by competent outside bodies as a means of improving transparency and objectivity of environmental safety activities.

Development status of EMS^{*1} (Environmental Management Systems)

All of NOF's works and plants with manufacturing divisions have acquired ISO 14001 certification, and are implementing systematic environmental improvement activities, with the particulars of business and local characteristics taken into

consideration. Six of the companies affiliated with NOF have acquired ISO 14001 certification. Also, Nichiyu Logistics has obtained Green Management certification from the Foundation for Promoting Personal Mobility and Ecological Transportation.

Rate of acquisition of ISO 14000 certification
(production volume basis^{*2})

FY2023 environmental
certification

Domestic
Group **94%**

NOF Group **91%**

FY2024 environmental
certification

Domestic
Group **93%**

NOF Group **90%**



NOF

Works and plants	Environmental Management Systems	Certification number	Latest recertification date	Inquiries
Kawasaki Works	ISO 14001	JP022321	March 2022	https://www.nof.co.jp/english/company/plant
Aichi Works	ISO 14001	JP023236	January 2023	
Amagasaki Plant	ISO 14001	4705737-2A	September 2022	
Oita Plant	ISO 14001	JP024408	January 2024	

Group companies

Name	Environmental Management Systems	Certification number	Latest recertification date	Inquiries
Nippon Koki Co., Ltd. Shirakawa Plant	ISO 14001	JSAE741	December 2021	https://www.nippon-koki.co.jp/
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	ISO 14001	JP021946	December 2021	https://www.nofmetalcoatings.com/asia-pacific/en/
Changshu NOF Chemical Co., Ltd.	ISO 14001	CN20/21620	January 2024	https://www.nof-cs.com.cn/
NOF METAL COATINGS EUROPE S.A.	ISO 14001	BR040178	December 2023	https://www.nofmetalcoatings.com/europe/
NOF METAL COATINGS EUROPE N.V.	ISO 14001	10477422	November 2022	https://www.nof.co.jp/english/company/group-companies
NOF METAL COATINGS SOUTH AMERICA IND. E COM.LTDA.	ISO 14001	'N° 2000/14320.7	December 2023	https://www.nofmetalcoatings.com/south-america/

^{*1} Acronym for Environmental Management System. A management system comprising a framework for an organization to formulate, implement, review and maintain its environment policy; and encompassing planning activities, responsibilities, practices, processes, and management resources.

^{*2} Production volume basis: Based on the total production volume of works, plants, and affiliates with production divisions (4 non-consolidated, 9 domestic affiliates, and 6 overseas affiliates)



Policy (our fundamental view)

We have established our Quality Policy in order to “provide the highest quality products and services” as stated in the first clause of the Code of Conduct of the NOF Group Corporate Philosophy system.

Organizational setup

In April 2019, NOF established the Quality Management Committee to supervise quality management and continue to secure the trust of society. It is chaired by the general manager of the Corporate Technical Division (concurrently director and executive officer) and has nine other members (business division managers, related corporate division

managers). Furthermore, in April 2023, the Quality Management Department was established in the Corporate Technical Division to maintain and improve the management level by providing guidance on quality management systems (QMS*) operated by works, plants, and Group companies.

Quality Policy

The NOF Group provides the highest quality products and services that are based on our considerations of achieving harmony with society and customer satisfaction through our unrelenting quality management.

1. Harmony with society

We shall comply with laws, regulations and rules, respect the environment, and produce safe and secure products using manufacturing processes that themselves are safe and secure.

2. Customer satisfaction practices

We shall listen to our customers’ requirements and provide products that meet their expectations and useful information.

3. Unrelenting quality management

We shall maintain stable quality with continuous improvement and proper process management and enhance the management level through education.

4. Execution of quality assurance

We shall fulfill our commitment with our customers and sincerely respond to inquiries and complaints.

* Acronym for Quality Management System. A system by which an organization formulates policies and sets targets in order to dictate and manage its quality, and achieve such targets.



Quality Management

QMS

GRI 2-13/416-1

Development status of QMS

NOF's works and plants are externally certified for the QMS most appropriate for their business. The Functional Materials and Metal Coatings businesses are certified under ISO 9001, the Explosives & Propulsion business is certified under JIS Q 9100, and the Functional Foods business is certified under FSSC 22000 (Food Safety Management System). The Life Science business utilizes ICH-Q7 (active pharmaceutical ingredients GMP guidelines). Fifteen Group companies have obtained ISO 9001 and other external certifications.

Rate of acquisition of QMS certification from competent outside bodies (production volume basis)

FY2023 Domestic Group **98%**

FY2023 NOF Group **97%**

NOF

Works and plants	Quality management systems	Certification number	Latest recertification date	Inquiries
Kawasaki Works Chidori Plant	ISO 9001	JP022495	May 2022	https://www.nof.co.jp/english/company/plant
Daishi Plant	FSSC 22000 (Food Safety Management System)	JMAQA-FC270	December 2021	
DDS plant	ICH-Q7 (active pharmaceutical ingredients GMP guidelines)	-	-	
Aichi Works Taketoyo Plant	JIS Q 9100	JQA-AS0183	July 2022	
Kinuura Plant	ISO 9001	JP022549	June 2022	
Amagasaki Plant (Functional Materials Division)	ISO 9001	JP022753	August 2022	
(Life Science Division)	ICH-Q7 (active pharmaceutical ingredients GMP guidelines)	-	-	
Oita Plant	ISO 9001	JP023986	September 2023	

Group companies

Name	Quality management systems	Certification number	Latest recertification date	Inquiries
Nippon Koki Co., Ltd.	ISO 9001	JSAQ2282	September 2023	https://www.nippon-koki.co.jp/
Nippon Koki Co., Ltd. Shirakawa Plant	JIS Q 9100	JQA-AS029	September 2023	
NiGK Corporation	ISO 9001	66885	March 2023	https://www.nichigi.co.jp/en/
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	ISO 9001	JP023061	November 2022	https://www.nofmetalcoatings.com/asia-pacific/en/
Showa Kinzoku Kogyo Co., Ltd.	ISO 9001	02479-2011-AQ-KOB-JAB	March 2024	https://www.shokin.co.jp/
YUKA SANGYO CO., LTD.	ISO 9001	19823082	April 2024	https://www.yuka-sangyo.co.jp/english/#gsc.tab=0
JEUNE BEAUTY CORPORATION, Amagasaki Factory	ISO 22716 (cosmetics materials GMP)	JP024379	January 2024	https://jeunebeauty.co.jp/en/
JEUNE BEAUTY CORPORATION, Chita Factory	ISO 22716 (cosmetics materials GMP)	JP024609	March 2024	
Nichiyu Techno Co.,Ltd.	ISO 9001	JP024473	February 2024	https://www.nichiyu-tec.co.jp/
NIKKA COATING	ISO 9001	3357	January 2022	https://nikkacoating.com/
Changshu NOF Chemical Co., Ltd.	ISO 9001	CN20/21619	January 2024	https://www.nof-cs.com.cn/
PT.NO F MAS CHEMICAL INDUSTRIES	ISO 9001	ID00/18019	April 2023	https://www.nof.co.jp/english/company/group-companies
NOF METAL COATINGS NORTH AMERICA INC.	ISO 9001	66561- IS8	July 2023	https://www.nofmetalcoatings.com/north-america/
NOF METAL COATINGS EUROPE S.A.	ISO 9001	BR040177	December 2023	https://www.nofmetalcoatings.com/europe/
NOF METAL COATINGS EUROPE N.V.	ISO 9001	10477422	November 2022	https://www.nof.co.jp/english/company/group-companies
NOF METAL COATINGS KOREA CO.,LTD.	IATF 16949	RTS0250	November 2023	https://www.nofmetalcoatings.com/korea/en/
NOF METAL COATINGS SOUTH AMERICA IND. E COM.LTDA.	ISO 9001	N° 1994/2984.9	December 2023	https://www.nofmetalcoatings.com/south-america/
NOF METAL COATINGS SHANGHAI CO., LTD.	ISO 9001	016SH22Q33019R3S	September 2023	https://www.nofmetalcoatings.com/china/en/



Quality Management

Approach to Pharmaceutical-Related Products

GRI 2-13/416-1

Approach to pharmaceutical-related products

NOF currently handles pharmaceutical-related products based on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (“Pharmaceuticals and Medical Devices Act”), and has obtained the various business licenses listed below. In order to properly carry out these licensed business operations, the Pharmaceutical Management Task Force has been established under the Quality Management Committee to appropriately manage medical supplies.

Licensing status of pharmaceutical-related products

	Category	Works/Plants
Marketing	Second-class marketing license for pharmaceuticals	NOF
	Marketing license for quasi-pharmaceutical products	NOF
Sales	Wholesale pharmaceutical sales	NOF
Manufacturing	Pharmaceutical manufacturing	Kawasaki Works
		Aichi Works, Taketoyo Plant
		Amagasaki Plant

Basic Policy on Pharmaceutical-Related Products

Based on our Corporate Philosophy which states, “The NOF Group is dedicated to contributing to humanity and society as a corporate group that creates new value through the power of chemistry, from the biosphere to outer space,” NOF is developing pharmaceutical-related business that ensures high quality, reliability, and safety to all stakeholders, under our governance system that ensures thorough compliance with laws and regulations.

Pharmaceutical management system

Based on the aim of the Act Partially Amending the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 63 of 2019, “Amended Pharmaceuticals and Medical Devices Act”), the officers with responsibility for pharmaceutical-related operations are clearly stated in the pharmaceutical management system. In addition, in accordance with the provisions of the Act, for marketing (second-class marketing license for pharmaceuticals, marketing license for quasi-pharmaceutical products), a general marketing manager, a quality assurance manager, and a safety management manager are appointed.

As a specialized task force of the Quality Management Committee, a deliberative body, NOF established the Pharmaceutical Management Task

Force to oversee the pharmaceutical-related business of the entire company and to manage the manufacturing, marketing, and wholesaling in an integrated manner. The Pharmaceutical Management Task Force inspects the status of compliance with GQP, GVP, and GMP ordinances, and operates to ensure that the general marketing manager, manufacturing manager, and others provide appropriate opinions to the responsible officers regarding issues and problems related to legal compliance.

Education and training

At NOF, all persons involved in pharmaceuticals take the required training every year.

Responsible officers

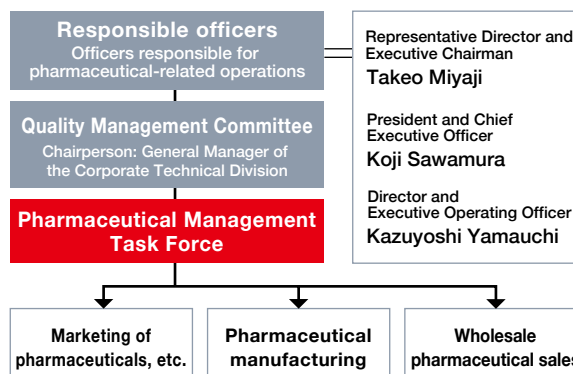
Take the pharmaceuticals-related training (once per year)

People involved in pharmaceutical-related operations

Take training based on GQP, GVP, and GMP ministerial ordinances as needed

After the training, a record is made and stored for use in the next fiscal year’s training plan to ensure continued acquisition of the necessary knowledge.

Pharmaceutical management system diagram

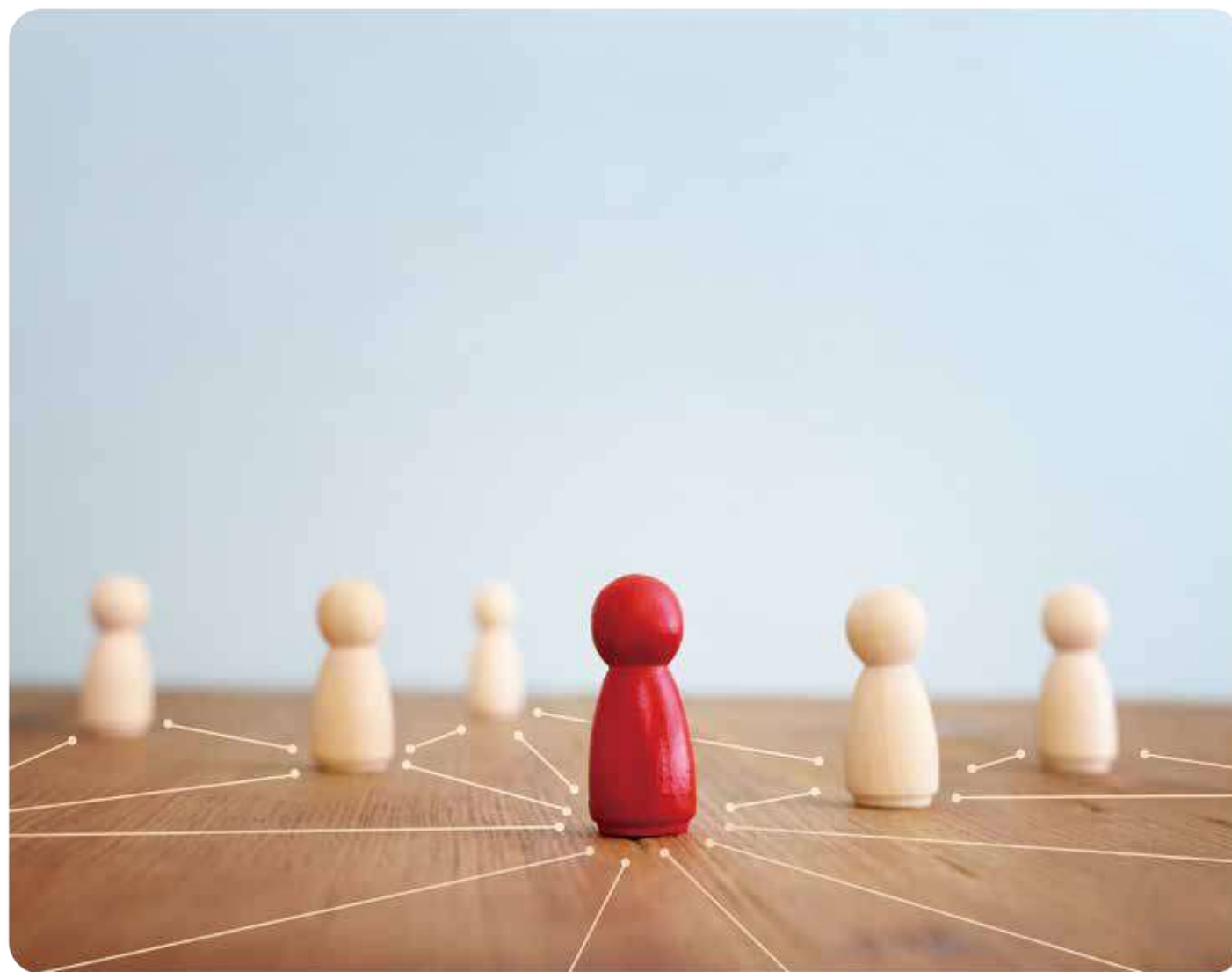




Risks and opportunities in quality assurance

Quality targets	Zero serious complaints or inappropriate incidents
Key issue	Ensuring proper quality management at the NOF Group

Major risk	Risk description	Opportunities	Major activities
Quality fraud	<ul style="list-style-type: none">● Loss of public trust and damage to corporate value due to quality problems such as falsification of quality inspection results	<ul style="list-style-type: none">● Continuous improvement of quality management throughout the company and Group, and earning social trust through fair corporate activities	<p>In 2023, we established a new Code of Conduct and issued a Message from the President to implement specific actions in accordance with the Corporate Philosophy, which defines the mission and ideal state of the NOF Group, and the three values that are prioritized in implementing the Corporate Philosophy: Challenges, Fairness, and Harmony.</p> <p>[Thoroughly ensuring proper quality management]</p> <ul style="list-style-type: none">● Development of a quality policy to “provide the highest quality products and services”● Raise awareness and educate employees through compliance manuals, etc.● Quality inspections and periodic surveys● Thorough prevention of recurrence and horizontal development through reporting of quality anomalies (serious cases)● Promotion of automation of quality management and inspections (creation of a system that prevents fraud and falsification, etc.)
Quality defects and product problems	<ul style="list-style-type: none">● Loss of customer trust due to quality anomalies causing delivery delays to customers or quality anomalies in customer products	<ul style="list-style-type: none">● Gain customer trust through quality improvement and a proven track record	



Strategy

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069 Contribution to the SDGs

**070 Digital Transformation
(DX) Strategy**

**072 Corrective Process Against
Negative Impacts**

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085 Approach to Stakeholders

086 Information Disclosure



Message from the President

GRI 2-22

We create new value through
the fusion of innovation and
a future-focused approach.

President and Chief Executive Officer

Koji Sawamura





Message from the President

GRI 2-22

Thank you very much for your interest in the Integrated Report 2024 of the NOF Group.

With “contributing to humanity and society as a corporate group that creates new value through the power of chemistry, ‘from the biosphere to outer space’” as its corporate philosophy, the NOF Group is engaged in multifaceted business operations offering innovative products in its three prioritized business fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

We aim to make a leap forward as a global company through innovative approaches and proactive reforms by implementing NOF VISION 2030, which was formulated as our strategic policy for the future.

Under NOF VISION 2030, the NOF Group has positioned the 2025 Mid-term Management Plan, which started in fiscal 2023, as Stage II, the profit expansion stage, and the 2028 Mid-term Management Plan as Stage III, the business domains expansion stage, and we will promote various measures to achieve further growth.

Today, there is rapidly increasing interest in various social issues, including global environmental issues such as climate change as well as human rights issues.

The NOF Group will face social issues with sincerity, endeavor to create new value with the power of chemistry, and continue to meet the expectations of all of our stakeholders in our efforts to achieve a secure and affluent society.



Message from the President

GRI 2-22

For a sustainable society

We aim to contribute to society by solving our customers' business issues

The NOF Group has grown together with its customers in various industries over the years. In the process, we have always striven to gain a deep understanding of our customer's business challenges and provide the best solutions to resolve them. As a B to B materials manufacturer, we aim to contribute widely to society by supporting the sustainable growth of our customers. We believe that our customers' success, in turn, leads to improving local communities and the global environment. We hope to go beyond mere business success and contribute to the achievement of a sustainable society. Therefore, we selected the three fields of "Life/Healthcare," "Environment/Energy," and "Electronics/IT," which are set forth in NOF VISION 2030, including the perspective of sustainability.

Life/Healthcare field

New products in the Life/Healthcare field directly improve people's health and welfare. DDS materials and biocompatible materials for pharmaceutical and medical care applications, foods and supplements for improving health, and cosmetics with formulations to keep up with trends, etc., also promote our customer's development, alongside contributing to the improvement of quality of life (QOL) of general consumers.

As part of this field, we place the Life Science business for pharmaceuticals and medical care at the center of our Group strategy, aiming to contribute to society as a whole by providing innovative solutions and improving health and welfare through these processes.

Environment/Energy field

New products in the "Environment/Energy" field are essential for protecting the global environment and the supply of sustainable energy. These technological innovations will contribute greatly to reducing environmental impacts and the achievement of a sustainable society.

Toward the shift to EVs and renewable energy, we provide environmentally friendly products that are biodegradable and energy-saving, as well as having lubricating and anti-corrosive properties. We aim to contribute to the reduction of environmental impacts together with our customers while satisfying their requirements for quality and performance.

Electronics/IT field

New products in the "Electronics/IT" field will contribute to the development of the Life/Healthcare and Environment/Energy fields as a foundation for supporting these fields. In addition, advances in telemedicine and smart grid technology, which are driven by the development and spread of telecommunications technology, will make medical care more efficient and energy management more effective.

For electronic components and materials undergoing miniaturization and shifting to lower-dielectric materials, we aim to contribute to the promotion of our customers' development of new materials by providing products with high photosensitivity, low dielectric properties, dispersibility,



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and adsorption through our unique molecular design and evaluation technologies.

Innovative new products in these three fields will improve people's health and welfare, protect the global environment, and promote the efficient use of resources. Interactions between each field will allow us to build a path to a sustainable future.

We will continue to work as a united Group to solve problems and create new value together with our customers.

Reflection on FY2023

We set a new record for highest profit

Net sales increased ¥4.5 billion year-on-year to ¥222.3 billion, operating income increased ¥1.5 billion to ¥42.1 billion, ordinary income increased ¥2.4 billion to ¥45.6 billion, and net income reached ¥34.0 billion, with operating income, ordinary income, and net income all reaching record highs. The annual dividend for fiscal 2023

has been set at ¥114 per share, an increase of ¥6 per share over the previous year. In the Pharmaceuticals, Medicals and Health segment, DDS pharmaceutical raw materials have enjoyed healthy demand and contributed to profit. In addition, the spread of price revisions in the Functional Foods business was also a positive factor. In contrast, in the Functional Chemicals segment, we faced a difficult business environment due to sluggish demand in Japan and overseas, particularly for plastic and rubber-related products. In general, we were also supported by the external environment due to the weak yen and stability of raw material prices.

Forecast of business results for FY2024

We expect increased revenue but decreased profit in FY2024

In fiscal 2024, the second year of the 2025 Mid-term Management Plan, we have forecast consolidated net sales of ¥232.0 billion, up from

the same period last year. However, on the profit side, we have forecast consolidated operating income of ¥40.5 billion, ordinary income of ¥41.6 billion, and net income of ¥33.0 billion, down from the same period last year. The ¥9.7 billion increase in consolidated net sales is due to a general return in demand in the Functional Chemicals segment and an expected increase in net sales of defense products in the Explosives & Propulsion segment. The decrease in consolidated operating income of ¥1.5 billion is mainly due to an expected temporary leveling off of demand for DDS pharmaceutical raw materials in the Pharmaceuticals, Medicals and Health segment.

Progress of the 2025 Mid-term Management Plan

The 2025 Mid-term Management Plan is progressing as planned

Under NOF VISION 2030, the target for operating income is ¥46.0 billion in fiscal 2025 and ¥60.0

* Net income in the text refers to "net income attributable to owners of parent."



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billion in fiscal 2030. While we expect an increase in revenue and decline in profit in fiscal 2024, we aim to achieve the targets of the 2025 Mid-term Management Plan by making proactive investments, including strategic investments (upfront investments aimed at the business domains expansion stage).

In the Functional Chemicals segment, we aim to achieve the targets of the plan by leveraging synergies from the integration of business divisions, multiplying the strengths of existing businesses, creating new value, and accelerating product development in new markets.

In the Pharmaceuticals, Medicals and Health segment, we expect demand for launched pharmaceuticals to grow from fiscal 2025 onward. To meet this demand, we are making progress in constructing a manufacturing facility for pharmaceutical raw materials (PEG modifiers) toward starting operations in September 2025. We will steadily integrate increasing demand for DDS materials, such as peptide and protein pharmaceuticals.

In the Explosives & Propulsion segment, we will promote measures to strengthen defense capabilities against geopolitical risks.

We will establish revenue bases in each segment as soon as possible and strengthen profitability in all businesses by revitalizing production and sales activities. In addition, we will strive toward achieving our targets by actively promoting strategic investments to expand our business domains and advancing into new business domains. We plan for growth through the 2028 Mid-term Management Plan, focusing on both the Functional Chemicals and Pharmaceuticals, Medical Care, and Healthcare segments. The domestic Group is working to mitigate climate change in its business activities, creating a roadmap toward reducing greenhouse gas emissions with the target of reducing greenhouse gas emissions in 2030 by 40% compared to fiscal 2013 levels. Considering the possibility of an increase in emissions due to business expansion, we have decided to make a strategic investment of ¥2.1 billion in our environmental response in our 2025 Mid-term Management Plan, and are working on the conversion to renewable energy sources as Phase 2. Moreover, as Phase 3, the NOF Group will aim to become carbon neutral in 2050 by starting to consider new processes and technologies alongside reducing the financial burden

associated with transition risks.

We will also continue to give consideration to the sustainability of the raw materials we procure. The purchase ratio of RSPO-certified oil in fiscal 2023 was about 13%, about double that of fiscal 2022. As customers' understanding of RSPO certification and cost increases is growing, we will continue aiming to increase the ratio of certified oil.

Status of strategic investment

Continuing to develop as a global company

In the 2025 Mid-term Management Plan, we set “Practice and Breakthrough” as our basic policy for the three years of the Plan, aiming to realize our corporate vision for fiscal 2030 as described in NOF VISION 2030. We will put into practice measures to increase earnings by bringing to fruition the measures to strengthen the earnings bases that were undertaken in the 2022 Mid-term Management Plan. We will also promote “strategic investments” to sow the seeds for future business



Message from the President

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pillars, and make “breakthroughs” toward our corporate vision for fiscal 2030.

In order to realize our corporate vision for fiscal 2030, we have set a strategic investment framework of approximately ¥70.0 billion in the 2025 Mid-term Management Plan. The following are descriptions of the situation of strategic investments comprising facility investment, research and development investment, and human capital investment.

Facility investment

Increasing production capacity in areas of continued growth

During the period of the 2025 Mid-term Management Plan, we plan to invest approximately three times the amount of the 2022 Mid-term Management Plan by making facility investments for expanded demand as strategic investments, improving productivity, and investing in the environment, in addition to existing facility investment. In respect of investments in manufacturing

facilities, we are generally proceeding as initially planned with the construction and expansion of manufacturing facilities in continually growing fields, including DDS pharmaceutical raw materials, cosmetics materials, and anti-fog agents.

In terms of investments in increased productivity, we are making progress in investments for improving operational efficiencies by promoting automation and labor-saving, and for increasing the use of data in production and sales, including the introduction of DX-related technologies. We will continue to actively consider investments, including those related to information systems, and develop an environment for highly productive business operations. In terms of investments in



environmental response, we are promoting investment in energy conservation and efficiency improvement of manufacturing facilities to address the regulatory control of CFCs and reduce CO₂ emissions. We will promote facility investment toward achieving carbon neutrality by 2050.

To achieve the 2025 Mid-term Management Plan and further growth, we will continue to make proactive facility investments, including strategic investments.

Research and development investment

Actively participating in open innovation

In respect of R&D investment, we have launched industry-academia collaborative projects and are recruiting partners to promote R&D aimed at creating new businesses in the three target fields of “Life/Healthcare,” “Environment/Energy,” and “Electronics/IT.” In fiscal 2023, we chose selected organizations in the electronics field and began commissioned research into four technologies with



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the aim of creating new businesses in the field of “Electronics/IT.” In fiscal 2024, we decided to adopt three materials and technologies in areas where future market growth and the utilization of NOF technologies are anticipated from among those in the medical care and medical device field, and will begin commissioned research.

We also leverage government R&D projects to promote industry-government-academia collaboration. We are participating in projects in the Explosives & Propulsion and Life Science businesses. For R&D, we will continue to develop new research areas with a sense of speed and provide new products and value by actively promoting collaboration with external parties without being restricted by internal knowledge resources.

Human capital investment

**Growth of human resources
is the foundation
of management**

One of the keys to achieving NOF VISION 2030 is

the development of human resources with a long-term perspective. Amid a rapidly growing interest in human capital, we have been actively sharing opinions on a broad range of matters related to human resources development at Board of Directors meetings, Sustainability Committee meetings attended by all Directors, and human resources meetings attended by those responsible for business execution. As the discussions deepen, we have become even more cognizant that employee growth is at the heart of shaping the future of the company.

In fiscal 2023, we launched the 2025 Mid-term Management Plan, and we are promoting various measures to encourage the growth of human resources who embody the values of the NOF Group of “Challenge,” “Fairness,” and “Harmony” to create new value.

One of the measures is to strengthen the development of “autonomous human resources,” which are one type of ideal person that we are looking for. We will foster a positive corporate culture: a climate in which employees are responsible for taking on challenges from their respective positions in all situations, and in which these challenges are celebrated and valued. In fiscal

2023, we held workshops for all employees using my video message as an entry point in order to promote autonomous growth. In addition, we have been working to strengthen support for self-education and development, such as distance learning and e-learning programs, to encourage employees to learn by themselves. Through these measures, we expect our employees to demonstrate their abilities to the maximum and actively take on challenges toward achieving NOF VISION 2030.

Another important issue is to maintain and improve employee motivation. In addition to emphasizing diversity and striving to promote the active participation of women, we are also promoting initiatives to increase employee motivation and job satisfaction by providing comfortable working environments for employees through suitable incentives and compensation systems and by ensuring flexible working styles. Following the introduction of a system that enables flexible working styles in accordance with each life stage by fiscal 2023, we plan to also focus on supporting career design between fiscal 2024 and fiscal 2025.

Career design is a process that enables employees to independently think about, plan for, and achieve the vision of their own future, and we



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consider it an important element in achieving self-fulfillment and satisfaction. The NOF Group interprets career design as a vision for human resources development itself that goes beyond mere job selection to include a broad perspective that relates to an individual's overall lifestyle and working style. In today's rapidly diversifying labor market, we expect to contribute to company growth by supporting employees in career design and encouraging employee growth.

Through various initiatives based on the three pillars of "human resources development," "diversity and inclusion," and "employee engagement," the NOF Group will continue to work tirelessly to achieve sustainable growth and create new value, creating a corporate culture in which each employee can independently design his or her own career and where organizational growth and individual growth are in harmony.

Looking ahead to FY2030

We will sell cross-shareholdings based on the target of reducing the ratio thereof with consolidated net assets to 15% or less during the 2025

Mid-term Management Plan period, and will consider further reduction in the next Mid-term Management Plan toward fiscal 2030. We will set the target level of total return ratio for fiscal 2025 at around 50%, and will continue to maintain and improve shareholder returns while ensuring a balance with strategic investments, with an awareness of continuing to improve capital efficiency.

Contributing to realizing a sustainable society is not only our duty as a corporate citizen, but also a challenge to be tackled. In this context, raising awareness of fairness, including fair trade in the supply chain and respect for human rights, is fundamental to a corporation's survival.

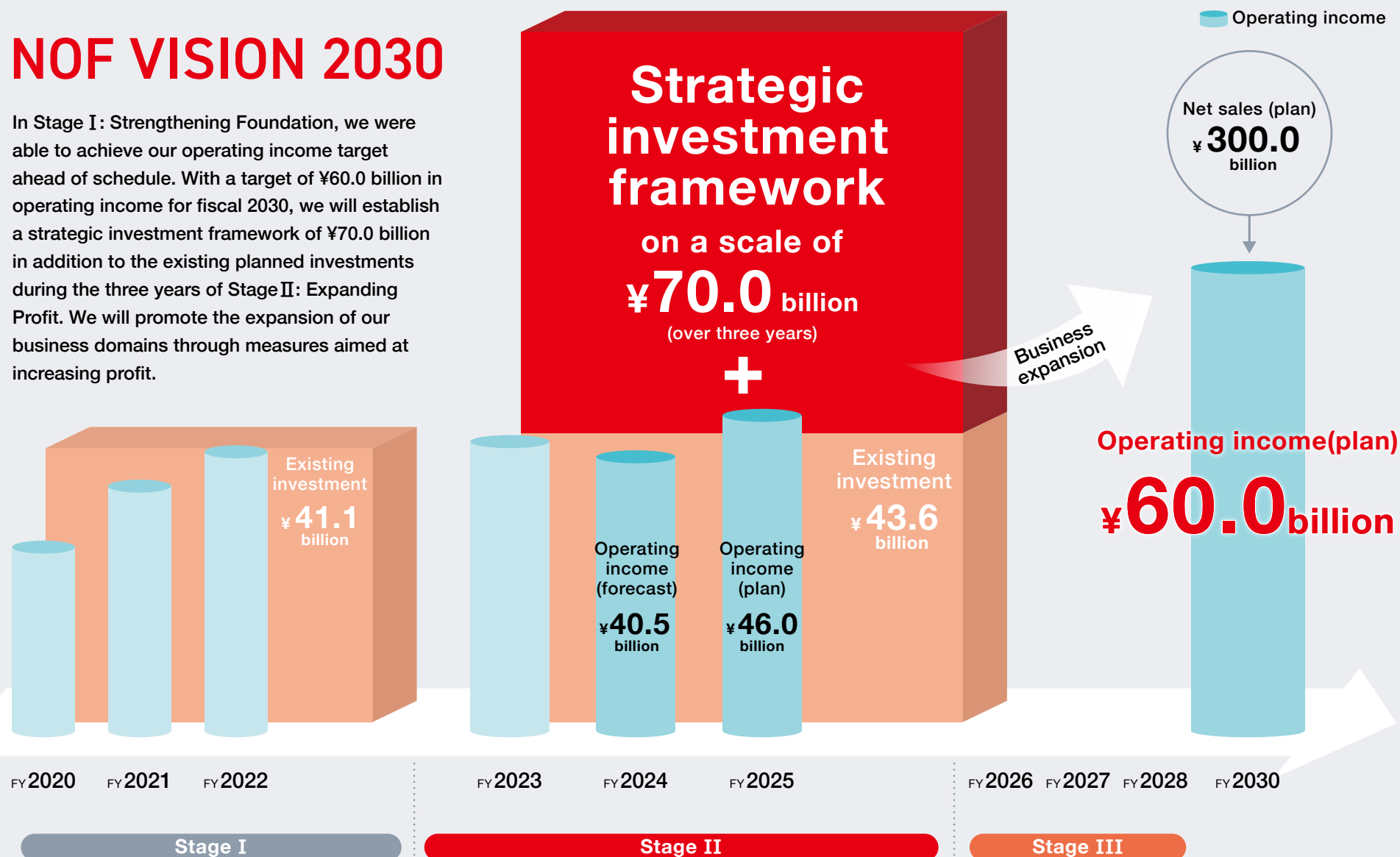
We are committed to high ethical standards in accordance with our own values of "Challenge," "Fairness," and "Harmony." Moreover, toward fiscal 2030, we will continue to contribute to the achievement of a sustainable society by providing innovative solutions to our customers. We will achieve NOF VISION 2030 and enhance our presence as a global company.





NOF VISION 2030

In Stage I: Strengthening Foundation, we were able to achieve our operating income target ahead of schedule. With a target of ¥60.0 billion in operating income for fiscal 2030, we will establish a strategic investment framework of ¥70.0 billion in addition to the existing planned investments during the three years of Stage II: Expanding Profit. We will promote the expansion of our business domains through measures aimed at increasing profit.





Mid-term Management Plan

GRI 2-22

2025 Mid-term Management Plan

Expanding Profit

Strategic investment for earnings base establishment /
business domains expansion

Fundamental principles

“Practice and
Breakthrough”

FY 2030
(plan)

Net sales
¥ **300.0** billion

Operating income
¥ **60.0** billion

Operating income
to net sales
20% or more

2028 Mid-term Management Plan

**Business
Domains
Expansion**

Advancement into
new business domains

FY 2025
(plan)

Net sales
¥ **255.0** billion

Operating income
¥ **46.0** billion

Operating income to net sales

18% or more

ROA

13% or more

ROE

12% or more

FY 2024
(forecast)

Net sales
¥ **232.0** billion

Operating income
¥ **40.5** billion

Operating income
to net sales

17.5%

ROA

11.8%

ROE

11.7%

FY 2023
(actual)

Net sales
¥ **222.3** billion

Operating income
¥ **42.1** billion

Operating income
to net sales

19.0%

ROA

14.0%

ROE

13.5%

FY 2022
(actual)

Net sales
¥ **217.7** billion

Operating income
¥ **40.6** billion

Operating income
to net sales

18.7%

ROA

14.4%

ROE

14.8%

FY 2020
(actual)

Net sales
¥ **172.6** billion

Operating income
¥ **26.6** billion

Operating income
to net sales

15.4%

ROA^{*1}

11.4%

ROE^{*2}

12.2%

2022 Mid-term Management Plan

Strengthening Foundation

Fundamental principles

“Challenge and
Co-create”

*1 Return on assets

*2 Return on equity



Stage II

2025 Mid-term Management Plan

Expanding Profit

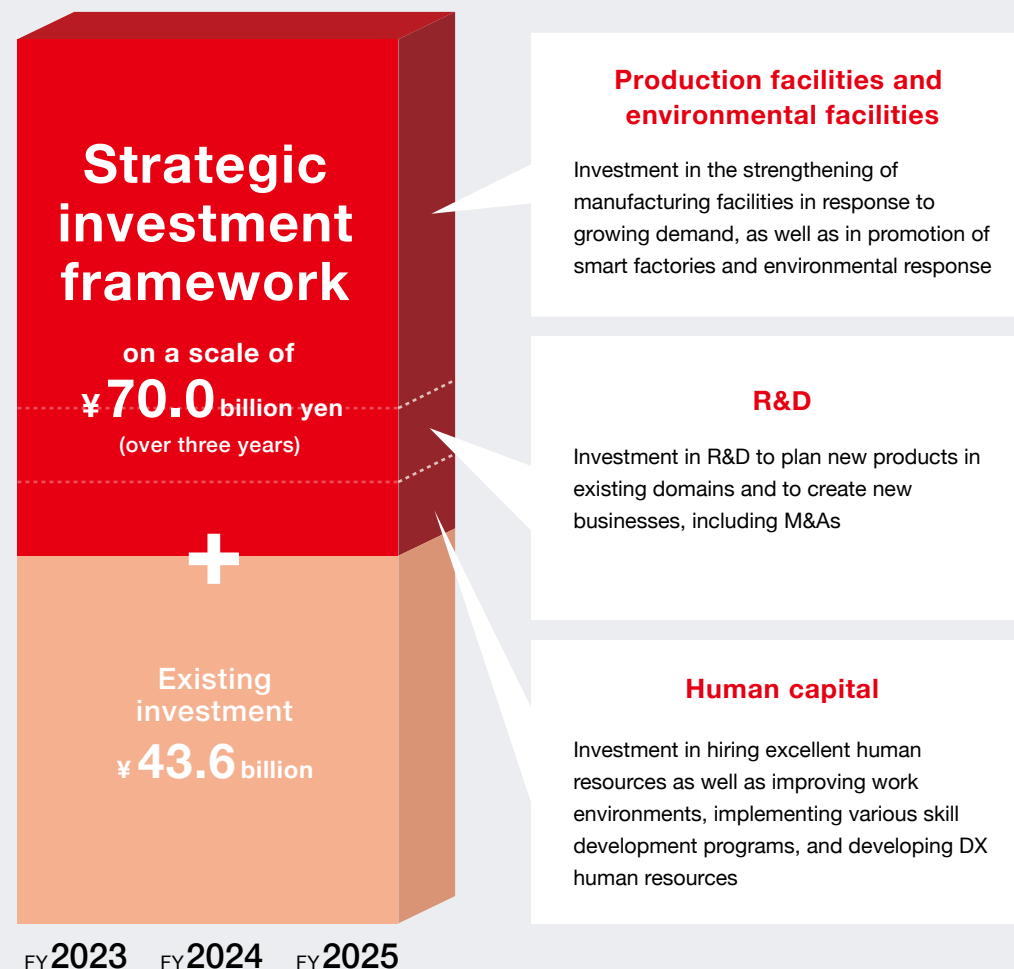
Fundamental principles

“Practice and Breakthrough”

FY2024 Management Policy

“Expanding Profit and Creating New Value”

Having completed the three years of Stage I : Strengthening Foundation, the three years from fiscal 2023 are positioned as Stage II : Expanding Profit, with the target of ¥46.0 billion in operating income and a ratio of operating income to net sales of 18% or higher set for fiscal 2025. In addition to the “existing investments” of ¥43.6 billion related to the previous Medium-term Management Plan, we will establish a “strategic investment framework” of ¥70.0 billion for the three years of Stage II . Strategic investment includes three topics: (1) “production and environment” facility investment, (2) research and development investment, and (3) human investment, and will be funded through self-financing as well as funds from the sale of cross-shareholdings. This is a proactive investment aimed at not only further strengthening the earnings bases and steadily expanding profits in the rapidly changing business environment surrounding the NOF Group, but also making a leap forward through new value creation. We will strive toward achieving the targets of the Mid-term Management Plan for fiscal 2025 and operating income of ¥60.0 billion in fiscal 2030.





Mid-term Management Plan



GRI 2-22

Facility investment: Production and facilities

Smooth implementation of automation, labor saving, and energy saving

We are newly constructing and expanding manufacturing facilities as planned in fields that continue to grow, such as raw materials for DDS drug formulations, cosmetics materials, and anti-fog agents. We are also making progress in investments to improve operational efficiency through automation and labor-saving and reduce environmental impact through energy saving, and will continue to do so proactively.

Facility investment amount FY2023 (actual) ¥ **18.7** billion FY2024 (expected) ¥ **22.6** billion

			FY2023 progress	FY2024 initiatives (planned)
Improving productivity 	Operational efficiency	Routine operations	<ul style="list-style-type: none"> Company-wide introduction of RPA Selection of AI-OCR software and operations that can utilize it 	<ul style="list-style-type: none"> Expansion of operations that utilize RPA Realization of AI-OCR utilization
		Production scheduler	<ul style="list-style-type: none"> Defining requirements and trial runs at model plants 	<ul style="list-style-type: none"> Launching operations at model plants
		Productive operations	<ul style="list-style-type: none"> Introduction of automatic filling machines and expansion of the scope of the process automation system toward promoting automation 	<ul style="list-style-type: none"> Ongoing promotion of automation
	Increasing the use of data	Promotion of smart factories	<ul style="list-style-type: none"> Network development and system studies at model plants Consideration of automatic field data collection 	<ul style="list-style-type: none"> Defining requirements and trial runs at model plants Ongoing promotion of automatic field data collection
		Introduction of sales support tools	<ul style="list-style-type: none"> Defining requirements 	<ul style="list-style-type: none"> Launching operations
		Introduction of chemical substance management system	<ul style="list-style-type: none"> Defining requirements 	<ul style="list-style-type: none"> Preparing operations at model plants
Environmental measures 	Addressing the regulatory control of CFCs		<ul style="list-style-type: none"> Determining specifications for equipment using natural refrigerants 	<ul style="list-style-type: none"> Introducing equipment using natural refrigerants
	Saving energy and streamlining efficiency		<ul style="list-style-type: none"> Promoting electrification of vacuum generators that utilize steam Establishment of a policy for shifting to boiler fuel with low environmental impact toward curbing the use of heavy oil Promoting updates to high-efficiency boiler 	<ul style="list-style-type: none"> Ongoing promotion of electrification of facilities Development of fuel conversion policy Ongoing updates to high-efficiency boilers

Main facility investment Aichi Works

- Establishment of new manufacturing facilities for raw materials for DDS drug formulations (PEG modifiers)
- Establishment of new manufacturing facilities for SS lipids
- Strengthening of manufacturing facilities for cosmetics materials
- Strengthening of manufacturing facilities for anti-fog agents

Responses to Climate Change (TCFD) ▶ P.119-121

Chemical Safety ▶ P.137,139



Mid-term Management Plan

GRI 2-22


Research and development investment

Proactive collaboration with external parties to speedily develop new R&D areas

We are promoting open innovation to create new technologies and businesses. To further accelerate this, in fiscal 2023 we invested in venture capital (VC) and participated in government R&D projects. We will continue working to expand R&D areas.

R&D investment

FY2023 (actual) ¥ **7.3** billion FY2024 (expected) ¥ **8.5** billion

		FY2023 progress	Initiatives beyond FY2024 (planned)
Promotion of open innovation 	Call for commissioned industry-academia research	<ul style="list-style-type: none"> Launch of commissioned research into four technologies in the electronics field Launch of public call for applications in the medical care and medical device fields 	<ul style="list-style-type: none"> Launch of commissioned research into three materials and technologies in the medical care and medical device fields (FY2024) Accelerating exploration into topics and R&D in the Electronics/IT field
	Utilization of venture capital (VC)	<ul style="list-style-type: none"> Investment in the “UMI No. 3 Fund” managed by Universal Materials Incubator Co., Ltd. <p>[Fund investment areas] Common infrastructure for development concerning the environment/energy, food/agriculture, life science, electronics/IT, mobility, and materials/chemicals fields</p>	<ul style="list-style-type: none"> Introduction of new technologies and creation of new businesses through business synergies Utilizing newly acquired knowledge in human resources development
	Participation in government R&D projects	<ul style="list-style-type: none"> Strategic Innovation Promotion Program (SIP), Council for Science, Technology and Innovation, Cabinet Office Development of smart infrastructure management system Participation with Wireless Detonator WINDET®II (until March 2028) Explosives & Propulsion Division Japan Agency for Medical Research and Development (AMED) Programs relating to the Strategy for Strengthening the Vaccine Development and Production System “Program on R&D of new generation vaccine including new modality application” Participation with lipid nanoparticle materials (until March 2027) Life Science Division 	




Mid-term Management Plan

GRI 2-22

Human capital investment

Promoting strategic investment in human resources growth, the most important factor in corporate growth

Human capital is becoming increasingly important in business management. To ensure the sustainable growth of the NOF Group, we are investing in human capital by creating comfortable work environments, developing DX human resources, and supporting overseas business activities.

		FY2023 progress	FY2024 initiatives (planned)
Promotion of securing and developing human resources 	Promotion of employees' autonomous growth	<ul style="list-style-type: none"> Promoting understanding of the NOF Group's values of "Challenge", "Fairness", and "Harmony" and developing autonomous human resources targeting all employees 	<ul style="list-style-type: none"> Implementation of training measures toward demonstrating the skills necessary for autonomous human resources Implementation of support measures for career autonomy to improve motivation for growth through work
	Further promotion of the creation of comfortable workplaces	<ul style="list-style-type: none"> Considering measures for health management Implementation of smoking cessation program 	<ul style="list-style-type: none"> Support for promoting health (ongoing smoking cessation program, support for the use of sports gyms, etc.) Support for balancing work with treatment Revision of the leave system
	Promotion of development of DX human resources	<ul style="list-style-type: none"> Selection of DX promoters and launch of training programs 	<ul style="list-style-type: none"> Conducting and strengthening of evaluation and verification of training programs
	Strengthening of support for overseas business activities	<ul style="list-style-type: none"> Promotion of fostering of global leaders Strengthening of overseas safety measures 	<ul style="list-style-type: none"> Promotion of fostering of global leaders Enhancement of support for employees stationed overseas
	Promoting better performance of diverse human resources	<ul style="list-style-type: none"> Raising of retirement age to 65 	<ul style="list-style-type: none"> Promotion of support for the active participation of women
	Upgrading and renovation of employee welfare facilities	<ul style="list-style-type: none"> Considering upgrading dormitories in the Kansai area 	<ul style="list-style-type: none"> Launch of planning of dormitories in the Kansai area Considering upgrading company housing in the Kanto area



It is regarded to be important for corporations to contribute to the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. The NOF Group aims to contribute to the SDGs through initiatives for materiality as presented in the table below.




Materiality	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Provide new values to realize a prosperous and sustainable society																	
Innovation through businesses									●			●					●
Contribute to the Life/Healthcare field			●									●					
Contribute to the Environment/Energy field						●	●					●	●	●	●		
Contribute to the Electronics/IT field (smart society)									●			●					
Strengthen the business foundation																	
Creation of comfortable workplaces					●			●		●							
Better performance of human resources				●	●			●		●							
Promotion of CSR-based procurement												●			●	●	●
Resilience enhancement											●	●					
Promote responsible care activities																	
Response to climate change							●					●	●				●
Management of chemicals			●			●						●		●	●		●
Labor safety			●					●									



Digital Transformation (DX) Strategy

GRI 203-2

Through DX, NOF aims to continue to be a company where all employees are highly motivated to engage in creative work and promptly provide high-quality products and services that anticipate the needs of customers and society. To this end, we will utilize digital data and technology to strengthen our ability to develop new products and technologies and improve productivity. Under the theme of the DX strategy, “Development of DX human resources and promotion of business improvement and efficiency through digitalization,” we have established the following three priority items: ❶ **Systematic training and securing of DX human resources**, ❷ **Establishment of a control mechanism for full-fledged DX**, and ❸ **Development of an environment for the utilization of data**. By implementing these items, we will provide value to our customers and to society in the form of more sophisticated marketing, strengthened R&D capabilities, and improved productivity and quality, and to our employees in the form of automation and streamlining of operations as well as reform of work styles.

DX Strategy		
Develop DX human resources and promote business improvement/efficiency through digitalization		
Priority Items		
	❶ Systematic training and securing of DX human resources	(1) Develop human resources to promote DX at divisions and sites (2) Improve DX literacy
	❷ Establishment of a control mechanism for full-fledged DX	(1) Establish controls related to app development and data utilization
	❸ Development of the data utilization environment	(1) Promote utilization of data from enterprise resource planning (ERP) systems (2) Develop the data utilization environment by business domain



Digital Transformation (DX) Strategy

GRI 203-2

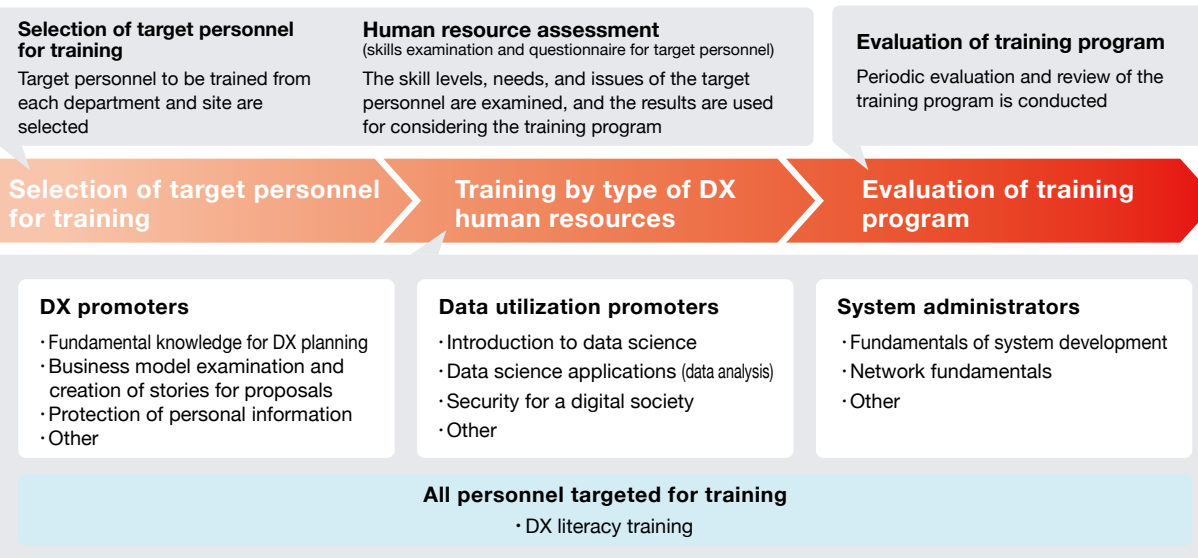
DX Human Resources Development Program

Personnel selected for training from each department and site acquire specialized skills and knowledge depending on their human resource type. In addition to the standard program, we also implement individual training based on the results of a questionnaire survey for target personnel. The number of participants in fiscal 2023 was 75.

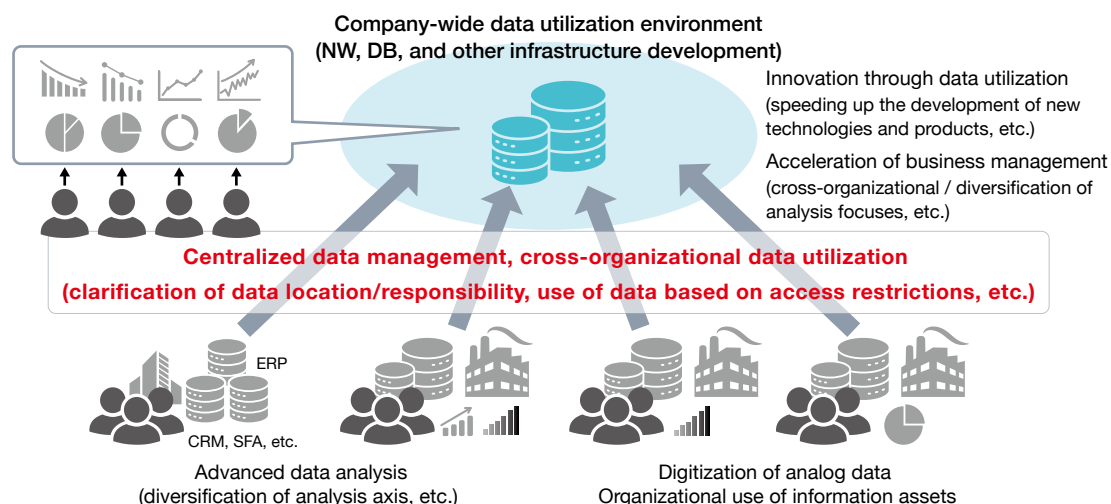
Future vision of the data utilization environment

To realize innovation and productivity improvement through data utilization, we will develop the data utilization environment. In addition to infrastructure development, we are also looking into the development of a data management system, including rules and organization. We will establish an environment and structure to optimize manufacturing processes, improve defect rates, optimize inventories, automate production planning, conserve energy, streamline R&D operations, promote the use of intellectual property, strengthen preventive maintenance, promote occupational health and safety, visualize skills, and pass on know-how.

Overview of the DX Human Resources Development Program



Future vision of an environment for the utilization of data





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

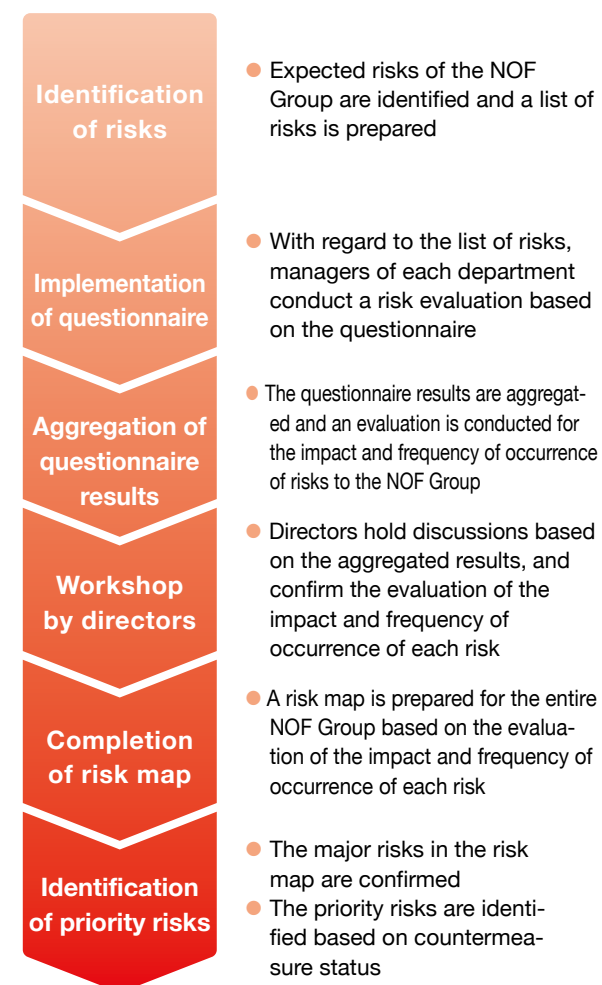
The Risk Management Committee, the Compliance Committee, the RC Committee, and the Quality Management Committee analyze management risks, consider countermeasures, and report to the Board of Directors. The Board of Directors receives reports and deliberates as necessary on various business risks, including 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



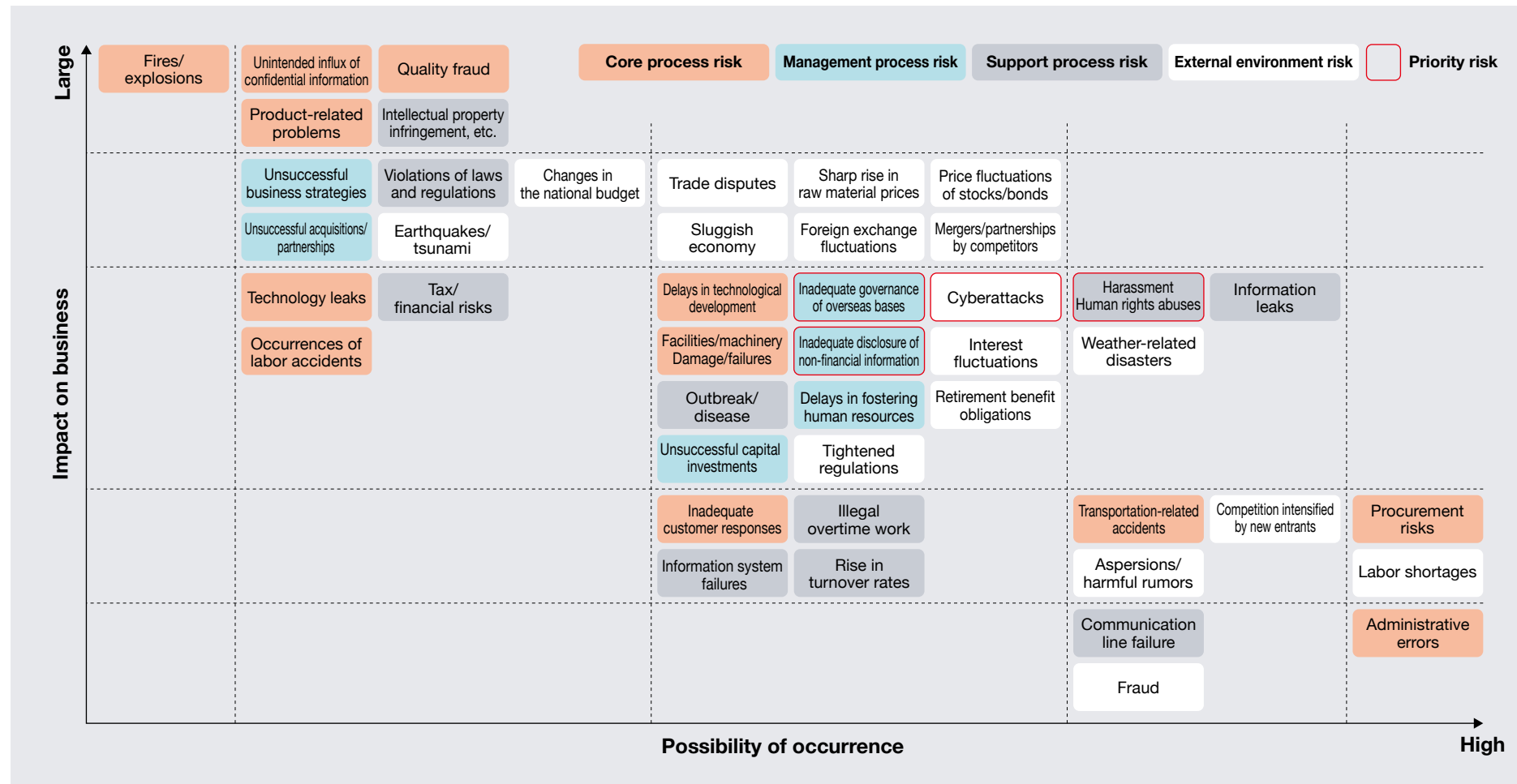


Corrective Process Against Negative Impacts | Risk Management

GRI 2-12,16,25/403-2

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.





Corrective Process Against Negative Impacts | Risk Management

GRI 2-12,16,25/403-2

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

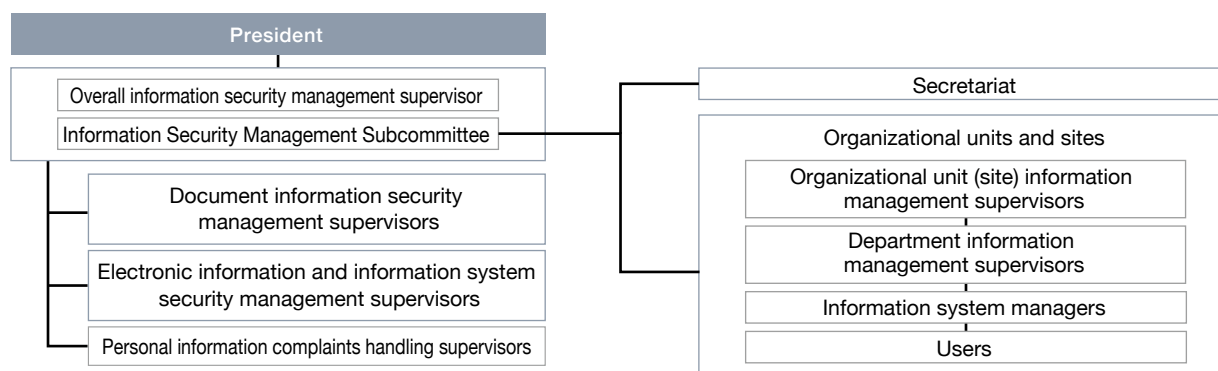
The NOF group considers information assets as an important management resources in corporate activities, and the establishment of secure information assets are essential for achieving stable management, thus, our group shall establish and comply following policies.

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			
Violations of laws and regulations	<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
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
	Prohibition of bribery, excessive wining and dining, etc.	Illegal acts (bribery)
2021	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
	Appropriate guidance and abuse of authority	Harassment
2024	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.



Mechanism for requesting advice and mechanism for raising concerns

GRI 2-26

Whistle-blowing system

Consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese have been set up at external third-party institutions as contact points for whistle-blowing / consultation in overseas countries where NOF's business bases are located. Employees can contact the desks if they become aware of a violation or potential violation of compliance rules.

Persons who report or consult on a violation or potential violation of compliance rules will not be treated disadvantageously because of the report or consultation, and the report or consultation will be handled with confidentiality. This system and contact points are communicated to executives and employees of the Group companies world-wide on a regular basis.

In fiscal 2023, there were 15 whistleblower cases, a decrease from the previous fiscal year, but the share of harassment cases remained high as in the past. In addition, we carefully investigated the facts of any report promptly and without searching for the whistleblower, and took necessary corrective actions and measures to prevent recurrence.

Any matters deemed to be compliance violations will be handled in accordance with the Compliance Committee regulations. The Compliance Committee will instruct the relevant departments to investigate the facts, issue requests, and if necessary, provide corrective recommendations

and implement measures to prevent recurrence.

As a result of these activities, there have been no cases of violations of laws and regulations in the past five years.

We will continue to create a better environment by understanding the purpose of the whistle-blowing system and by appropriately operating the

system to respond to misconduct, corruption, human rights violations, harassment, etc. in a timely manner before they become serious incidents.

Addressing sexual harassment / power harassment problems

The NOF Group has declared its position to prevent and prohibit sexual harassment and power harassment in its Guidebook on the Code of Ethical Conduct, the Compliance Manual, and other internal notifications, and is taking steps to make the code and other relevant norms extensively known and understood. For consultation desks regarding sexual harassment and power harassment, one each of male and female consultants is appointed to make the workplaces transparent and pleasant.

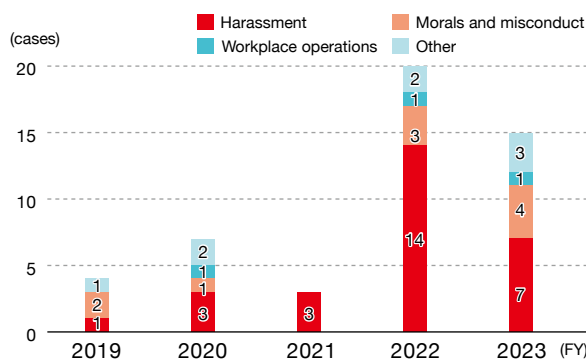
Number of whistle-blowing cases NOF Group

FY2023 **15 cases**

Breakdown

Harassment	7 cases
Morals and misconduct	4 cases
Workplace operations	1 cases
Other	3 cases

5-year changes in whistle-blowing



* Aggregated as the NOF Group from fiscal 2019



Membership in associations

GRI 2-28

Participation in external initiatives

Name		Date of accession
RSPO	 2-0378-12-100-00	Joined October 2012
JaSPON		Participate since April 2019
Keidanren Declaration of Biodiversity and Action Policy (2018 revised edition)		Participate since 2014
Forest Restoration Partner System of Kanagawa Prefecture		Participate since June 2023
TCFD		Support since April 2022
Council on Promoting Partnership Building for Cultivating the Future		Participate since July 2022
GX League		Participate since April 2024

Membership in Associations

Name	Administration division/department
Japan Chemical Industry Association	Human Resources & General Affairs Department, Corporate Technical Division, Functional Materials Division
Japan Marine Oil Association	Functional Foods Division, Purchasing Department
Japan Cosmetics Suppliers Association	Functional Materials Division
Keidanren Initiative for Biodiversity Conservation	Corporate Technical Division
Japan Surfactant Industry Association	Functional Materials Division
Oil & Fat Industry Kaikan	Functional Materials Division, Functional Foods Division
Japan Oil Chemists' Society	Functional Materials Division, Functional Foods Division
The Chemical Society of Japan	Corporate R&D Division
The Society of Polymer Science, Japan	Corporate R&D Division
Japan Explosives Industry Association	Explosives & Propulsion Division
Japan Explosives Safety Association	Explosives & Propulsion Division
Sporting Arms Ammunition Manufacturer's Association Japan	Explosives & Propulsion Division
Japan Association of Defense Industry	Explosives & Propulsion Division
The Society of Japanese Aerospace Companies	Explosives & Propulsion Division
Japan Soap and Detergent Association	Functional Materials Division, Purchasing Department
The Japan Society of Drug Delivery System	Life Science Division
The Japanese Society for Biomaterials	Life Science Division
Japan Margarine Shortening & Lard Industries Association	Functional Foods Division, Purchasing Department
Japan Inorganic Chemical Industry Association	Functional Materials Division
Japan Organic Peroxide Association	Functional Materials Division
Japan Contact Lens Association	Life Science Division
The Japan Fair Trade Council of the Medical Devices Industry	Life Science Division
Center for Information on Security Trade Controls (CISTEC)	Legal Department
Japan Environmental Management Association for Industry	Corporate Technical Division
Keidanren (Japan Business Federation)	Human Resources & General Affairs Department
Japan Investor Relations Association	Corporate Communications Department
Technology Institution of Industrial Safety	Corporate Technical Division
Research Institute for Safety Engineering	Corporate Technical Division
The Medium and Small Business Research Institute	Human Resources & General Affairs Department
Japan Industrial Safety & Health Association	Corporate Technical Division
The Tokyo Chamber of Commerce and Industry	Human Resources & General Affairs Department
Japan Society for Safety Engineering	Corporate Technical Division

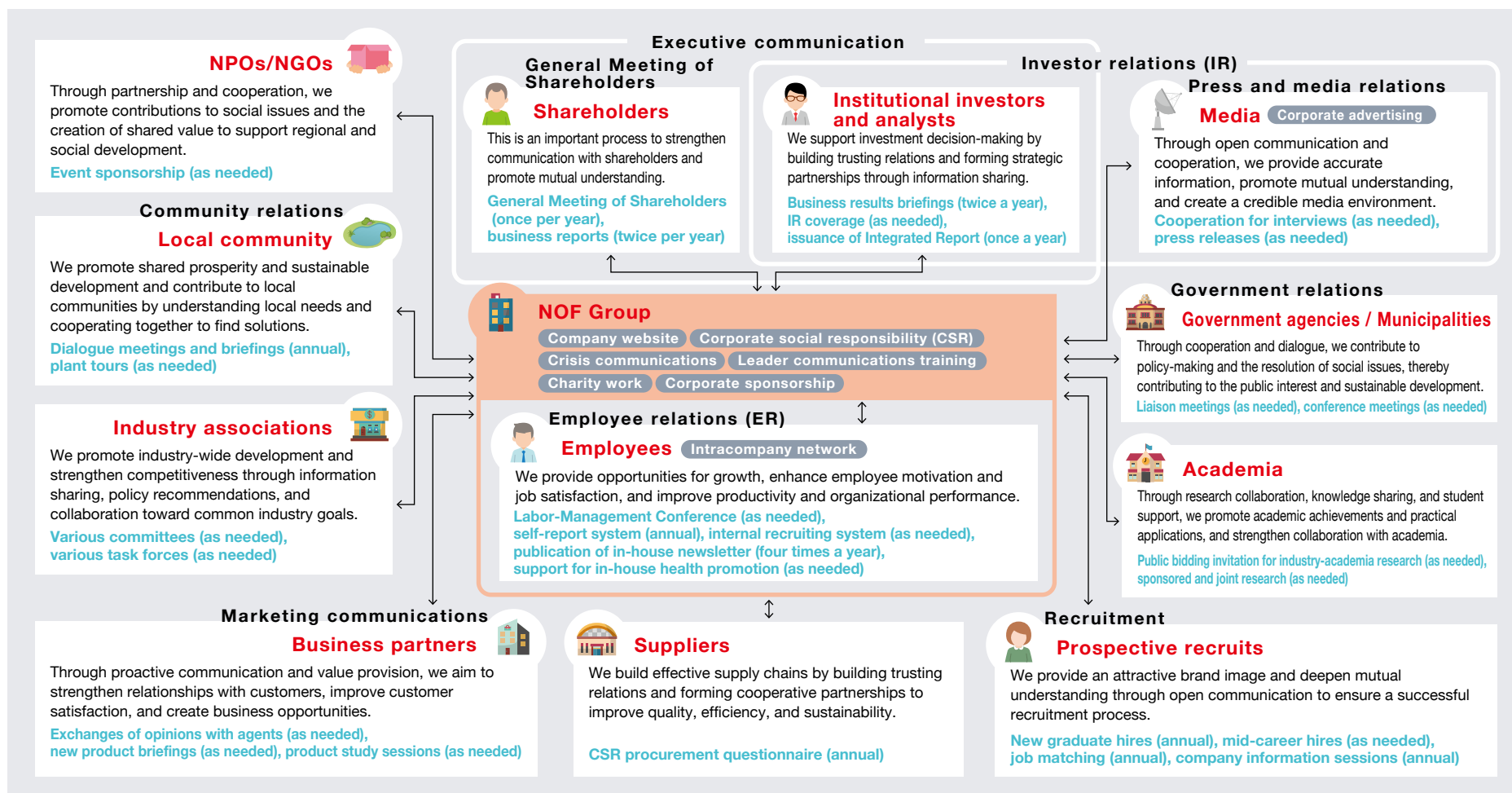


Stakeholder engagement | Approach to stakeholders

GRI 2-29

Stakeholder engagement is essential to ensure the long-term growth and sustainability of a company. Through two-way communication with stakeholders, we improve the quality of our products and services and thus ensure the value and credibility of the company. We also aim to create innovation and new business opportunities through cooperation with stakeholders.

Relationship diagram between NOF and stakeholders





Information disclosure

In today's age of ceaseless globalization and advancement in information technology, disclosure of corporate information has become indispensable in order for an entity to fulfill its responsibility to society. Disclosure of corporate information is also becoming increasingly important for the NOF Group, as we strive to win the trust of society as an "open group" both inside and outside the Group. The NOF Group engages in timely disclosure of its corporate information including management information and business activities to its shareholders and the capital markets in accordance with relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act.

Notice of General Meeting of Shareholders

NOF sends its Notice of Annual General Meeting of Shareholders about 21 days prior to the meeting. In addition, we strive to provide information promptly by disclosing both Japanese and English versions as digital information about 28 days in advance of the day of the meeting.

Issuance of the Integrated Report and Sustainability Report

The Environmental Reports (Report on Responsible Care Activities) that had been published since fiscal 1995 have been published as the CSR Report since fiscal 2015 to report CSR activities of

the NOF Group. Since fiscal 2020, we have issued the ESG Data Book to complement our Integrated Report and information. From fiscal 2023, the ESG Data Book has been renamed as the Sustainability Report and we are enhancing the information.

Business results briefings

The NOF Group conducts IR activities geared toward shareholders and investors that focus on the reliability and fairness of its investment information. NOF makes efforts to provide timely, appropriate, and fair disclosures by holding business results briefings for institutional investors twice a year and posting the briefings materials on the Company's website for general investors. Additionally, in fiscal 2023, the NOF Group held 239 meetings for institutional investors and analysts.

Information dissemination

The NOF Group proactively releases information on its new products and technology. In fiscal 2023, in addition to our 57 news releases, we responded actively to mass media coverage, which resulted in 76 mentions of the NOF Group businesses in the newspapers. We also present NOF Group products at various exhibitions and trade shows.

Fair disclosure

Fair disclosure rules legally mandating fair disclosure of information by listed companies were

introduced following the enforcement of the Amended Financial Instruments and Exchange Act on April 1, 2018. NOF discloses information in a timely and appropriate manner in accordance with various laws and regulations, including the Financial Instruments and Exchange Act and the Rules on Timely Disclosure set by the Tokyo Stock Exchange. In addition, among information that does not fall under the scope of the Rules on Timely Disclosure, we conduct fair and impartial disclosure of information which we consider to have significant impact on the investment decisions of shareholders and investors, and we have made the "Disclosure Policy" available on our website.

Web accessibility

NOF aims to provide a website that is easy for anyone to use, with consideration aimed at being user-friendly for a variety of customers including the elderly and people with disabilities. We will continue our efforts to ensure and improve accessibility and provide a website that our customers can use with peace of mind.



Naruhodo NOF!

“Naruhodo NOF!” on the Company website introduces the businesses of the NOF Group. We use easily understood, user-friendly terms to explain our business, in an effort to further the understanding of the general public toward our undertakings.





Important Issues

089 Materiality

089 Identification Process

092 KPIs

095 Impact on Society

through the Supply Chain



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 | Identification Process

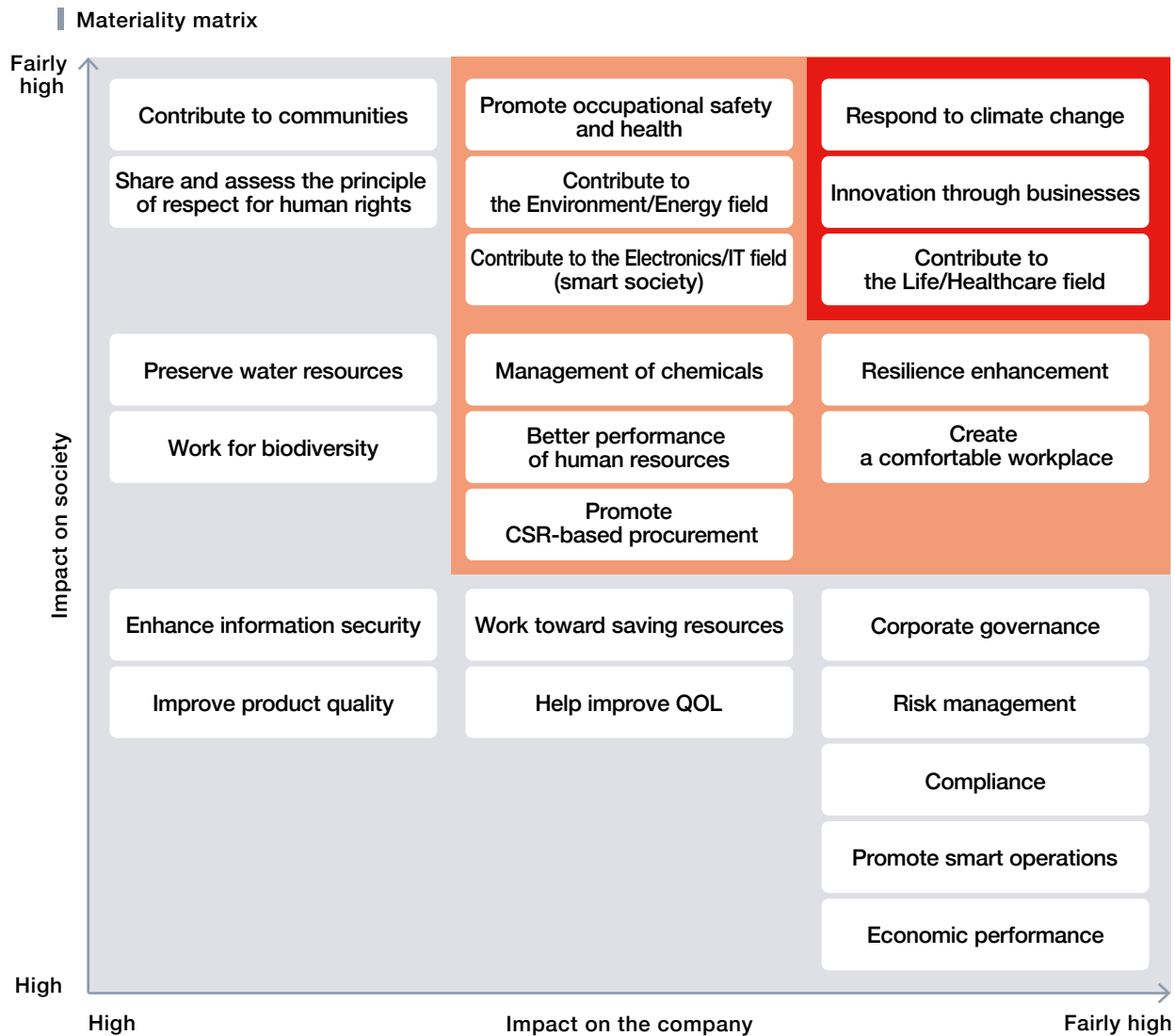
GRI 3-1,2,3

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.



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.023-032

Integrated Report ► 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.148-151,
161-176,183














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.107-147,
178-187

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   	R&D investment NOF Group	¥25.6 billion (3-year cumulative total)	2025	¥7.3 billion (achievement rate of 28%)	Enhancement of R&D capabilities <ul style="list-style-type: none"> • Call for commissioned industry-academia research • Promotion of joint research • Enhancement of support for R&D • Intellectual property strategy formulation and strategic applications 	¥25.6 billion (3-year cumulative total)	2025	Enhancement of R&D capabilities <ul style="list-style-type: none"> • Call for commissioned industry-academia research • Promotion of joint research • Enhancement of support for R&D • Intellectual property strategy formulation and strategic applications 	
	Number of patent applications 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	  Net sales of strategic products in the Life/Healthcare field	Up 15% (compared to FY2022 results)	2025	Up 3.1%	<ul style="list-style-type: none"> • Supply of strategic products to the Life/Healthcare field 	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply of strategic products to the Life/Healthcare field 	
Contribute to the Environment/Energy field NOF Group	      Net sales of strategic products to the Environment/Energy field	Up 15% (compared to FY2022 results)	2025	Up 11.8%	<ul style="list-style-type: none"> • Supply of strategic products to the Environment/Energy field 	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply of strategic products to the Environment/Energy field 	
Contribute to the Electronics/IT field (smart society) NOF Group	  Net sales of strategic products in the Electronics/IT field	Up 15% (compared to FY2022 results)	2025	Up 1.2%	<ul style="list-style-type: none"> • Supply of strategic products to the Electronics/IT field 	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply of strategic products to the Electronics/IT field 	















Materiality | KPIs

GRI 3-2,3

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

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	  CO₂ emissions Domestic Group	40% reduction (compared with FY2013)	2030	135,000 tons/year	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization 	40% reduction (compared with FY2013)	2030	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization
	  Carbon neutrality NOF Group	Aim for achievement	2050	25% reduction (compared with FY2013)		Aim for achievement	2050	
Management of chemicals	      Emissions of substances subject to PRTR Act after revision in FY2021 Domestic Group	under 170 tons/year	Every year	167 tons/year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes 	under 170 tons/year	Every year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes
Promote occupational safety and health	  Number of lost workday-involving accidents Domestic Group	0	Every year	3 cases	<ul style="list-style-type: none"> Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the “three actuals” principle) 	0	Every year	<ul style="list-style-type: none"> Through the participation of all personnel and anticipating risk Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the “three actuals” principle)



Impact on society through the supply chain

GRI 3-3

The businesses of the NOF Group have various impacts on society through its supply chain.
The table below shows the relationship between the NOF Group's materiality and value chain.

Materiality	Purchase of raw materials	Development and production	Transportation	Sales	ASPHARAB® used	Disposal and recycling
Provide new values to realize a prosperous and sustainable society						
Innovation through businesses		●			●	●
Contribute to the Life/Healthcare field		●		●	●	●
Contribute to the Environment/Energy field		●		●	●	●
Contribute to the Electronics/IT field (smart society)		●		●	●	●
Strengthen the business foundation						
Creation of comfortable workplaces		●	●	●		
Better performance of human resources		●	●	●		
Promotion of CSR-based procurement	●	●				
Resilience enhancement	●	●	●	●		
Promote responsible care activities						
Responses to climate change	●	●	●	●	●	●
Management of chemicals	●	●	●	●	●	●
Labor safety		●	●	●		



Finances

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Our financial strategy to realize
the 2025 Mid-term Management Plan will
**support the promotion of
NOF VISION 2030**

Executive Operating
Officer and CFO

Naoya Umehara



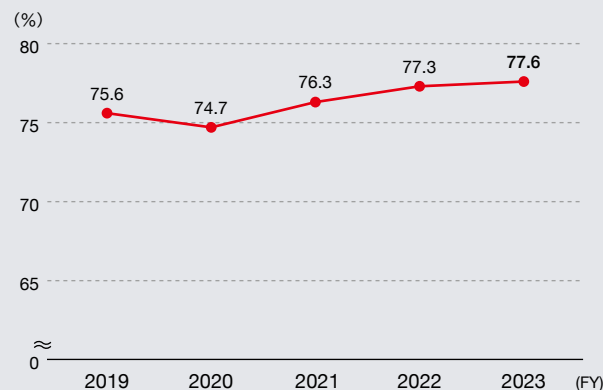
As the NOF Group aims to expand its business domains in its Mid-term Management Plan NOF VISION 2030, the Group has positioned the 2025 Mid-term Management Plan, which ends in fiscal 2025, as a stage for expanding profit, and has envisioned a strategic investment framework for active investment implementation.

The financial strategy to support this is based on the basic policies of “ensuring financial soundness,” “enhancing shareholder returns,” “enhancing capital efficiency,” and “dialogue with investors,” and we will work to optimize the balance between these four policies.

1. Ensuring financial soundness

We believe that financial discipline is necessary in executing strategic investments to enhance corporate value. Our financial soundness is ensured by our efforts to date, with an equity-to-asset ratio of over 70%, a liquidity ratio of over 2 months, and a net D/E ratio of 0.02. In addition, we have obtained an A+ rating from R&I (Rating and Investment Information, Inc.). The 2025 Mid-term Management Plan envisions a total of 70 billion yen in its strategic investment framework over three years. We will make active investments in the three themes of facility investment (production and environment), R&D, and human investment. We will continue to aim for both financial soundness and investment in growth domains.

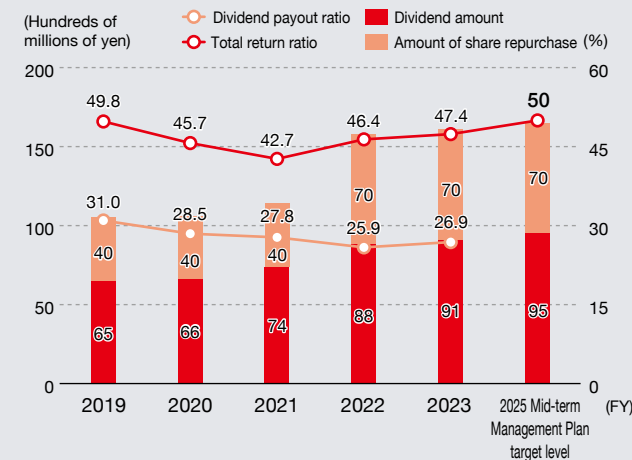
Equity-to-asset ratio



2. Enhancing shareholder returns

We will pay stable and continuous dividends while maintaining a balance between business growth and financial soundness, targeting a total return ratio of approximately 50% in fiscal 2025. In addition, we will purchase treasury shares in a flexible and appropriate timing, taking into consideration the liquidity on hand and cash flow at the time. We will realize improvement of TSR* and enhance corporate value through improvement of the capital structure.

Dividend amount / Amount of share repurchase / Dividend payout ratio / Total return ratio



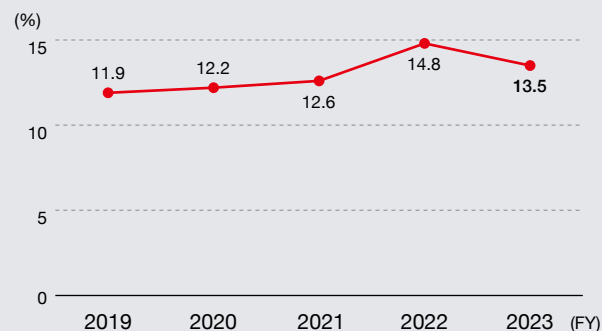
*Total shareholder return



3. Improving capital efficiency

Regarding ROA and ROE, which are representative indicators of capital efficiency, we will continue to aim for ROA of at least 13% and ROE of at least 12% in fiscal 2025, the final year of the 2025 Mid-term Management Plan. Toward improving capital efficiency, we will continue to invest management resources in profitable businesses and promote management with an awareness of investment returns that exceed the cost of shareholders' equity (around 8%).

Return on equity (ROE)

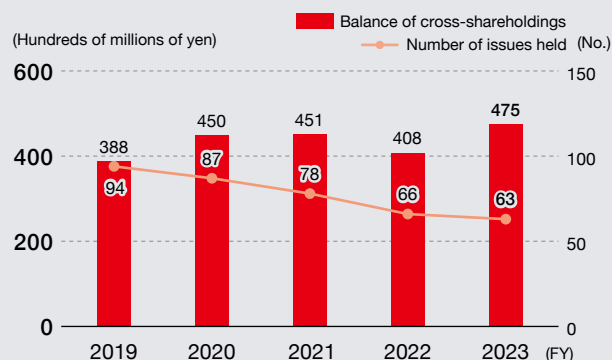


Reduction of cross-shareholdings

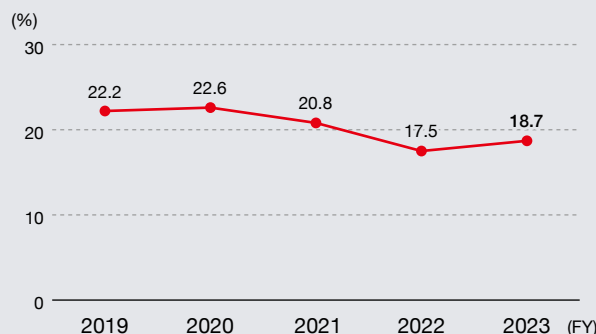
Listed shares held by subsidiaries are also included in the scope of consideration for reduction, and the NOF Group is steadily reducing its holdings. In fiscal 2023, including partial sales, NOF sold six issues on a non-consolidated basis. In the three years starting from fiscal 2021, the number of issues held individu-

ally by NOF was reduced from 78 to 63, and the number of issues held by subsidiaries was reduced by 11. We will create corporate value by reducing the ratio of cross-shareholdings to consolidated net assets to 15% or less by the end of fiscal 2025 and linking the cash generated to strategic investments.

Balance of cross-shareholdings / Number of issues held



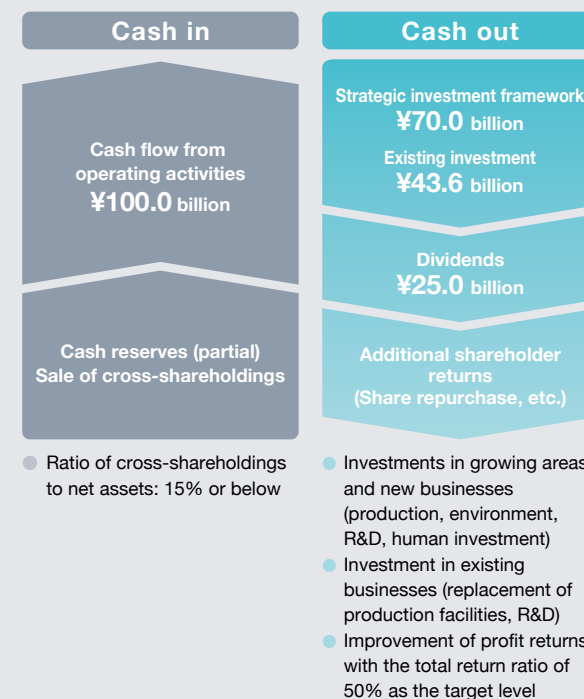
Ratio of cross-shareholdings to net assets



Cash allocation plan

As we make active strategic investments, we will pursue a cash allocation plan that emphasizes an appropriate balance between financial soundness, capital efficiency improvement, and shareholder returns.

Cash allocation plan





4. Dialogue with investors

NOF established the Corporate Communications Department in April 2023 and an IR Office within the Department. We will enhance information disclosure and strengthen our collaboration system for dialogue with investors to deepen their understanding of the NOF Group's business strategies, which will be utilized in our efforts to enhance corporate value. Opinions received through IR activities are reported to the Board of Directors and others, and information is shared with them. In addition, the NOF Group is addressing new social and environmental issues such as ESG and other sustainability issues in order to grow sustainably with society, and communicates this through IR activities.

Moreover, NOF conducted a split of common stock at the ratio of 1 share to 3 shares with a record date of March 31, 2024. Through this split, we lowered the minimum investment amount and made it easier for more people to invest in our stock.

Conclusion

As the basis of our financial strategy, we will continue to ensure a sound financial foundation, while effectively allocating cash for investment in growth and shareholder returns based on cash generated from business activities and reduction

of cross-shareholdings. Furthermore, we will maintain and strengthen our financial position, take appropriate financing measures as necessary, and support our growth strategy, thereby promoting the NOF Group's leap forward through new value creation.

Financial KPIs (results)

	97th fiscal year (ended March 2020)	98th fiscal year (ended March 2021)	99th fiscal year (ended March 2022)	100th fiscal year (ended March 2023)	101st fiscal year (ended March 2024)
Operating income	¥26.9 billion	¥26.6 billion	¥35.6 billion	¥40.6 billion	¥42.1 billion
Ratio of operating income to net sales	14.9%	15.4%	18.5%	18.7%	19.0%
ROA	12.0%	11.4%	13.4%	14.4%	14.0%
ROE	11.9%	12.2%	12.6%	14.8%	13.5%
Equity-to-asset ratio	75.6%	74.7%	76.3%	77.3%	77.6%
D/E ratio	0.06	0.05	0.03	0.02	0.02
Rating (R&I)	A	A	A+	A+	A+
Total return ratio	49.8%	45.7%	42.7%	46.4%	47.4%



NOF Group

(Millions of yen)

	92nd fiscal year (ended March 2015)	93rd fiscal year (ended March 2016)	94th fiscal year (ended March 2017)	95th fiscal year (ended March 2018)	96th fiscal year (ended March 2019)	97th fiscal year (ended March 2020)	98th fiscal year (ended March 2021)	99th fiscal year (ended March 2022)	100th fiscal year (ended March 2023)	101st fiscal year (ended March 2024)
Net sales	167,697	170,460	174,057	179,935	189,152	180,917	172,645	192,642	217,709	222,252
Ordinary profit	18,983	20,161	25,001	27,430	30,099	28,830	28,870	37,624	43,183	45,577
Profit attributable to owners of parent	11,703	13,589	17,586	19,913	22,034	21,140	23,302	26,690	33,973	33,990
Comprehensive income	21,851	10,193	24,126	25,364	19,226	11,810	31,606	28,922	33,389	42,600
Net assets	131,313	135,636	152,564	169,572	178,285	178,716	203,516	221,706	240,002	265,907
Total assets	196,865	196,293	217,127	235,874	244,533	235,248	271,536	289,630	309,438	341,449
Net assets per share (yen)	724.46	761.25	1,753.44	1,980.14	2,108.77	2,140.98	2,448.60	2,690.65	2,960.56	1,109.01
Basic earnings per share (yen)	64.74	76.41	202.27	230.96	259.29	251.72	280.49	323.77	417.02	141.47
Diluted earnings per share (yen)	-	-	-	-	-	-	-	-	-	-
Equity-to-asset ratio (%)	66.30	68.69	69.90	71.56	72.59	75.64	74.68	76.28	77.29	77.61
Rate of return on equity (%)	9.66	10.24	12.27	12.42	12.73	11.90	12.24	12.60	14.77	13.48
Price-earnings ratio (times)	13.78	10.44	11.69	13.62	14.54	13.63	20.64	15.50	14.80	14.77
Net cash provided by (used in) operating activities	14,230	16,906	24,024	20,211	19,864	27,837	30,726	27,393	23,333	29,970
Net cash provided by (used in) investing activities	△7,894	△5,408	△5,831	△4,881	△5,540	△4,838	1,894	△8,755	△709	△14,964
Net cash provided by (used in) financing activities	△4,846	△6,478	△7,512	△8,490	△10,814	△11,287	△8,042	△15,312	△16,170	△17,101
Cash and cash equivalents at end of period	14,640	18,930	29,215	36,465	39,357	50,684	76,596	81,431	89,081	87,509
Number of employees (number of persons)	3,791	3,779	3,712	3,721	3,725	3,718	3,755	3,787	3,818	3,879

- * Diluted earnings per share for the fiscal year have been omitted because there were no potentially dilutive common shares.
- * The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 96th fiscal year. Figures regarding the business performance indicators for the 95th fiscal year have been adjusted based on the retrospective adoption of the above standards.
- * The Company introduced the Board Benefit Trust (BBT) in the 97th fiscal year. NOF shares held by the BBT are included in treasury shares in the consolidated financial statements. Accordingly, in the calculation of the net assets per share, the NOF shares held by the BBT are included in the treasury shares deducted from the total number of shares issued at the end of the fiscal year. In addition, for the calculation of basic earnings per share, NOF shares held by the BBT are included in the treasury shares deducted in the calculation of the average number of common shares during the fiscal year.

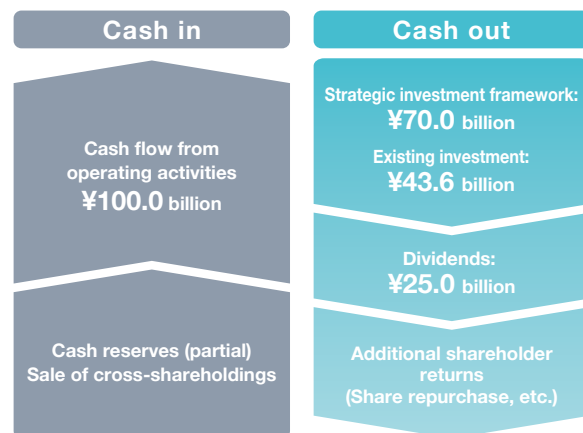
- * The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the 99th fiscal year.
- * The Company conducted a 2-to-1 common share consolidation effective October 1, 2017 and a 3-for-1 common share split effective April 1, 2024. Net assets per share and basic earnings per share are calculated based on the assumption that the consolidation was implemented at the beginning of the 94th fiscal year and the split was implemented at the beginning of the 101st fiscal year.



Cash allocation plan (total from FY2023 to FY2025)

We plan to make strategic investments and existing investments within the limits of our cumulative cash flows from operating activities during the period of the 2025 Mid-term Management Plan as well as our cash reserves, including funds from the sale of cross-shareholdings. We will also distribute profits appropriately while taking into consideration financial soundness and improvement of asset

Cash allocation plan



- Ratio of cross-shareholdings to net assets: 15% or below
- Investments in growing areas and new businesses (production, environment, R&D, human investment)
- Replacement of production facilities of existing businesses, R&D
- Improvement of profit returns with the total return ratio of 50% as the target level

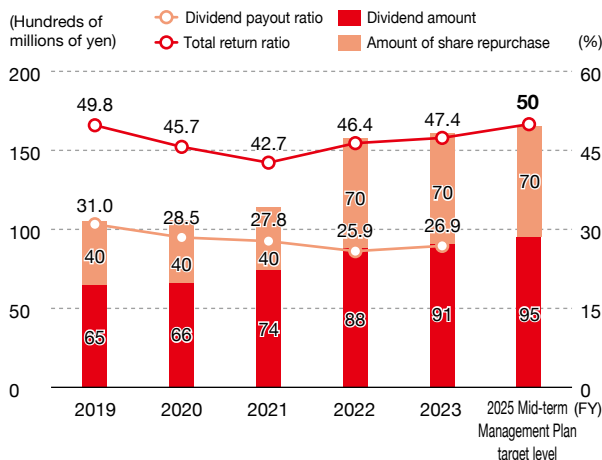
efficiency. We will advance sale of cross-shareholdings with the goal of achieving a ratio of cross-shareholdings to net assets of 15% or less.

Policy on shareholder returns

NOF recognizes that the stable return of profits to shareholders is an important management issue.



Dividend amount / Amount of share repurchase / Dividend payout ratio / Total return ratio



Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Annual dividend amount per share (yen)	78	80	90	108	114

We will strive to maintain and improve shareholder returns while maintaining a balance with strategic investments, with an awareness of improving capital efficiency.

We have set the target level for total return ratio at about 50% in our 2025 Mid-term Management Plan, and will pay dividends based on the maintenance of stable profit returns. We will also purchase and retire treasury stock as necessary.

Shareholder dividends for the fiscal year ended March 31, 2024

The year-end dividend for the fiscal year ended March 31, 2024 was ¥58 per share. This, together with the interim dividend, brings the annual dividend for the fiscal year to ¥114 per share.

For the fiscal year ending March 31, 2025, we plan to pay an annual dividend of ¥40 per share (an interim dividend of ¥20 per share and a year-end dividend of ¥20 per share) due to the implementation of a 3-for-1 stock split.



The environmental accounting*1 of the Domestic Group in fiscal 2023 is stated below. The period covered is from April 1, 2023 through March 31, 2024.

Environmental expenses NOF Group

		(Unit: millions of yen)	
Category	Major activities	Investment	Expenses
(1) Business area expenses	1 Pollution prevention	Upgrade of steam ejectors, strengthening of wastewater treatment/water pollution prevention facilities	357 1,060
	2 Global environmental protection	Upgrade of equipment to streamline efficiency, conversion of fluorescent lights to LEDs	559 161
	3 Resource recycling	Upgrade of resource recycling facilities, industrial waste treatment and recycling expenses	27 940
(2) Upstream/downstream expenses	Cost for eco-friendly and sustainable containers and packaging	8	2
(3) Management activity expenses	Environmental audits, improvements, personnel costs	1	465
(4) R&D expenses	R&D to curb environmental impact	0	497
(5) Community activity expenses	Support for regional environmental activities	0	10
(6) Environmental damage response expenses	-	0	0
Total*2		952	3,135

Environmental results NOF Group

Category	Item	FY2023	vs. FY2022
(1) Environmental results from resources used in business activities	Total energy input (thousand GJ)	2,909	△203
	Total substance input (thousand tons)	248	12
	Water resource input (thousand m ³)	8,358	△140
(2) Environmental results from environmental impact and waste materials of business sites	Greenhouse gas emissions (thousand tons of CO ₂)	169	△16
	Production activities: Energy-related	143	△6
	Production activities: Other	17	△10
	Transportation-related	10	-
	Emissions of PRTR Act-controlled substances (tons)	167	24
	Plant emission volumes (tons)	22,541	△2,616
	Final disposal of waste by landfill (tons)	617	△478
	Wastewater volume (thousand m ³)	6,090	△331
	COD emission volumes (tons)	171	23
	NOx emission volumes (tons)	58	3
	SOx emission volumes (tons)	8	1

Real economic effects NOF Group

		(Unit: millions of yen)	
	Particulars of effects	Sum	
1) Profits	Business income from recycling of waste from main business or recycling of used products, etc.	281	
	Other business income	0	
2) Costs saved	Reduction in energy cost by energy saving	25	
	Reduction in waste disposal ensuing from materials saving or recycling	18	
	Other reductions	15	
Total*2		339	

Changes from the past

Category	Item	FY2019	FY2020	FY2021	FY2022	FY2023
Environmental expenses*3	Investment (million yen)	686	1,203	1,300	1,140	952
	Expenses (million yen)	2,657	3,136	3,155	3,448	3,135
Environmental results from resources used in business activities	Total energy input (thousand GJ)	3,330	3,247	3,377	3,112	2,909
	Total substance input (thousand tons)	253	231	261	236	248
Environmental results from environmental impact and waste materials of business sites	Water resource input (thousand m ³)	8,232	8,319	8,420	8,498	8,358
	Greenhouse gas emissions (thousand tons of CO ₂)	205	195	198	185	169
Environmental results from environmental impact and waste materials of business sites	Production activities: Energy-related	173	167	172	149	143
	Production activities: Other	23	20	18	27	17
	Transportation-related	9	8	9	10	10
	Emissions of PRTR Act-controlled substances (tons)	158	147	155	143	167
	Plant emission volumes (tons)	28,446	28,955	29,164	25,157	22,541
	Waste sent to landfills (tons)	1,302	1,588	950	1,095	617
	Wastewater volume (thousand m ³)	6,424	6,552	6,642	6,421	6,090
	COD emission volumes (tons)	441	219	154	148	171
	NOx emission volumes (tons)	55	57	55	55	58
	SOx emission volumes (tons)	6	4	5	7	8

*1 In business activities, Environmental Accounting is a procedure necessary for communicating quantitatively the results based on costs and effects for the environmental conservation activities by the monetary unit or material quantity. The purpose of this is to efficiently and effectively promote the initiatives for environment conservation, while keeping a good relationship with society.

*2 Rounding of fractions may sometimes make the total inconsistent with individual figures.

*3 Environmental expenses: FY2019-FY2022 (covers the NOF Group in Japan), FY2023 (covers the NOF Group as well as Changshu NOF Chemical Co., Ltd. and PT.NOI MAS CHEMICAL INDUSTRIES)



Pensions and retirement plans / Procurement practices

GRI 201-3/204-1

Pensions and retirement plans

NOF has a funded defined benefit corporate pension plan to provide for the payment of retirement benefits to employees. Points are accumulated on the basis of qualifications and years of service under the human resources system, and an annuity or lump-sum payment is provided.

The funding ratio of pension assets relative to the policy reserves of the defined benefit corporate pension plan as of March 31, 2024 is as follows. Note that it exceeds the criteria on an ongoing^{*1} and non-ongoing^{*2} basis.

Pension assets	¥23.244 billion
Policy reserves	¥18.595 billion
Funding ratio	125.0%

Procurement practices

In principle at NOF, the Head Office purchases main and auxiliary raw materials. However, for items that are more advantageous to purchase at a particular location due to the location conditions of the supplier or the history of the transaction, items that require prompt delivery, and items purchased in small quantities, purchasing is conducted by the works or plant (location-based purchasing).

Ratio of number of companies and value of purchases made by the Head Office and various locations in fiscal 2023 (main and auxiliary raw materials)

	Number of purchasing companies (%)	Value of purchases (%)
Purchases by the Head Office	58.3	81.0
Purchases by locations	41.7	19.0

^{*1} Ongoing basis criteria : The funded level required for pension benefits assuming that the plan will continue in the future

^{*2} Non-ongoing basis criteria : The funded level corresponding to pension benefits if the plan was terminated as of the end of the fiscal year

The NOF Group's Tax Policy

The NOF Group shall fulfill its social responsibilities with high ethical standards by adhering to this Tax Policy in accordance with the NOF Code of Ethical Conduct, which serves as the foundation for the implementation of our Corporate Philosophy.

We shall work to appropriately pay taxes while ensuring tax compliance and transparency, thereby earning the trust of all stakeholders.

1. Tax compliance

The NOF Group shall ensure compliance with the tax laws and related regulations of each country and region. We shall also conduct business activities in compliance with standards issued by international organizations such as the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations issued by the OECD (hereinafter, "OECD Guidelines").

2. Tax governance

The NOF Group shall strive to manage and reduce tax risks by ensuring that a group tax management system is in place to ensure appropriate tax operations, with the Finance Department's Executive Financial Officer having ultimate responsibility. The NOF Group shall work to optimize tax costs by making appropriate use of tax incentives while complying with the tax laws and related regulations of each country and region.

3. International taxes

The NOF Group shall conduct its business activities in compliance with the tax laws and related regulations of each country and region, tax treaties, and standards issued by international organizations such as the OECD Guidelines. We will not engage in international tax avoidance through the use of tax havens that do not have a business purpose or do not exist. For international transactions among Group companies, we will comply with transfer pricing taxation and the OECD Guidelines, and strive to appropriately distribute income to each country by setting prices in accordance with arm's length pricing.

4. System

The NOF Group shall work to establish a system that enables the spread and establishment of tax knowledge among management and employees in order to ensure appropriate tax operations. In the Finance Department, the Group will train and hire human resources with tax experience, plan training and other programs to ensure that staff obtain and maintain an appropriate level of specialized knowledge, and aim to ensure appropriate tax compliance. In cases where tax interpretations are unclear, we will obtain advice from outside experts as necessary. Internal training will be provided to employees outside the Finance Department to ensure that tax knowledge spreads widely.

5. Relationship with tax authorities

The NOF Group shall work to build sound, good trusting relationships with tax authorities in the countries and regions in which it conducts business activities. We will respond to and cooperate with investigations and inquiries by tax authorities in good faith, with timely and appropriate disclosure of information.



RC (Responsible Care) [Environmental and Chemical Safety]

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Responses to climate change (TCFD)

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.





Responses to climate change (TCFD)

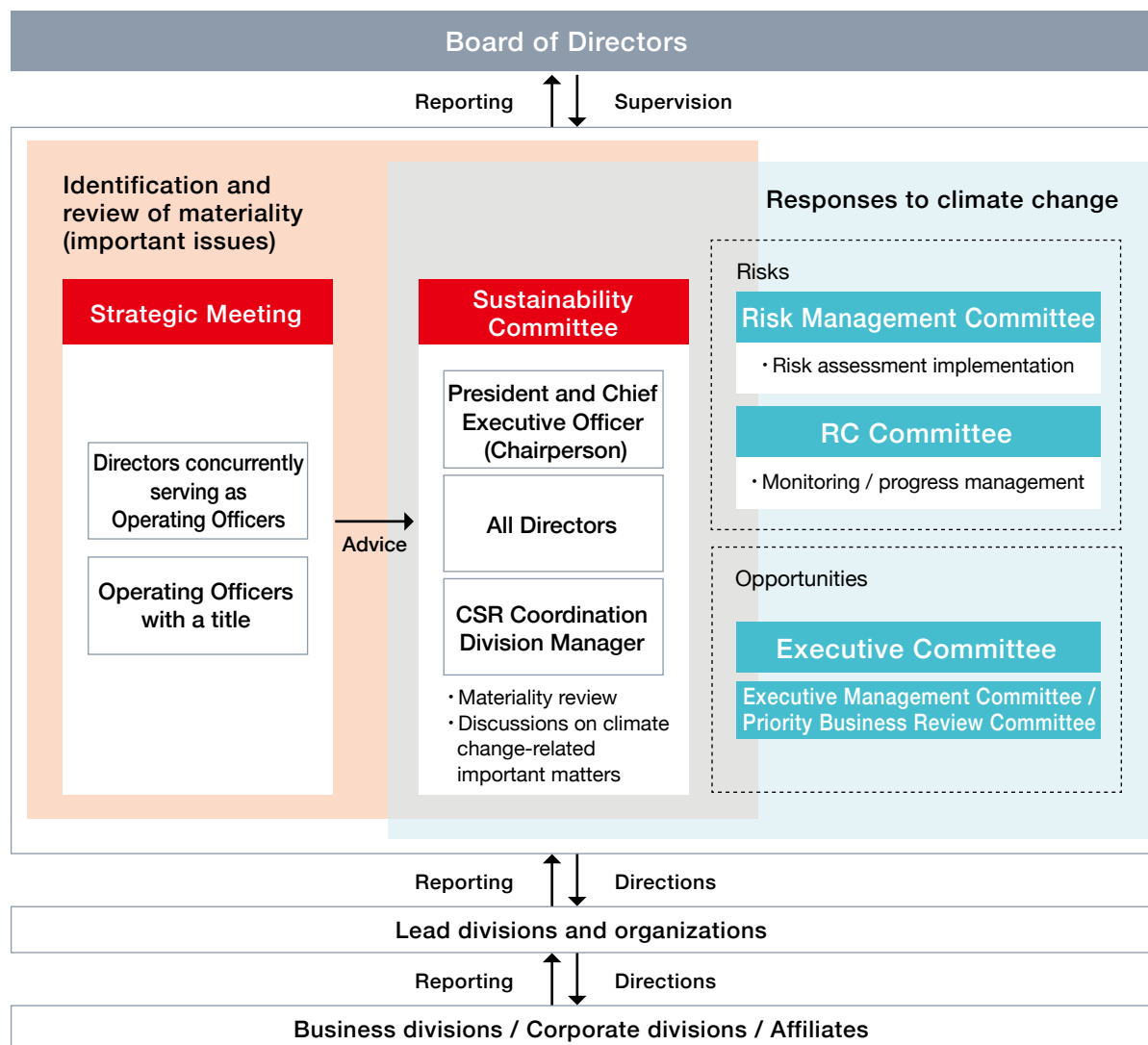
Disclosure in line with TCFD recommendations:
Governance

GRI 2-12

The NOF Group identifies materiality (important issues) related to sustainability through discussions in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers as well as Operating Officers with a title, and the Sustainability Committee, which is chaired by the President. The Board of Directors then approves the materiality. For each materiality issue, KPIs and target values are set and activities are promoted by the supervising organization or department in charge. The progress and results are reported to the Sustainability Committee. The Sustainability Committee, chaired by the President and Chief Executive Officer, reviews materiality with the participation of all directors, and examines key issue items, KPIs, target values, and response policies in order 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 at the Sustainability Committee. In regard to risks, the Risk Management Committee conducts a comprehensive assessment, and the Responsible Care 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.

Governance structure for climate change response





Responses to climate change (TCFD)

Disclosure in line with TCFD recommendations:
Strategy

GRI 201-2

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	<ul style="list-style-type: none"> 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 due to a decrease in the supply of petroleum, etc. and an increase in demand for biofuels	Large	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 decarbonized market	Decrease in sales due to decline in market share of gasoline and diesel vehicles	Medium	<ul style="list-style-type: none"> Strengthening our response to decarbonized 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 111-113 for details)	Large	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 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

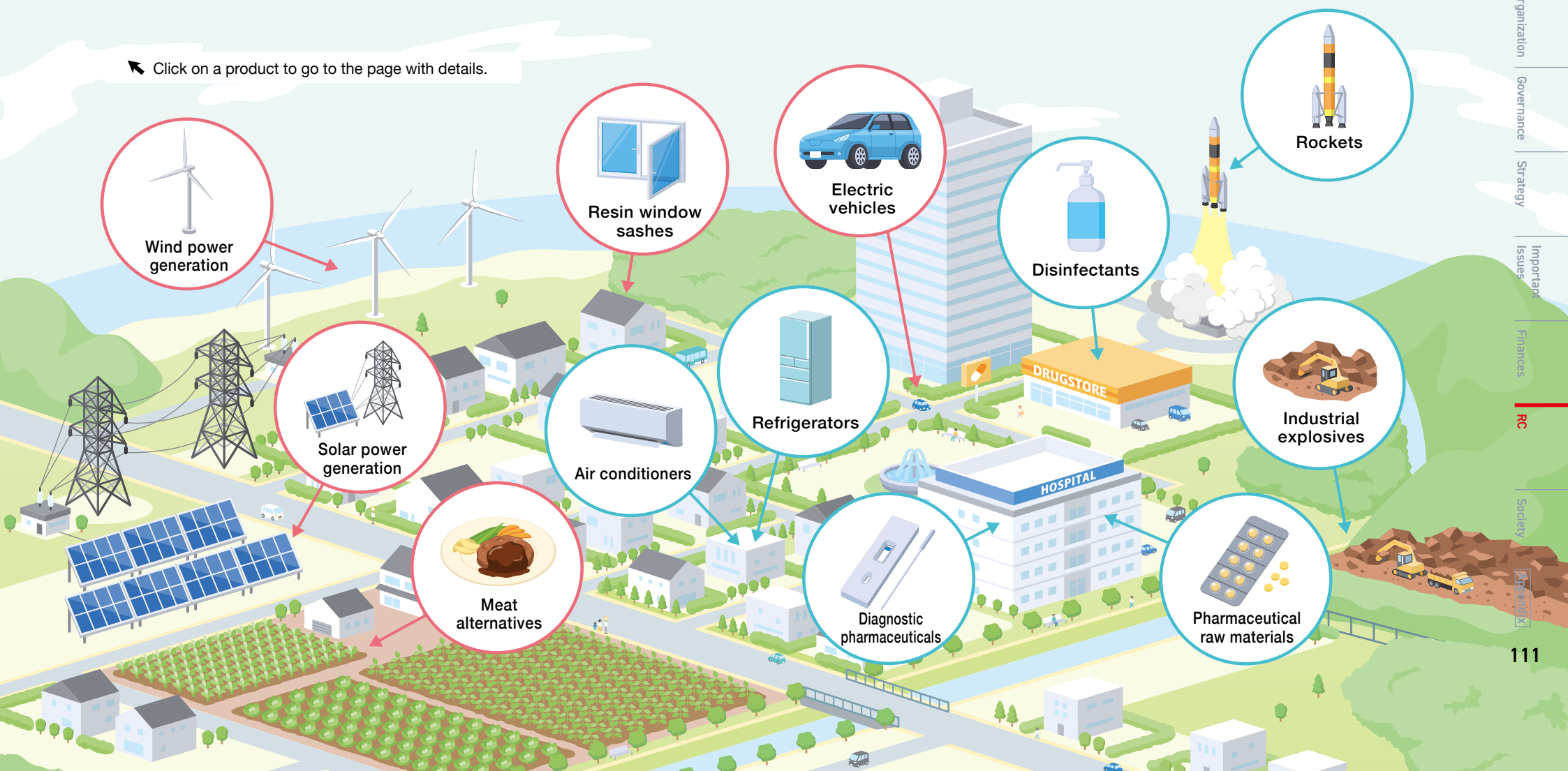
Category	Scenario	Risks	Details of risks	Financial amount of impact	Notes						
Transition risks	1.5°C	Carbon tax	Financial burden from tax increases	<p>(Hundreds of millions of yen/year)</p> <table><thead><tr><th>Year</th><th>Impact (Hundreds of millions of yen/year)</th></tr></thead><tbody><tr><td>2020</td><td>0.5</td></tr><tr><td>2030</td><td>31.6</td></tr></tbody></table>	Year	Impact (Hundreds of millions of yen/year)	2020	0.5	2030	31.6	<p>Domestic Group</p> <p>CO₂ equivalent emissions in fiscal 2020, with a carbon price of 20,000 yen per ton of CO₂ in fiscal 2030.</p>
		Year	Impact (Hundreds of millions of yen/year)								
2020	0.5										
2030	31.6										
		Renewable energy charges	Increased energy costs	<p>(Hundreds of millions of yen/year)</p> <table><thead><tr><th>Year</th><th>Impact (Hundreds of millions of yen/year)</th></tr></thead><tbody><tr><td>2020</td><td>3.8</td></tr><tr><td>2030</td><td>5.2</td></tr></tbody></table>	Year	Impact (Hundreds of millions of yen/year)	2020	3.8	2030	5.2	<p>Domestic Group</p> <p>The unit price of the renewable energy charge for fiscal 2030 is set at 4.1 yen/kWh based on fiscal 2020 electricity consumption.</p>
Year	Impact (Hundreds of millions of yen/year)										
2020	3.8										
2030	5.2										
Physical risks	4°C	Storm surges	Flooding of facilities due to storm surges	<p>(Hundreds of millions of yen/year)</p> <table><thead><tr><th>Year</th><th>Impact (Hundreds of millions of yen/year)</th></tr></thead><tbody><tr><td>2020</td><td>0</td></tr><tr><td>2050</td><td>77</td></tr></tbody></table>	Year	Impact (Hundreds of millions of yen/year)	2020	0	2050	77	<p>NOF</p> <p>Typhoons and embankment failures every 500 to several thousand years.</p>
Year	Impact (Hundreds of millions of yen/year)										
2020	0										
2050	77										



Illustration of products that contribute to climate change

Based on the risks and opportunities posed by climate change, the NOF Group will co-create new value with the power of chemistry by working to develop and provide products that contribute to the reduction of greenhouse gases to **mitigate** the progression of climate change, and products that contribute to **adaptation** by reducing the impact of climate change.

Click on a product to go to the page with details.





Responses to climate change (TCFD)

Disclosure in line with TCFD recommendations:
Strategy

GRI 201-2

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 agents to prevent
abnormal noises 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**

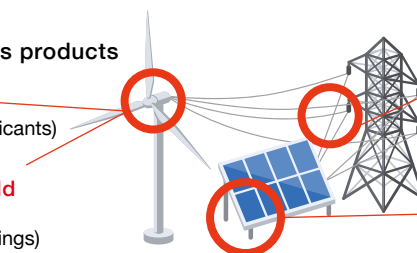
Demand is expected to increase for anti-corrosive coatings for bolts used in wind power generation blades and solar panel mounting parts, as well as biodegradable lubricant required for gear lubrication. Demand is also expected to increase for organic peroxides for cross-linked polyethylene, which is 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 bolts that hold
blades in place**
(Anti-corrosive coatings)



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

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

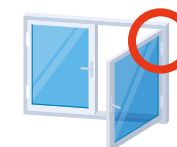
Functional Materials business

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 & 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)



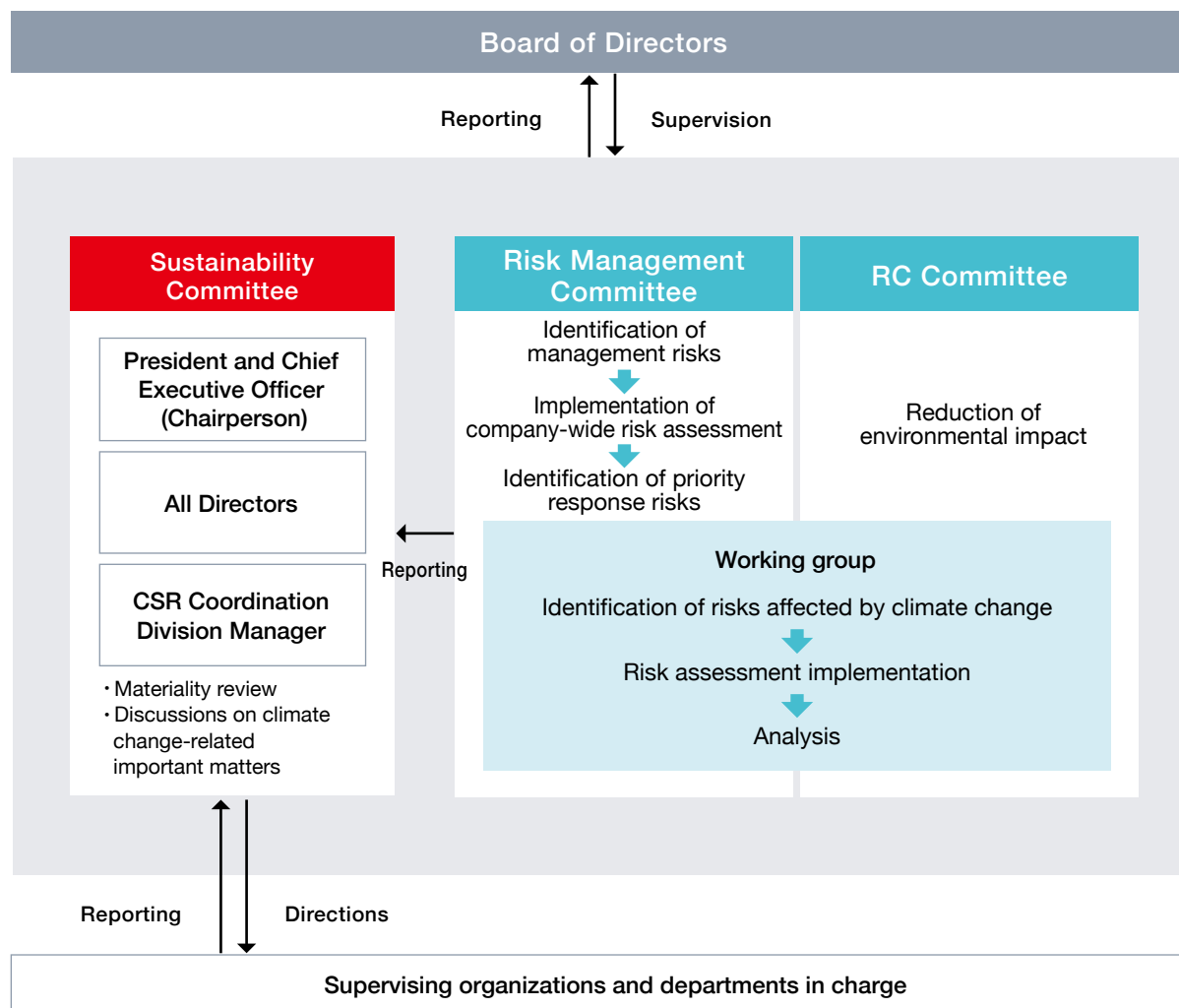
Response to climate change (TCFD)

Disclosure in line with TCFD recommendations:
Risk management

GRI 2-12

Within the NOF Group, 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 risk 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 Responsible Care Committee plays the central role in identifying the risks that climate change will affect among the various management risks surrounding our business, and conducts risk assessments 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.

Climate change-related risk management organization diagram





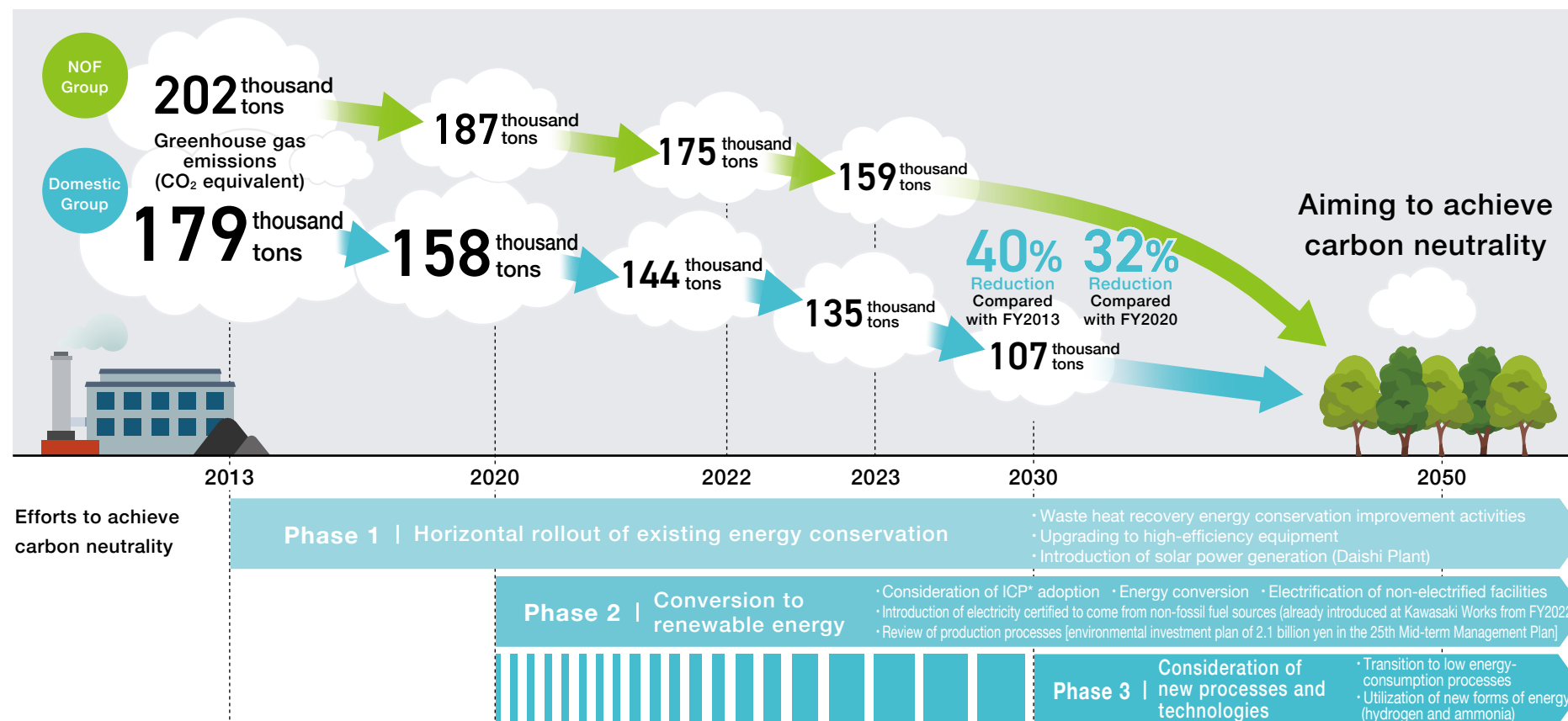
Roadmap toward reducing greenhouse gas emissions

The NOF Group has created a roadmap toward reducing greenhouse gas emissions and is working to mitigate climate change in its business activities. Considering the possibility of an increase in emissions due to business expansion, the Group will aim to become carbon neutral in 2050 by introducing renewable energy as the new Phase 2 and starting to consider new processes and technologies as Phase 3, while also reducing the financial burden associated with transition risks.

Reduction of GHG (CO₂ equivalent) generated by our business activities [Scope 1, 2]

NOF Group

Domestic Group



*Internal carbon pricing



Measures to meet greenhouse gas emission reduction targets

NOF has set a mid-term target of reducing greenhouse gas emissions by 40% from the fiscal 2013 level by fiscal 2030, and a long-term target of becoming carbon neutral. The 2025 Mid-Term Management Plan period is positioned as a period for building up reduction measures to be implemented in the next Mid-Term Management Plan period, and we will promote reductions while controlling the increase in emissions associated with the expansion of production facilities.

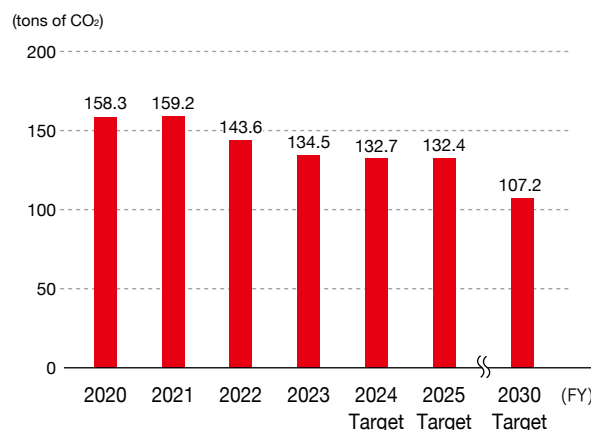
As a specific measure, in order to increase the use of renewable energy, we will promote the electrification of our facilities and reduce carbon emissions. Furthermore, we are reviewing our production processes and considering improvement measures to minimize environmental impact, such as reducing the amount of energy used, minimizing emissions, and utilizing renewable energy sources. We also plan to expand fuel conversion and the introduction of electricity certified to come from non-fossil fuel sources.

During the 2025 Mid-Term Management Plan period, we are planning a 2.1 billion yen environmental investment. Furthermore, in order to accelerate the conversion to renewable energy and to a business model aimed toward decarbonization, we have set up an experimental internal carbon pricing initiative to consider the introduction of internal carbon pricing, which will be used as a

reference for economic feasibility decisions.

We will contribute to the mitigation of global warming by taking targeted actions to realize a sustainable future.

Greenhouse gas emissions Domestic Group



GHG reduction strategies, including for Scope 3

Along with the establishment of CSR guidelines, NOF has declared our commitment to greenhouse gas reduction measures throughout our supply chain. We promote sustainable procurement activities by making a Declaration of Partnership Building with our suppliers. We also assess our Scope 3 greenhouse gas emissions and are working to address them.

In addition, as a cleantech company, we also disclose our environment-related product line that

contributes to climate change mitigation and adaptation. These products contribute to greenhouse gas reduction throughout the supply chain.

Furthermore, we have announced our support for the TCFD recommendations, and are striving to reduce climate-related risks and create growth opportunities. As part of our JCIA-recommended Responsible Care activities, we actively participate in dialogue activities with suppliers and local communities.

We are also working on decarbonization innovations for the supply chain. We are conducting research and development of biomass-derived raw materials and effective utilization of unused exhaust heat through industry-academia collaborative projects. This reduces Scope 3 greenhouse gas emissions and improves the sustainability of the entire supply chain.



Greenhouse gas reduction policy

The progression of global warming is arising from increased greenhouse gas emissions from the consumption of fossil fuels. The adverse effects of this climate change are posing major threats to our lives and ecosystems, including an increase in natural disasters such as heavy rains and floods, decreases in food and water resources, extreme heat, and outbreaks of infectious diseases.

NOF is actively working to mitigate climate change and achieve a decarbonized society. We support the goals set by the Paris Agreement, which include keeping the global average temperature rise well below 2°C (the 2°C target) and striving to limit it to 1.5°C as much as possible. To that end, we are committed to reducing our greenhouse gas emissions and aim to achieve carbon neutrality by 2050. In addition, we have set a target of reducing GHG emissions by 40% or more from the fiscal 2013 level by fiscal 2030 (mid-term target for GHG emission reduction).

We also began supporting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) starting in 2022, and we disclose information transparently. From fiscal 2024, we will also participate in the GX League. We will not only focus on reducing our own greenhouse gas emissions, but also contribute to climate change mitigation by providing eco-friendly products and services. We are determined to take action and grow with society for a sustainable future.

Activities through industry associations

NOF is a member of and supports the efforts of the Japan Soap and Detergent Association (JSDA) and the GX League, which is organized by the Ministry of Economy, Trade and Industry. We will proactively incorporate the policies and the latest developments toward solving climate change issues discussed by each organization, and apply them to our daily activities. In addition to addressing the goals of each organization, we are also working to ensure consistency in our policies and strategies at NOF. Furthermore, a NOF director serves as chair of the JSDA Environmental Committee, and promotes industry-wide climate change measures.



Responses to Climate Change (TCFD)

Status of Greenhouse Gas Reduction Efforts/Emissions

GRI 305-1,2,3,4,5/306-1,3

Scope 1 and 2 CO₂ emissions (FY2023)

(Thousand tons of CO₂)

	Scope 1	Scope 2	Total (Scope 1+2)
NOF	44.4	78.2	122.7
Domestic Group	51.2	83.4	134.5
NOF Group	58.6	100.6	159.2

Scope 3 CO₂ emissions (FY2023)

NOF Group

(Thousand tons of CO₂)

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 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 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 the emission intensity according to the guidelines
6 Business travel	0.5	Calculated by multiplying the number of employees by the emissions intensity according to the guidelines
7 Employee commuting	1.4	Calculated by multiplying the amount of commuting expenses by 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 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
Total	592.4	

*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 CO₂ emissions

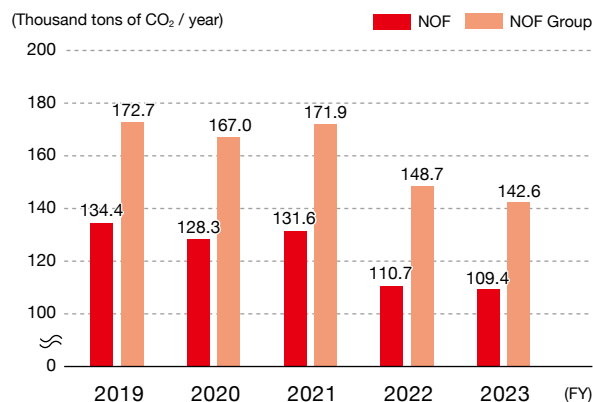
In fiscal 2023, energy consumption by the NOF Group decreased by 6.5% from the previous fiscal year, and by 4.5% on a non-consolidated basis. CO₂ emissions associated with energy use decreased 4.1% from the previous year to 143 thousand tons for the NOF Group, and decreased 1.1% to 109 thousand tons for NOF on a non-consolidated basis. Energy intensity per product increased 0.9% from the previous year to 13.9 GJ/t for the NOF Group, and slightly increased 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.

CO₂ emissions other than from energy consumption

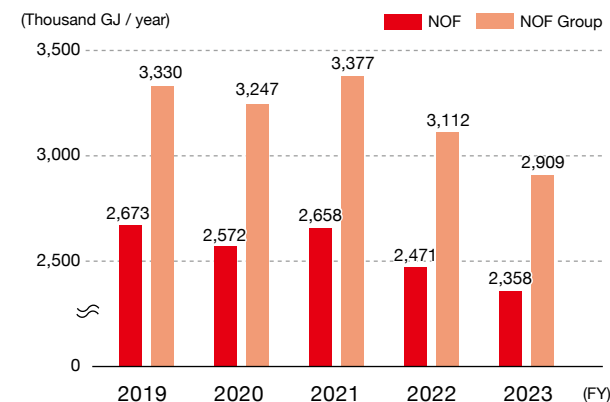
At the Aichi Works, NOF manufactures products for specific purposes using perfluorocarbon (PFC), which has a high global warming potential, as the diluent for organic peroxides.

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 diluents.

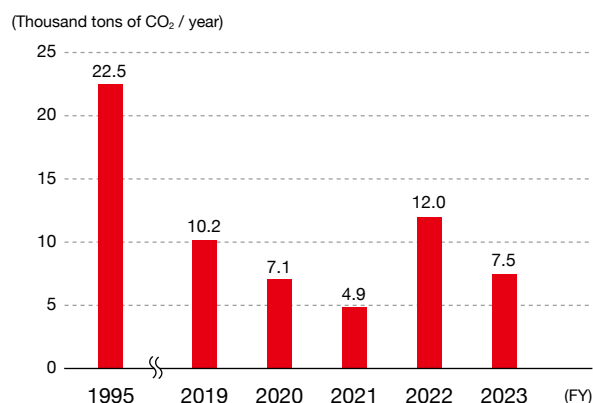
Changes in CO₂ emissions*¹ by energy consumption



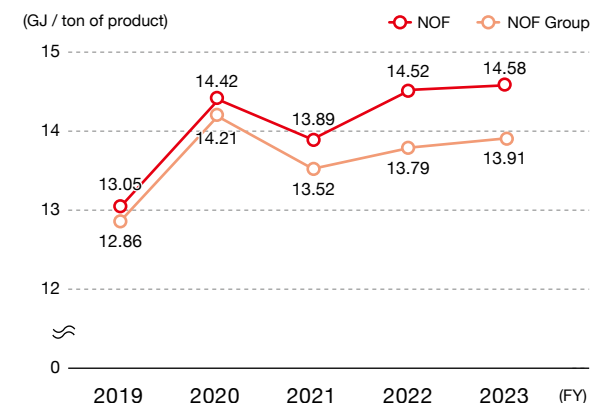
Changes in energy input*²



Changes in PFC emissions NOF



Changes in energy intensity per product



*1 The coefficient used in converting the electricity consumption into CO₂ emissions is the emission coefficient used by electric power supply companies in the fiscal year.

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



Responses to Climate Change (TCFD)

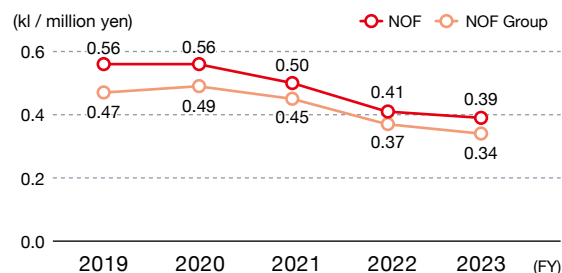
Status of Greenhouse Gas Reduction Efforts/Emissions

GRI 302-3,4/305-1,2,4,5

Energy-saving initiatives

The crude oil equivalent of energy consumption by the NOF Group in fiscal 2023 was 75,061 kl, down 6.5% from fiscal 2022. The crude oil equivalent of energy consumption per sales was 0.34 kl/ million yen, down 8.4% from fiscal 2022. We have been working on energy-saving activities such as process improvement and steam usage reduction through replacement of steam traps. In addition, we assess that the growth in net sales has had an impact on the improvement of crude oil equivalent of energy consumption per sales.

Changes in energy intensity related to sales



Renewable energy measures (domestic)

As for the NOF Group's initiatives in the area of renewable energy, solar power generation facilities were installed in the Kawasaki Works in 2018 and NiGK Corporation in November 2020 to use renewable energy to provide part of the electricity used in production activities in an effort to realize a low carbon society.

Track record of solar power introduction

Kawasaki Works

$10.4\text{kW} \times 4.5\text{H} \times 365 = 17\text{MWh/year}$

NiGK Corporation

$12\text{kW} \times 4.5\text{H} \times 365 = 20\text{MWh/year}$

Company housing in the Kansai area

$10\text{kW} \times 4.5\text{H} \times 365 = 16\text{MWh/year}$

DDS Aichi (Plan)

$83\text{ MW for manufacturing building} + 11\text{ MW for quality assurance building} = 94\text{MWh/year}$

Initiatives to reduce CO₂ through the use of biomass fuels

PT. NOF MAS CHEMICAL INDUSTRIES, which is located in Indonesia where palm oil is produced, is working to reduce CO₂ emissions by utilizing palm kernel shells (PKS), a biomass fuel which is usually left as waste after oil extraction, as fuel for its boilers.



Biomass fuel (palm kernel shells)



Biomass-fueled boiler



CO₂ emissions per product by transportation

Starting the operation of an integrated delivery system in fiscal 2006, NOF has since been endeavoring for more efficient transportation. Additionally, NOF has also engaged in modal shifting* and joint delivery.

With regard to modal shifting, the percentage of rail or marine transport in the total volume of our product transport had been around 20.6%.

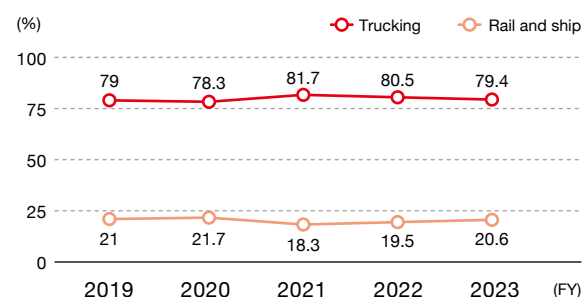
CO₂ emissions per product by transportation were reduced from 100 in fiscal 2006 to 44.0 in fiscal 2023.



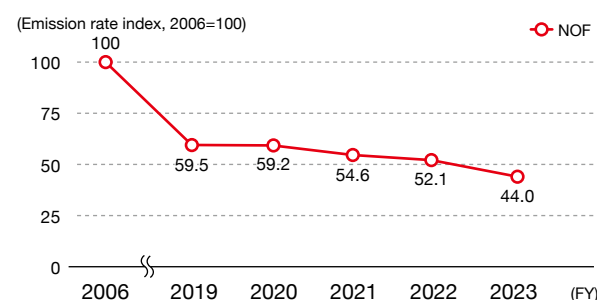
Modal shifting

$$\text{CO}_2 \text{ emissions per product by transportation} = \frac{\sum (\text{CO}_2 \text{ emitted by each means of transport})}{\text{Net sales}}$$

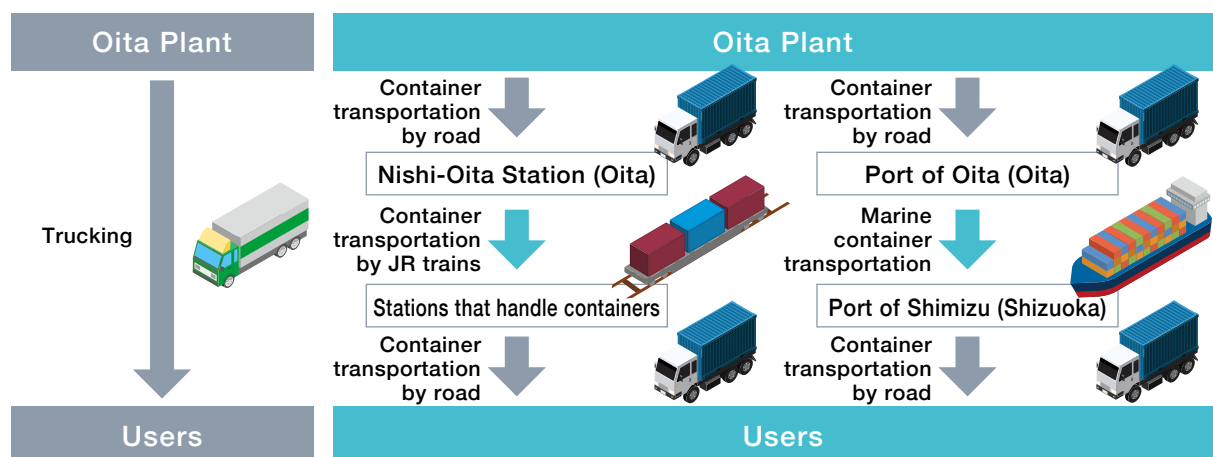
Modal shifting for transportation



CO₂ emissions per product related to transportation



Oita Plant modal shifting scheme



*Enhancing the efficiency of transport and at the same time reducing energy consumption and environmental loads by shifting the mode of transport to large per-unit capacity means such as cargo trains and ships.

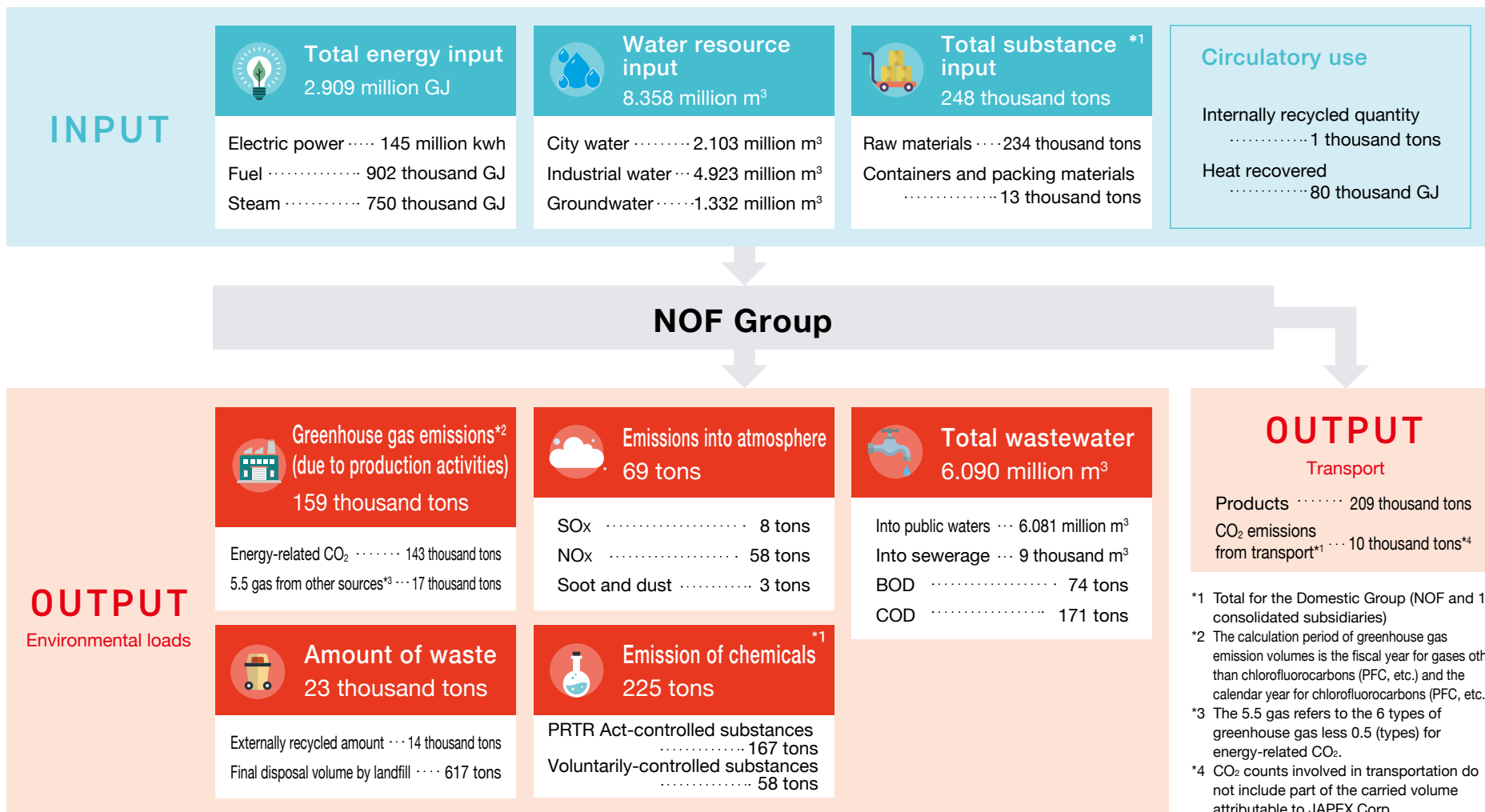


Raw materials

GRI 301-1,2/302-1,3,4/303-1,3,4,5/305-7/306-1,3,4,5

The standing of environmental loads ensuing from business activities by the NOF Group in fiscal 2023 is shown below.

Main environmental performance NOF Group



Policy (our fundamental view)

The NOF Group prioritizes conducting the following efforts as resource circulation initiatives.

- (1) Promotion of the sale of valuable waste and internal processing: We sell waste as valuable resources and actively promote internal processing. This promotes the efficient use of resources through the reuse and recycling of waste.
- (2) Reduction of waste generated by maintaining separate disposal and improving processes: By maintaining separate waste disposal and

improving processes, we are reducing the amount of waste generated. This initiative prevents resources from going to waste and ensures their efficient use.

- (3) Ongoing search for recycling processing contractors as well as processing implementation: We work continuously with recycling and disposal contractors and actively implement waste recycling processing. This initiative promotes the reuse of resources, efficient use of resources, and reduction of waste.

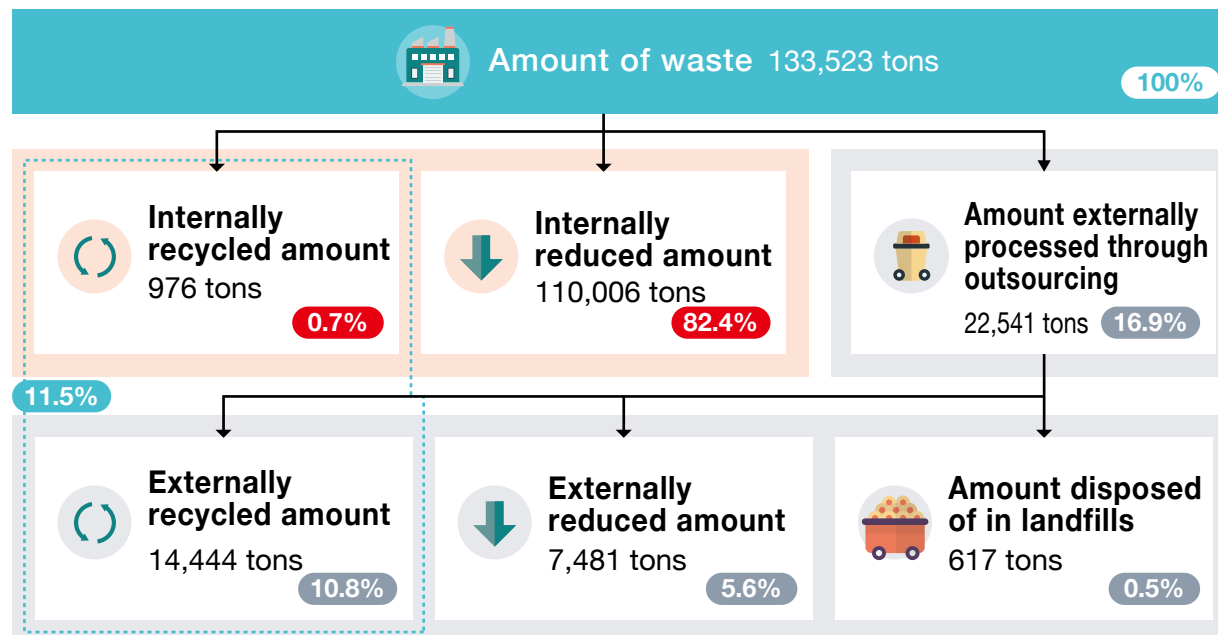
- (4) Landfill reduction through recycling of existing waste: By recycling existing waste, we are reducing disposal into landfills. Through this initiative, we are effectively utilizing resources and contributing to the reduction of waste and environmental impact.

Work toward saving resources

In fiscal 2023, the NOF Group generated 133,523 tons of waste, of which 82.4% was reduced through internal weight reduction measures and 16.9% was outsourced for external processing. As for the breakdown of the waste externally processed via outsourcing, 10.8% was recycled externally, 5.6% was reduced externally, and 0.5% was disposed via landfills, for a recycling rate of 11.5% of the total waste generated.

As part of our resource circulation efforts, we are improving processes to increase yield and reduce the amount of waste generated, promoting the sale of valuable waste and internal processing, recycling existing waste for landfill reduction, maintaining separate disposal and reducing waste generated, and continuously searching for plastic waste recycling and disposal contractors and advancing processing by them. We will continue to actively work to promote resource circulation, reduce waste, and lessen our environmental impact.

Waste generated by the NOF Group





Water and wastewater

GRI 2-25/3-3/303-1,2,3,4,5

Policy (our fundamental view)

The NOF Group makes efforts for the use and management of water resources as well as the appropriate treatment and management of plant wastewater in accordance with the Management Policy Regarding Responsible Care.

To this end, each plant and subsidiary is working on the following items.

- (1) Operation and management of specified facilities and wastewater management based on the Water Pollution Prevention Law
- (2) Thorough employee education on environment-related laws and regulations
- (3) Assessment of environmental impact when new facilities are established
- (4) Review of management status through internal audits
- (5) Disclosure of information through regular community dialogue

In addition, at our business bases, we are working to reduce water consumption and improve efficiency in production. We achieve sustainable water resource management by promoting the effective use of water resources and reducing the burden on the environment.

Through these efforts, the NOF Group will contribute to the realization of a sustainable society by promoting resource recycling and actively working to reduce environmental impact.

Use of water resources

NOF has been carrying out the efficient use of water resources by estimating the amount of the water consumption. The volume of water used in fiscal 2023 amounted to 8.358 million m³, of which

Changes in water consumption (Thousand m³/year)

Category		2020	2021	2022	2023
NOF	Volume of water intake	5,874	5,889	6,007	5,988
	City water	801	794	751	759
	Industrial water	4,300	4,322	4,351	4,359
	Groundwater	773	774	905	869
	Volume of wastewater	4,846	4,939	5,022	5,283
	Volume of water used	1,028	950	985	705
Domestic Group	Volume of water intake	6,434	6,447	6,535	6,484
	City water	831	829	782	793
	Industrial water	4,300	4,322	4,351	4,359
	Groundwater	1,304	1,297	1,402	1,332
	Volume of wastewater	6,161	6,297	6,091	5,763
	Volume of water used	273	150	444	721
NOF Group	Volume of water intake	8,318	8,419	8,498	8,358
	City water	1,938	2,100	2,184	2,103
	Industrial water	5,077	5,022	4,912	4,923
	Groundwater	1,304	1,297	1,402	1,332
	Volume of wastewater	6,551	6,642	6,421	6,090
	Volume of water used	1,767	1,777	2,077	2,268
Volume of water used / sales (ton / million yen)		10.2	9.2	9.5	10.2

1.332 million m³ was groundwater and 2.103 million m³ was city water.

Our water usage per million yen of sales has increased by approximately 7% over the previous fiscal year, making us more dependent on water use. For the appropriate management and protection of water resources, we conduct employee education and awareness-raising activities, recognize the importance of sustainable water use, and continue to work to reduce water consumption.

Volume of wastewater by discharge destination

The NOF Group discharges approximately 61%, or 3,692,000 m³, of the wastewater generated at each production site to seawater after appropriate treatment. In addition, 31% is discharged to surface water, including rivers, and the remaining 9% to other organizations.

Changes in volume of wastewater by discharge

NOF Group

(Thousand m³/year)

Category	2020	2021	2022	2023
Surface water	2,564	2,595	2,403	1,863
Groundwater	0	0	0	0
Seawater	3,377	3,479	3,483	3,692
Discharge to other organizations	610	568	535	535
Total	6,551	6,642	6,421	6,090



Water and wastewater

GRI 2-16,25/3-3/303-1,2,3,4,5

Water stress (drought) assessment

Water stress (drought)*¹ was assessed at domestic and overseas production sites using Aqueduct tools from the World Resources Institute (WRI). In 2024, we found that our European and Southeast Asian sites are in areas that will be under water stress in 2030. It is assumed that the risk of water stress will be even higher at our South American sites by 2050. We will continue our efforts to reduce water consumption.

Drought risk assessment results by Aqueduct

(Number of production sites)

Drought risks	Water stress	2024	2030	2050
Large	Over 40%	2	2	3
Medium	20-40%	14	15	14
Small	Under 20%	7	6	6

Prevention of water pollution

Plant wastewater resulting from production activities is properly treated through treatment facilities and discharged outside the plant. We monitor biochemical oxygen demand (BOD), chemical oxygen demand (COD), and suspended solids*²

Changes in wastewater monitoring items

(tons/year)

Category		2020	2021	2022	2023
NOF	BOD	34	50	37	33
	COD	60	67	44	52
	Suspended solids	33	31	22	36
Domestic Group	BOD	38	52	39	36
	COD	60	68	44	52
	Suspended solids	40	36	25	42
NOF Group	BOD	104	93	67	74
	COD	219	154	148	171
	Suspended solids	56	46	44	58
Violations of laws and regulations (no.)		0	0	0	0

among others contained in wastewater. Along with ongoing equipment upgrades, we are improving our water quality management system and operating in compliance with prescribed limits. In addition, there have been no cases of violations of laws and regulations related to water quality.

*1 Water stress is measured as the ratio of total water withdrawals to available, renewable surface and groundwater supplies. Water withdrawals include consumptive and non-consumptive uses for household, industrial, irrigation, and livestock purposes. Available, renewable water supplies include the impact that upstream consumptive water users and large dams have on downstream water availability.

*2 Particulate substances of 2 mm or less in diameter floating or suspended in water; one of the indicators of water quality.



Water and wastewater

GRI 2-16,25/3-3/303-1,2,3,4,5

Risks and opportunities for water and wastewater

Category	Major risks and opportunities	Overview	Countermeasures
Transition risks	Tighter domestic and international regulations	<ul style="list-style-type: none"> The introduction of new regulations makes it necessary to enhance facilities and strengthen management systems to comply with the new regulations, which increases the associated management costs New wastewater regulations make it impossible to manufacture products as they have been through now, resulting in reduced sales due to lost opportunities 	<ul style="list-style-type: none"> Increased capacity of wastewater processing facilities Development and provision of products with low environmental impact
	Market	<ul style="list-style-type: none"> At production sites in regions with high water risk, procurement costs rise due to higher water prices caused by water shortages At production sites in regions with high water risk, sales decrease due to lost opportunities when operations are interrupted at production plants due to frequent water outages caused by water shortages Aging water infrastructure causes unstable water supply and frequent water outages, interrupting operations at production plants and resulting in lost sales due to lost opportunities 	<ul style="list-style-type: none"> Study of efficient use of water
	Deterioration of evaluation/reputation	<ul style="list-style-type: none"> Delays in complying with regulations and in developing eco-friendly products damage the company's evaluation from investors and its reputation among customers and local residents 	<ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives
Physical risks	Natural disasters	<ul style="list-style-type: none"> Due to prolonged heavy rainfall causing wastewater processing facilities to exceed their capacity, and damage to facilities caused by typhoons and other natural disasters, it becomes difficult to manage discharges, which in turn causes production to stop, resulting in lost opportunities and lost sales Water cutoffs and droughts due to natural disasters associated with climate change disrupt operations at production plants, resulting in reduced sales due to lost opportunities Increased flooding due to climate change damages production plants at risk of flooding, resulting in asset losses and reduced sales Leaks of pollutants 	<ul style="list-style-type: none"> Increased capacity of wastewater processing facilities Study of efficient use of water
	Chronic risks	<ul style="list-style-type: none"> Excessive groundwater intake causes land subsidence in areas surrounding plants using groundwater, resulting in large compensation for damages and decreased sales due to prolonged shutdowns (Aichi Works) 	<ul style="list-style-type: none"> Study of efficient use of water
Opportunities	Growing needs for products that contribute to water pollution solutions	<p>[Mitigation of water pollution]</p> <ul style="list-style-type: none"> Anti-sticking agents for asphalt mixtures, eco-friendly stern tube bearing oil, biodegradable lubricants, antifreezing agents, lead-free products 	<ul style="list-style-type: none"> Development and provision of eco-friendly products
	Improvement of evaluation and reputation	<ul style="list-style-type: none"> Proactive emission control measures and the development and provision of products that make positive contributions improve the company's evaluation from investors and its reputation among customers and local residents 	<ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives



Emissions Into the Atmosphere | Air Pollution Control

GRI 2-25/3-3/305-7

Prevention of air pollution

In line with the NOF Group's Management Policy Regarding Responsible Care, we measure sulfur oxides (SOx), nitrogen oxides (NOx), soot and dust, etc. emitted from combustion facilities such as boilers to prevent air pollution. We strictly comply with national and local environmental standards while managing operations.

We are currently advancing reduction plans, including energy conversion of the AFO boiler, which causes SOx emissions, to city gas.

In addition, there have been no cases of violations of laws and regulations related to emissions into the atmosphere.

Changes in exhaust gas monitoring items

(tons/year)

Category		2020	2021	2022	2023
NOF	SOx	1.4	1.9	2.6	4.9
	NOx	51.1	48.0	49.1	52.9
	Soot and dust	2.2	1.1	0.9	0.9
Domestic Group	SOx	2.9	3.3	4.4	6.5
	NOx	52.6	49.6	50.6	54.4
	Soot and dust	2.2	1.1	0.9	1.0
NOF Group	SOx	4.3	4.6	6.5	8.2
	NOx	57.3	55.3	55.4	58.2
	Soot and dust	8.6	4.1	4.6	2.5
Violations of laws and regulations (no.)		0	0	0	0

*Out of particulate substances arising from operations in plants and other business establishments, those generated in conjunction with the combustion of fuel or any other substance.



Emissions Into the Atmosphere | Air Pollution Control

GRI 2-16,25/3-3/305-7

Risks and opportunities for emissions into the atmosphere

Category	Major risks and opportunities	Overview	Countermeasures
Transition risks	Tighter domestic and international regulations	<ul style="list-style-type: none"> The introduction of new regulations makes it necessary to enhance facilities and strengthen management systems to comply with the new regulations, which increases the associated management costs New atmospheric emissions regulations make it impossible to manufacture products as they have been through now, resulting in reduced sales due to lost opportunities 	(1) Creation and implementation of emission reduction measures <ul style="list-style-type: none"> Capacity expansion of VOC recovery facilities (2) Reevaluation of production processes
	Deterioration of evaluation/reputation	<ul style="list-style-type: none"> Delays in complying with regulations and in developing eco-friendly products damage the company's evaluation from investors and its reputation among customers and local residents 	<ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives
Physical risks	Natural disasters	<ul style="list-style-type: none"> Due to damage to facilities caused by typhoons, heavy rain, and other natural disasters, it becomes difficult to operate recovery facilities, which in turn causes production to stop, resulting in lost opportunities and lost sales 	<ul style="list-style-type: none"> Capacity expansion of VOC recovery facilities
		<ul style="list-style-type: none"> Damage to equipment due to ash emissions from eruption of Mount Fuji 	<ul style="list-style-type: none"> Handling of natural disasters according to the BCP
Opportunities	Growing needs for products that contribute to air pollution solutions	[Mitigation of air pollution] <ul style="list-style-type: none"> Waterborne anti-corrosion coatings, cement capsules 	<ul style="list-style-type: none"> Development and provision of eco-friendly products
	Improvement of evaluation and reputation	<ul style="list-style-type: none"> Proactive emission control measures and the development and provision of products that make positive contributions improve the company's evaluation from investors and its reputation among customers and local residents 	<ul style="list-style-type: none"> Enhancement of information disclosure on content of initiatives



Policy (our fundamental view)

The NOF Group is actively engaged in resource recycling efforts to reduce waste.

- (1) Promotion of the sale of valuable waste and internal processing: We sell waste as valuable resources and actively promote internal processing. This promotes the efficient use of resources through the reuse and recycling of waste.
- (2) Reduction of waste generated by maintaining separate disposal and improving processes: By maintaining separate waste disposal and improving processes, we are reducing the amount of waste generated. This initiative prevents resources from going to waste and ensures their efficient use.
- (3) Ongoing search for recycling processing contractors as well as processing implementation: We work continuously with recycling processing contractors and actively implement waste recycling processing. This initiative promotes the reuse of resources, efficient use of resources, and reduction of waste.
- (4) Landfill reduction through recycling of existing waste: By recycling existing waste, we are reducing disposal into landfills.

Resource recycling targets

The NOF Group promotes resource recycling efforts while setting targets.

- (1) Zero emissions*¹ rate: 0.10% or lower annually
We promote waste separation and recycling, and reduce the generation of waste disposed of in landfills as much as possible.
- (2) Recycling rate of plastic waste*²: 94% or more every year (from FY2024)
For resource recycling and effective use of resources, we promote recycling of plastic waste.

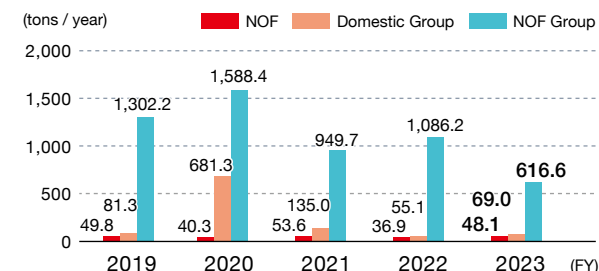
Promotion of drive toward zero emissions

In fiscal 2023, the final landfill disposal volume for the Domestic Group was 69.0 tons, for a zero emissions rate of 0.050%.

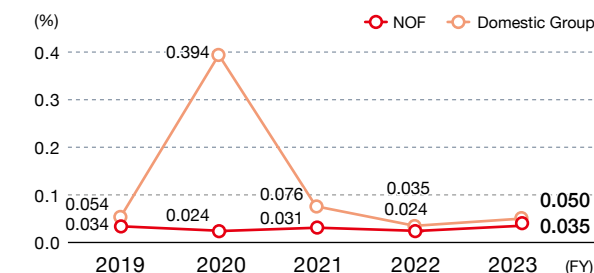
Meanwhile, NOF's final landfill volume was 48.1 tons, with the zero emissions rate standing at 0.035%.

We will continue to promote separate collection of waste and recycling to reduce the final disposal volume by landfill.

Changes in final disposal volume by landfill



Changes in zero emissions rate



*1 Here, this means an endeavor to make the disposal quantity of industrial waste through corporate and production activities close to zero. Definition of zero emissions rate: Volume of final disposal by landfill/volume of waste, etc. generated × 100

*2 Definition of recycling rate: (Amount of plastic waste treated by heat recovery, material, or chemical processing/amount of plastic waste discharged) × 100



Waste | Resource Recycling

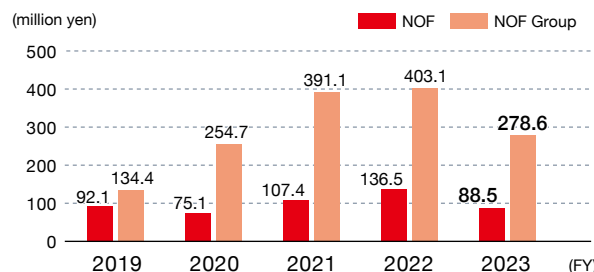
Recycling of valuables from waste

In addition, the NOF Group's sales from the recycling of waste amounted to 337 million yen in fiscal 2023. We will continue our policy of actively promoting the effective use of resources through recycling and reuse.

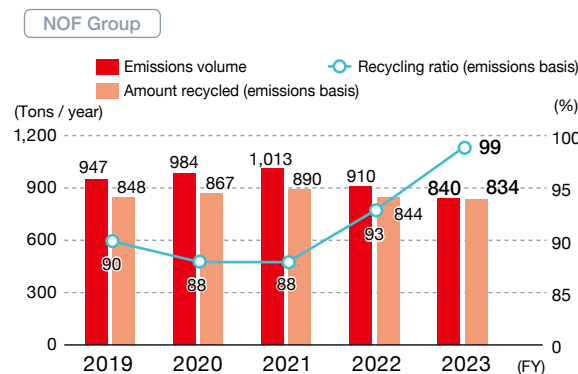
In addition, in fiscal 2023, the NOF Group's waste plastic emissions decreased by 70 tons to 840 tons, and the recycling ratio against the emission amount improved to 99%. Furthermore, the Domestic Group's sales from the recycling of waste amounted to 279 million yen.

We will continue to actively sort and recycle waste plastics and also continue our recycling efforts.

Changes in sum of valuables sold



Changes in amounts of plastic waste recycled and recycling rates



*Recycling rate = Amount recycled (material, chemical, thermal) / total amount of waste plastic discharged

*After a careful review of the emissions and recycling amounts (based on emissions) for 2019-2022, we revised the values reported in the previous fiscal year.

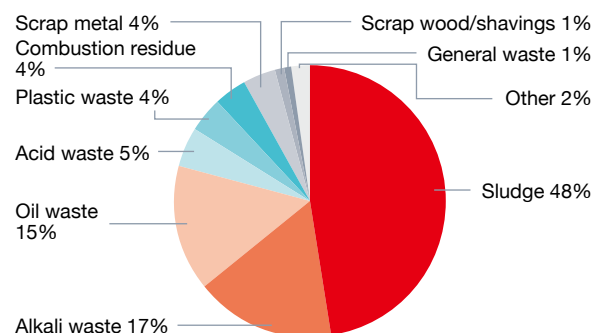
Changes in waste quantity from plants

Category	2019	2020	2021	2022	2023
NOF Group	28,446	28,955	29,164	25,157	22,541
Domestic Group	23,662	24,176	23,796	21,270	19,132
NOF	22,721	22,529	22,822	20,493	18,463

Breakdown of waste quantity from plants (FY2023)

Category	Waste quantity from plants	Recycling quantity	Outside disposal quantity	Final disposal quantity by landfill
NOF Group	22,541	14,238	7,481	823
Domestic Group	19,132	13,511	5,552	69
NOF	18,463	12,939	5,477	48

Breakdown of waste quantity from plants (FY2023)





Chemical Safety

GRI 306-2/308-2

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.

Management approach

In order to meet the needs of our customers now and in the future, the NOF Group promotes appropriate risk-based management of chemicals and conducts product safety risk assessments for all products, including new products.

Many countries and regions are now actively enacting or revising laws and regulations related to chemicals management. In cooperation with Group companies in Japan and overseas, NOF is strengthening its ability to gather information on regulatory trends and enhancing its functions using a comprehensive chemicals management

system in order to ensure compliance with the following items.

- We maintain a comprehensive understanding of the hazards, risks, and impacts of each product as they relate to all phases of the product's life cycle and intended use(s).
- We update the quality and quantity of information as necessary to ensure global consistency and to comply with local requirements for product information.
- We keep records of all necessary and requested product safety information to ensure that our products are useable throughout their entire life cycle.
- Standardized safety data sheets (SDS) are provided to customers at the time of initial delivery and upon request in local areas. We consistently maintain this critical information provision mechanism, and conduct distribution to all customers worldwide for all products, in compliance with local regulations and in the language requested by the customer.





Chemical Safety

GRI 306-2/308-2

Initiatives by the NOF Group

The NOF Group believes that a sound understanding of its products' chemical properties, hazards, and impacts on people and the environment, as well as the management of risks associated with the handling of products, are fundamental to providing the market with a safe and competitive product portfolio in the future. The NOF Group works to ensure reliable operation of the mechanism for providing SDSs so that hazard information related to our products is easily available to our customers and employees, and we continuously provide updates on the latest information.

The NOF Group currently delivers over 5,000 products to markets in 82 countries around the world, and provides SDSs to these markets. We are also responsible for making revisions in response to changes in laws. We

provide customers with appropriate information and technical assistance to ensure thorough understanding of our products and safe usage and handling practices. Currently, we have already introduced a system to manage product information, and are gathering more information about product usage conditions to record and evaluate associated risks as laws and regulations evolve, reflecting such information in our SDSs.

In addition, NOF has made a list of controlled substances specified in the POPs Convention, RoHS Directive, and the like, and promotes thorough management and volume reduction by ranking them as ① All chemicals prohibited to be handled, ② Chemicals for which we will consider alternatives and strive to reduce the amount handled, and ③ Chemicals to be handled

under appropriate management. We also comply with relevant regional and national chemical regulations, such as REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) in the European Union (EU), UK REACH in the United Kingdom, K-REACH in South Korea, and the Toxic Substances Control Act (TSCA) in the United States. NOF has a total of 43 EU-REACH registrations (as of the end of 2023).

Since the implementation of the EU's REACH system, no products have been subject to the system for substances of very high concern (SVHCs).

In addition, in Japan, the Group is promoting making lead-free products for pyrotechnic devices such as detonators, which contain lead that can affect water pollution.

Initiatives in the supply chain

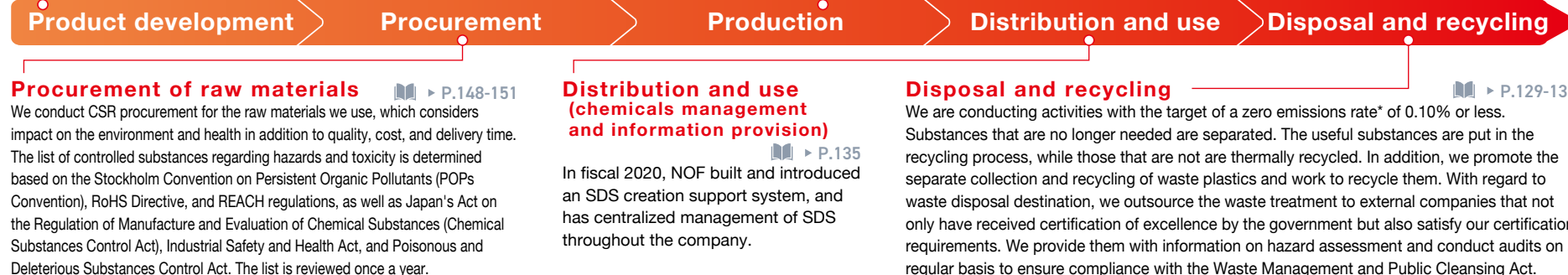
Product development

We are promoting the development of eco-friendly products that are biodegradable and do not contain hazardous substances, which contribute to recycling and energy conservation for the final products. In addition, we conduct screening tests on the risks and harms of all chemical substances we handle during design screening of new products and assessments in the commercial production transition phase, thereby developing products with low environmental impact.

▶ P.023-032,133-138

Production

We verify that new products are manufactured according to plan before commencing commercial production. We work to reduce environmental impact through stable operation of our environmental treatment facilities and optimizing the collection conditions of chemical substances. We started working on Chemical Substances Risk Assessment (RA) in 2008, before relevant laws and regulations made RA obligatory in 2016. We conduct a risk assessment and review of chemical substances as needed to contribute to employee health and safety.



*NOF's definition of zero emission: Volume of final disposal by landfill/volume of waste, etc. generated $\times 100 \leq 0.10$



Response to international chemical substance management

Chemical substances are being subject to stricter control on a global basis. At the World Summit on Sustainable Development (WSSD) held in 2002, a target was set as part of the international agenda to “use and produce chemicals in ways that minimize significant adverse effects on human health and the environment by 2020,” in an effort to realize sustainable development. Based on this agenda, countries around the world including emerging countries are being encouraged to adopt and firmly establish risk-based management of chemicals and implement GHS.* In terms of chemical substances, there is a rising trend requiring control of relevant risks from the standpoint of the entire supply chain, i.e. from manufacture to disposal, while also being required to disclose information on the risks caused by chemical substances and their control to the general public, including customers and consumers.

The NOF Group is implementing control of chemical substances in line with this trend to tighten controls over chemical substances by complying with the laws of each country and region. To this end, since fiscal 2020, NOF has introduced and built a company-wide SDS creation support system, and has begun centralized management of SDS throughout the company.

Meeting domestic requirements

In Japan, prior notification of new chemical substances is mandatory, pursuant to the Act on the Regulation of Manufacture and Evaluation of Chemical Substances (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 & Plant Investment 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.



Education on new chemical substances
(Advanced Technology Research Laboratory)



Education on new chemical substances (Oita Plant)

*Abbreviation for Globally Harmonized System of Classification and Labelling of Chemicals, which classifies the hazardous properties of chemicals according to certain globally standardized criteria and displays them in an easy-to-understand manner using pictorial labels and other means.



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 engages in active exports 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.

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.

Proper management of polychlorinated biphenyl (PCB)

The NOF Group properly stores and manages polychlorinated biphenyl (PCB) waste in accordance with the Law Concerning Special Measures Against PCB Waste, and disposes of such waste by commissioning disposal operators as prescribed by laws and regulations.

All treatment of high-concentration PCBs has been completed as of the end of March 2023, the final deadline for treatment. As for low-concentration PCBs, we have completed the survey of all equipment containing PCBs, including PCB components contained in paint coatings, and are systematically replacing the equipment and changing the coatings to meet the treatment deadline of the end of March 2027.

Compliance status to acts related to the environment

There was no violation of acts related to the environment.

*Acronym for "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.



Joint Article Management Promotion-consortium (JAMP)

JAMP* was formed in 2006 for the purpose of establishing and promoting specific structures for facilitating the disclosure and communication of information over the whole supply chain by appropriately managing and disclosing information on chemical substances. The NOF Group utilizes the chemSHERPA tool for sharing information recommended by JAMP to supply downstream users with information on chemical substances.

Construction and operation of NOF's company-wide SDS creation support system

GHS is a kind of criteria for the classification of health, environmental, physical and chemical hazards of chemical substances and mixtures according to a given set of standards. This information must be reflected in the SDS and GHS labels to reflect the latest information, and all parties involved in handling chemical substances, including users, distributors, and transporters, must be alerted to the need for safe handling.

To this end, in fiscal 2020, NOF introduced and built 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 division to reflect changes in the laws and regulations of major countries. We have completed our response to the revision of the Chemical Management Act from fiscal 2023. To improve transparency and visibility, we are also working to expand our system capabilities to track and manage important information such as chemical substance usage conditions and handling history.



Transportation safety

The NOF Group is promoting the reduction of the environmental load in transportation, while at the same time engaging in activities to ensure the



Forklift training session, NICHYU LOGISTICS CO., LTD.

Yellow Card

Should an accident occur during the transportation of chemical substances, it could have dire consequences on human life, the neighboring area, the cargo, and the road. The Yellow Card states the measures transport operators, the fire brigade, and the police should take as well as contact and notification information, in the event of such an accident. The NOF Group strictly requires that such cards should be provided to transport operators involved, who are also required to carry the card with the corresponding product while in transportation.

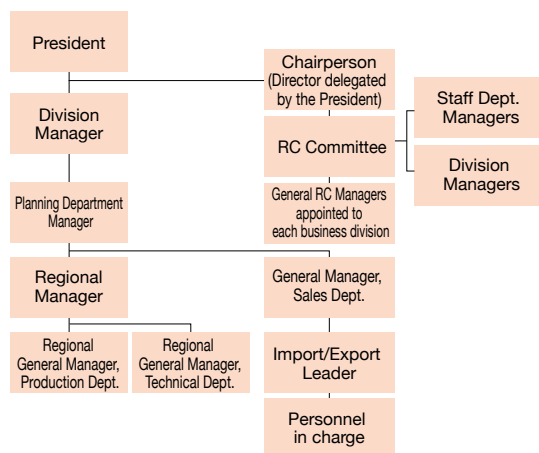


Yellow Card

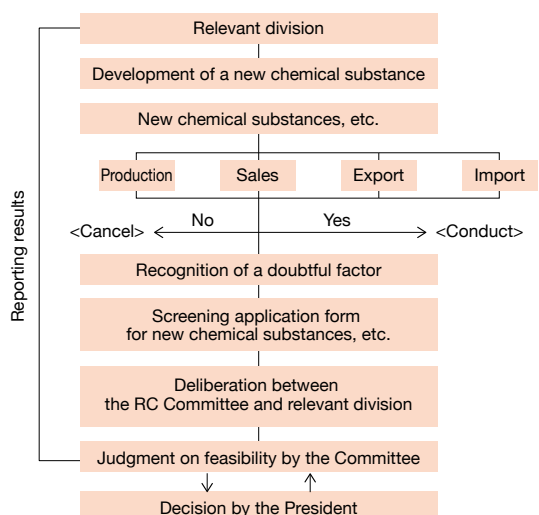
*Acronym for "Joint Article Management Promotion-consortium". JAMP was inaugurated in September 2006 by 17 companies subscribing to the underlying idea as a cross-sectorial body to promote safety activities.



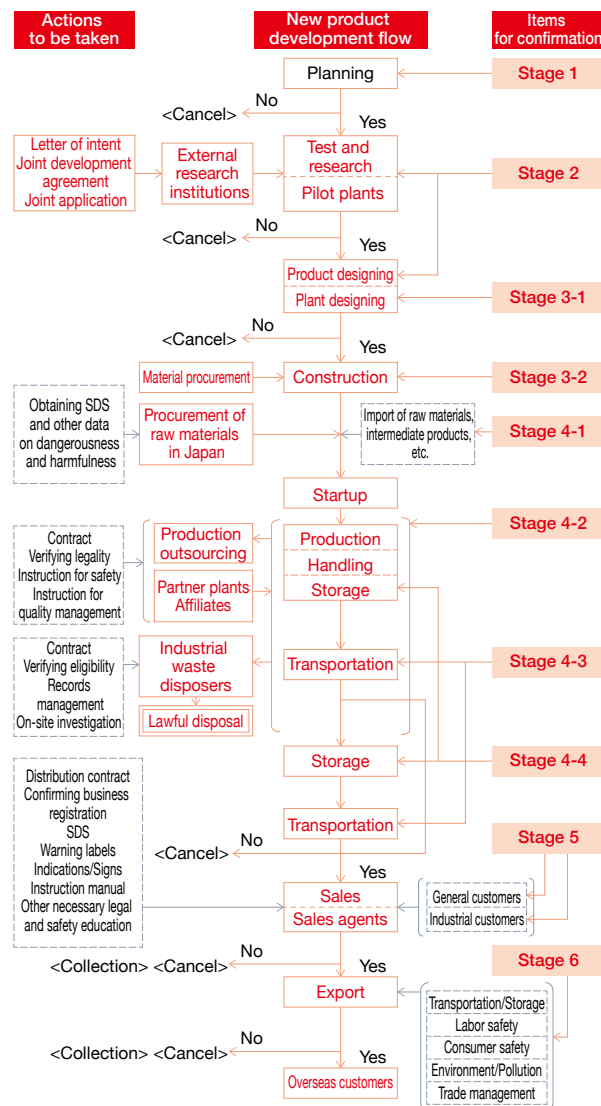
System diagram of sales, production, export, and import of new chemical substances, etc.



Management flow of new chemical substances, etc.



Management flow chart of new chemical substances, etc.



Items for confirmation in management flow of new chemical substances, etc.

Stage	Principal items for confirmation
1	(1) Quality planning (terms of use and impact on the environment, quality of competitors' products, performance demanded by customers, selling points), (2) Trademark/Patent, Response plan to laws and regulations in Japan and overseas, (3) Development plan (system, schedule, R&D expenses, safety test expenses, etc.), (4) Production plan (production processes, facilities for research and trial experiments), (5) Sales and export plan, (6) Budget
2	(1) Confirmation of the details of marketability and salability (functions, safety, container/package, transportation method, industrial wastes, expenses for production and selling, sales prices, energy saving issues, etc.), (2) Establishment of production processes and analysis/inspection method, (3) Research for the necessity of GLP and GMP (4) Research for specific value, reactivity, and explosiveness, (5) Confirmation of safety test expenses, etc., (6) Application of new chemical substances (Act on the Regulation of Manufacture and Evaluation of Chemical Substances and Industrial Safety and Health Act), (7) Research for CAS, TSCA, HCS, CEPA, WHMIS, EINECS, FD&C Act, etc., (8) Confirmation of SDS, warning labels, indications and signs, instruction manual, information on each type of toxicity, (9) Sales manual, (10) Contract details, (11) Application for patent and trademark, (12) Retention of documents and records
3-1	(1) Evaluation of cleaner production (reduction of wastes and prevention of generation), (2) SA on safety and disaster prevention for equipment, processes, and operations (including health problems), (3) Judgment on the effectiveness of the investment
3-2	(1) Industrial Safety and Health Act, (2) High Pressure Gas Safety Law, (3) Fire Service Act, (4) Explosives Control Act, (5) Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities, (6) Air Pollution Control Act, (7) Ozone Layer Protection Act, (8) Energy Saving Law, (9) Water Pollution Prevention Act, (10) Noise Regulation Law, Vibration Regulation Law, (11) Offensive Odor Control Law, (12) Waste Management and Public Cleansing Act, (13) Act on Prevention of Marine Pollution, (14) Building Standards Act, (15) Poisonous and Deleterious Substances Control Act, (16) Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, (17) Food Sanitation Act, (18) Act on the Regulation of Manufacture and Evaluation of Chemical Substances, (19) Agricultural Chemicals Regulation Act, (20) Act on Prevention of Radiation Hazards due to Radioisotopes, etc., (21) Act on Port Regulations, (22) Civil Aeronautics Act, (23) Road Transportation Act, (24) Factory Location Act, (25) Municipal ordinances on prevention of fire, pollution, etc.
4-1	(1) Prior confirmation of the presence of dangerous and harmful substance, (2) Examination of laws and regulations for the relevant substance, (3) Securing sufficient labor for SDS, warning labels, indications and signs, instruction manual, and others
4-2	(1) Building Standards Act, (2) Fire Service Act, (3) Act on the Regulation of Manufacture and Evaluation of Chemical Substances, (4) Explosives Control Act, (5) High Pressure Gas Safety Law, (6) Act on the Prevention of Disaster in Petroleum Industrial Complexes and Other Petroleum Facilities, (7) Act on the Rational Use of Energy, (8) Electricity Business Act, Gas Business Act, (9) JIS, (10) Law for the Promotion of Effective Utilization of Resources (11) Waste Management and Public Cleansing Act, (12) Act on the Regulation of Manufacture and Evaluation of Chemical Substances, (13) Industrial Safety and Health Act (Article 57-4 Ordinance on Prevention of Organic Solvent Poisoning, Ordinance on Prevention of Dangers Due to Specified Chemical Substances, Ordinance on Prevention of Tetraalkyl Lead Poisoning, Ordinance on Prevention of Lead Poisoning, Ordinance on Prevention of Dangers Due to Dust, Ordinance of Prevention of Ionizing Radiation Dangers), (14) Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, (15) Poisonous and Deleterious Substances Control Act, (16) Food Sanitation Act, (17) Agricultural Chemicals Regulation Act, (18) Act on Prevention of Radiation Hazards due to Radioisotopes, etc., (19) Implementation of SA, SOP and measures for health problems, (20) PM system, QA (ISO 9000 series and JIS Z9900 series), and the completion of SDS, warning labels, indications and signs, instruction manual, etc.
4-3	(1) Explosives Control Act, (2) High Pressure Gas Safety Law, (3) Poisonous and Deleterious Substances Control Act, (4) Fire Service Act, (5) Act on Prevention of Radiation Hazards due to Radioisotopes, etc., (6) Railway Operation Act, (7) Road Transport Vehicle Act, (8) Road Act (underwater tunnel), (9) Ship Safety Act, (10) Act on Port Regulations, (11) Act on Prevention of Marine Pollution, (12) Maritime Traffic Safety Act, (13) Civil Aeronautics Act, (14) Postal Act, (15) Others (carrying documents, qualification, vehicle, container, loading standards, and indications and signs)
4-4	(1) Confirmation of precautions for indication/sign, (2) Confirmation of precautions for storage
5	(1) General and industrial customers: distribution of warning labels, indications and signs, and instruction manual, (2) Industrial customers: SDS, quality warranty card, contract, confirmation of business registration
6	<ul style="list-style-type: none"> ○ Transportation/Storage (1) UN, IMO (each code of IMDG - IBC - BC), ICAO, IATA (2) Europe: ADR, RID, EC Directives, (3) The US: 49CFR, CHEMTREC, NFPA, HCS, etc. ○ Labor safety (4) HCS, SDS, warning labels, indications and signs, instruction manual, etc. ○ Consumer safety (5) In addition to items presented in (4) above, product liability insurance and warranty card (limitation of warranty) ○ Environment/Pollution (6) The US: CAA, CWA, RCRA, CERCLA, SARA, TSCA, HCS (7) Canada: CEPA, WHMIS, (8) Europe: The Sixth and Seventh EEC Directives for Amendment, etc. ○ Trade management (9) Materials for chemical weapons, (10) Materials for narcotic drugs, (11) Harmful chemical substances, (12) Strategic materials (management and operation standards for strategic materials)



Initiatives to improve information accuracy in chemical substance management

The NOF Group focuses on sustainable chemical substance management and is working to improve the accuracy of information on the following points.

NOF works to ensure reliable operation of the system for providing safety data sheets (SDSs) through introduction of a chemical substance management system, enabling hazard information related to our products to be easily available to our customers and employees. Furthermore, by fiscal 2025, we plan to establish a company-wide chemical substance database and enhance the functions of our chemical substance management system.

First, the chemical substance management processes will be digitized to ensure accuracy and rapid access to information. This ensures strict management of data related to the handling of chemical substances and supports efficient decision-making.

In addition, we are also working to expand the functions of the system to track and manage important information such as usage and handling history of chemical substances, in order to improve transparency and visibility. This allows us to more accurately assess the risks of chemical substances and their impact on the environment, and to help formulate sustainable management strategies.

Furthermore, strengthening partnerships is another important initiative. While building cooperative relationships with suppliers and customers, the

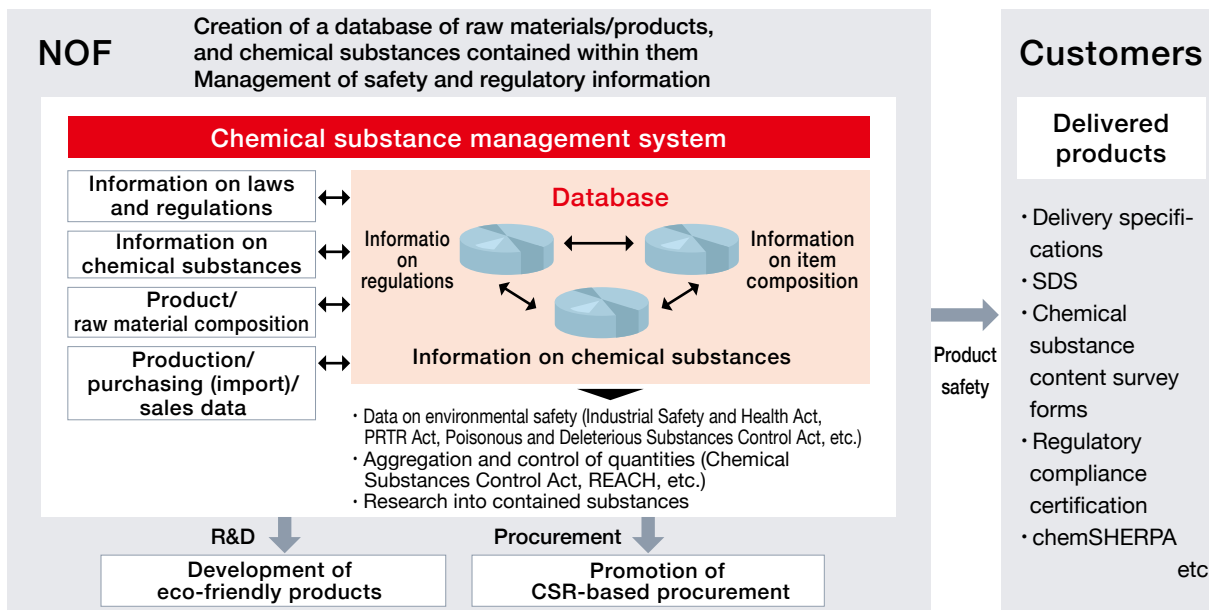
NOF Group strives to improve its products through continuous dialogue with customers in order to provide appropriate products in terms of chemical substance management. We are also coordinating with industry groups and regulatory bodies to share information and know-how. In this way, we aim to contribute to raising the level of chemical substance management throughout the industry and to achieve further development.

Finally, our sustainability initiatives include the promotion of research and development. The NOF Group is focusing on the development of more

eco-friendly chemical substances. We aim to provide high-performance products while minimizing negative environmental impact. In this way, we are working to achieve a sustainable business model while meeting the needs of our customers.

The above are the main points on which the NOF Group is working to improve the accuracy of information on chemical substance management. The NOF Group aims to maintain the trust of its customers and provide valuable returns to all stakeholders while pursuing sustainable management.

Overview of chemical substance management system





Chemical Safety | Management and Handling of Chemical Substances

GRI 403-2

Chemical substances risk assessment

The NOF Group strives to reduce all risks of occupational accidents and to 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.

before, and has established a management system in line with the revised law.

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

**PRTR Act-controlled substances***

The emissions volume of PRTR Act-controlled substances by the Domestic Group in fiscal 2023 was 167.0 tons, an increase by about 17% from 143.3 tons in the previous fiscal year. As a result, 38% reduction of emissions volume was achieved from the 269 tons in fiscal 2010, the reference year of the Mid-term Target.

PRTR Act-controlled substances with an emission volume of 10 tons or more in fiscal 2023 are indicated in the table.

Substances high in volume (10 tons or more) discharged into the environment
Domestic Group

Cabinet order No.	Name	Emission volume (tons / year)
300	Toluene	42.8
186	Dichloromethane	38.3
128	Chloromethane	19.8
392	n-hexane	15.5
83	Cumene	15.0
Total emission volume		167.0

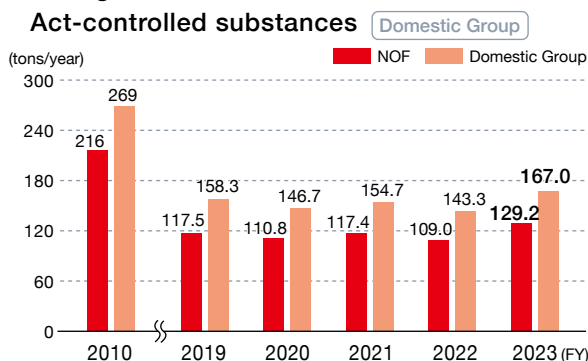
Measures to reduce emissions of PRTR Act-controlled substances

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**Reducing emissions of chlorofluorocarbons (CFCs)**

In accordance with the Act on Rational Use and Appropriate Management of Fluorocarbons (Act on Fluorocarbons Emissions Control), which covers the entire life cycle of CRCs from production to disposal, we have been carrying out simple and periodic inspections according to plan, as required by the law.

In fiscal year 2023, we estimated leakage of CFCs amounted to 392 tons of CO₂e at the Oita Plant, 341 tons of CO₂e at the Kawasaki Works, and 305 tons of CO₂e at the Aichi Works, bringing the total for our company to 1,097 tons of CO₂e.

We will continue to strengthen inspections and maintenance, and ensure proper disposal of equipment. We will also promote the replacement of existing systems with ones that use refrigerants with lower global warming and ozone depletion potentials and further reduce CFCs emissions.

Calculated leak of CFCs in FY2023

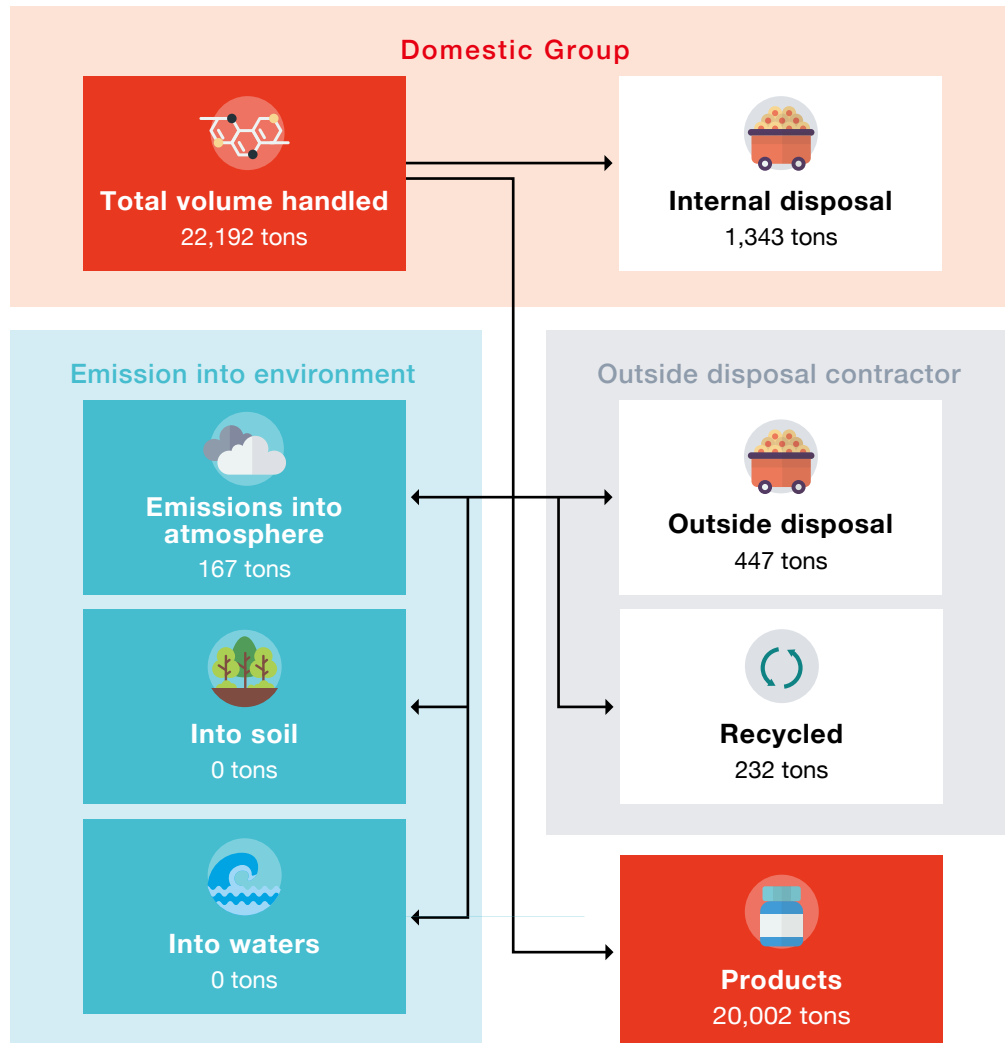
Works/Plants	Emissions (tons-CO ₂ e)
Amagasaki Plant	60
Aichi Works	305
Kawasaki Works	341
Oita Plant	392
Total	1,097

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. In this report, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof is referred to as the PRTR Act.



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

Domestic Group

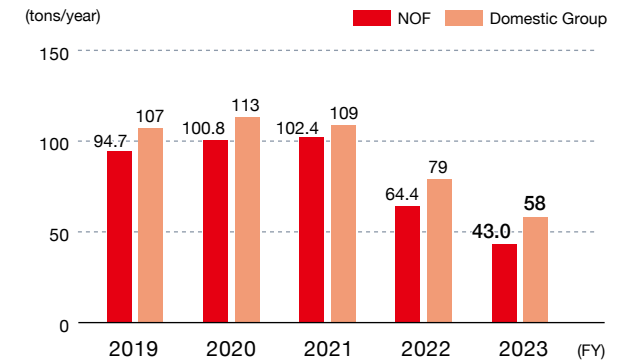


Substances under JCIA-recommended voluntary control

The Domestic Group is also engaged in initiatives to assess and reduce emissions of VOC substances recommended by the Japan Chemical Industry Association (JCIA). The total quantity of such substances emitted in fiscal 2023 was 58 tons, a decrease of about 27% from the previous fiscal year's quantity of 79 tons.

Changes in emissions of VOC substances under JCIA-recommended voluntary control

Domestic Group





Biodiversity conservation

GRI 304-3

NOF's initiatives to protect biodiversity

The NOF Group places great importance on proactively working to protect and restore biodiversity. To this end, we have formulated the following policies.

- In order to minimize the impact of our business activities on biodiversity, we conduct environmental impact assessments, identify risks, and implement countermeasures.
- We require our employees to comply with international guidelines, laws, and regulations

related to biodiversity protection and to work for environmental conservation.

- We assess supply chain risks that may cause biodiversity loss and promote sustainable procurement through cooperation with our suppliers.
- We provide educational programs to raise environmental awareness and educate employees and relevant people on the importance of biodiversity protection.
- We cooperate with local communities to partici-

pate in local ecosystem protection activities and various projects for restoring biodiversity.

Through these initiatives, we will contribute to ensuring biodiversity and realize a more sustainable future.





Biodiversity conservation activities visualized with a map

In addition to “forest planting” through creation of green areas alongside roads as well as thinning and pruning company-owned forests, we are implementing plans that contribute to biodiversity at our sites across Japan through protection activities mainly for endangered species, extermination of invasive non-native plants, and donation activities.

Clicking on an initiative written in green will take you to the page with details.

Company-wide



Going paperless

Company-wide



Recycling of plastic waste

Oita



Modal shifting

Amagasaki



Introduction of alternative methods to animal testing in the evaluation of cosmetics materials (animal welfare)



Participation in “Amagasaki Forest Central Green Space Forest Planting” volunteer activities

Shirakawa



Forest maintenance (Nippon Koki Co., Ltd.)

Kawagoe



Solar panels (NiGK Corporation)

Aichi



Taketoyo community tree planting festival (seedling purchase and sponsorship)



Weeding of the Designated Invasive Alien Species “lanceleaf tickseed”

Bibai



Protection of Japanese swamp lantern clusters (Nippon Koki Co., Ltd.)

Head Office



Donations aimed at protecting the global environment (WWF, Green Fund, Keidanren Nature Conservation Fund, etc.)



Use of FSC-certified paper



Green procurement



RSPO membership, participation in the Japan Business and Biodiversity Partnership, endorsement of the Keidanren Initiative for Biodiversity Conservation, participation in JaSPON

Kawasaki



Purchase of electricity certified to come from non-fossil fuel sources



Food waste reduction (functional foods)



Modal shifting, joint deliveries



Participation in the Kawasaki City Green Office Promotion Council Creation of rooftop greenery, green walls, and greenery on our grounds



Participation in the Forest Restoration Partner System (NOF METAL COATINGS ASIA PACIFIC CO., LTD.)



Biodiversity Conservation | Conservation Activities

GRI 304-2,3,4

PICK
UP



**NOF METAL
COATINGS
ASIA PACIFIC
CO., LTD.**

**Participation in the Forest
Restoration Partner System
under the Kanagawa Forest
Restoration 50-Year Project**

The Kanagawa Forest Restoration 50-Year Project is an initiative to revitalize forests measuring about 95,000 hectares, or about 40% of the prefecture's land, from the prefecture's Mount Oyama and Hakone mountains to forest land in satoyama areas and urban areas. The objective is to prevent the devastation and erosion caused by lack of care and to pass on the rich blessings of the forests to the next generation. NOF METAL COATINGS supports forest maintenance on an area of about 10 hectares (equivalent to about two Tokyo Domes). The forest areas absorb about 247 tons of CO₂ over 5 years. In addition, it has been decided to name a portion of the forest designated by the prefecture as "NOF METAL COATINGS Forest." Going forward, as a partner company, we will conduct events for forest maintenance, nature observation, and more. The forest will be used as a place to promote health and deepen friendship with employees and their families, thereby contributing to the protection of nature and environmental preservation.

PICK
UP



**Amagasaki
Plants**

**Participation in "Amagasaki
Forest Central Green Space
Forest Planting" volunteer
activities (from 2017)**

Fukushima Prefecture, where Nippon Koki Co., Ltd.'s Shirakawa Plant is located, has established the Fukushima Prefecture Carbon Dioxide Absorption Certification System by Forest Maintenance Activities to certify the effectiveness of forest maintenance activities such as planting, weeding, and thinning conducted by companies and organizations in the prefecture in terms of carbon dioxide absorption as a numerical value. This certification aims to promote participation in forest maintenance activities by companies and organizations, thereby contributing to the continued demonstration of the multifaceted functions of forests, such as the prevention of global warming, and the revitalization of communities in mountain villages. Nippon Koki Co., Ltd., which owns approximately 149 hectares of forest in Nishigomura, Shirakawa-gun, Fukushima Prefecture, has been certified to have absorbed 282 tons of carbon dioxide (2012 to 2013) through its forest maintenance activities.

PICK
UP



**Nippon
Koki
Co., Ltd.**

**Forest
maintenance
activities**

In fiscal 2023, a total of seven employees from the Amagasaki Plant participated in the "Amagasaki Forest Central Green Space Forest Planting," one of the initiatives of the "Amagasaki 21st Century Forest Project" promoted by Hyogo Prefecture. Together with general volunteers and the secretariat, the employees worked hard on tree planting and weeding. Through this reforestation activity, we will contribute to improving the environment of the waterfront area and ensuring the diversity of biological ecosystems.



PICK UP

Nippon Koki Co., Ltd. | Activities to protect Japanese swamp lantern clusters

The Japanese swamp lantern, which is known in Japan from the children's song "A Memory from Summer," is an alpine plant that grows near water. On the grounds of Nippon Koki's Bibai Plant (Bibai City, Hokkaido Prefecture), which covers an area of about 43 hectares, or 9.2 times the size of the Tokyo Dome, there are clusters of Japanese swamp lanterns in a wetland where sunlight filters through the trees. Surrounded by Japanese white birch and other trees and water, this rich ecosystem is carefully protected with the continuous observation of employees.

PICK UP

Head Office

Use of FSC-certified paper

FSC certification is an international system that certifies "responsible forest management" for the purpose of sustainable forest utilization and conservation. NOF uses FSC-certified paper for its Integrated Report, notice of General Meeting of Shareholders, company profile, and internal newsletters, and cooperates in activities to protect forests.

PICK UP

Head Office

CSR Procurement

The perennial plant "lanceleaf tickseed," a member of the Asteraceae family native to North America, was introduced from overseas as an ornamental and greening plant. However, in 2006 it was designated as a "Designated Invasive Alien Species" under the Act on the Prevention of Adverse Ecological Impacts Caused by Designated Invasive Alien Species because of its strong reproductive capacity and potential to seriously impact the ecosystem in Japan. Cultivation, transport, sale, and release into the wild are prohibited. Local governments throughout Japan are calling for extermination of lanceleaf tickseed through their websites and other means. At NOF's Aichi Works, lanceleaf tickseed grows in various parts of the grounds, and has increased dramatically in recent years. Therefore, the entire plant is conducting extermination activities.

PICK UP



Aichi Works

Weeding of specified invasive non-native plants

From fiscal 2010, we took up "Promoting conservation of biodiversity" as one of the targets of our RC activities. From October 2012, NOF joined the Round-table on Sustainable Palm Oil (RSPO*) as "Palm Oil Processors and Traders" to contribute to the healthy development of the palm oil industry. Since 2014, the NOF Group has participated in the Japan Business and Biodiversity Partnership, which promotes initiatives for biodiversity by business operators. NOF currently endorses the Declaration of Biodiversity and Action Policy by Keidanren (2018 revised edition). Furthermore, in April 2019, NOF became a founding member of the Japan Sustainable Palm Oil Network (JaSPON), which comprises 18 companies and organizations including manufacturers, retailers, and non-governmental organizations, and also engages in activities to encourage the entire industry to procure and use RSPO certified palm oil.

* Acronym for "Roundtable on Sustainable Palm Oil". The RSPO was established in 2004 with an eye to promoting sustainable production and profitability of palm oil through the formulation of globally creditable authentication standards and participation of stakeholders. The RSPO is headquartered in Zurich, Switzerland.



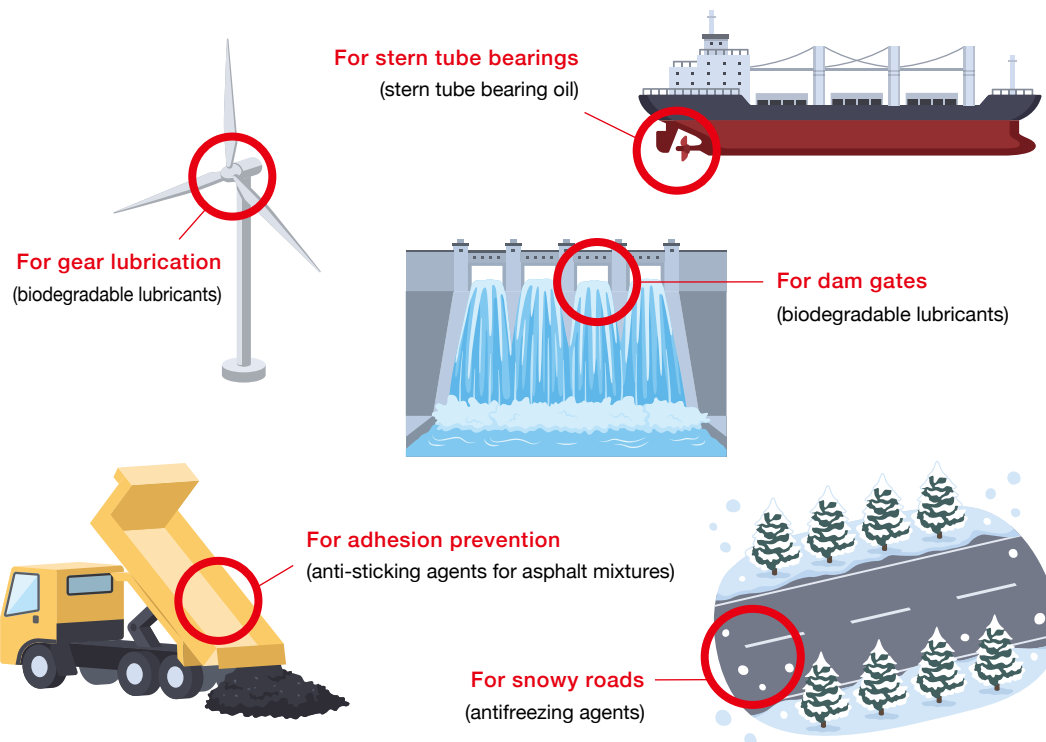
Prevention of soil and water pollution

Functional Materials business

Explosives & Propulsion business

Conventional lubricants and stern tube bearing oils used in construction equipment, dam gates, wind power generation, and other applications, as well as anti-sticking agents for asphalt mixtures used in road construction, pollute the environment when exposed to nature. The NOF Group provides products that are highly biodegradable and thereby contributes to preventing soil and water pollution. In addition, KAMAGU® is an eco-friendly antifreezing agent that does not cause salt damage to concrete sections of tunnels, bridges, etc., and also has minimal impact on plants. AUTOKAMAGU® JET automatic antifreezing agent spraying device works using 100% natural energy (solar energy), and thus contributes to climate change mitigation.

End uses of the NOF Group's products



Climate change mitigation

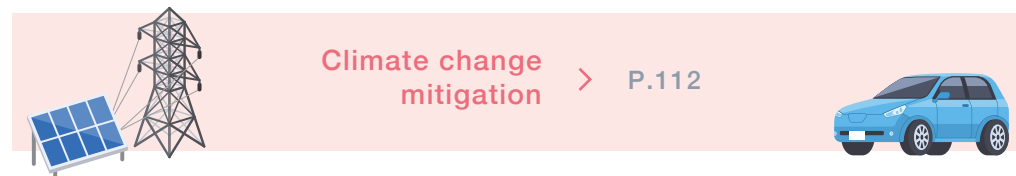
Functional Materials business

Functional Foods business

Metal Coatings business

It is believed that global warming will cause imbalances in ecosystems due to forest thinning, forest fires, and acidification of seawater, leading to an increased risk of extinction of plants and animals. We have various products related to climate change mitigation that also contribute to biodiversity.

End uses of the NOF Group's products





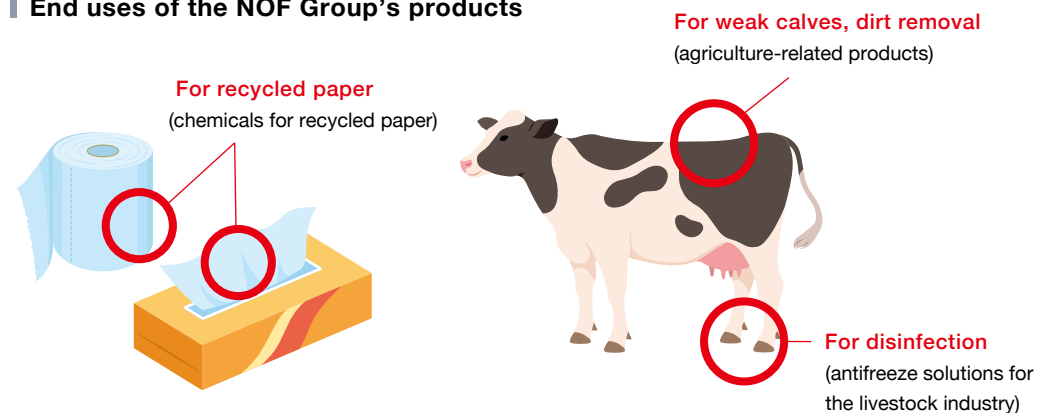
Protection of forests and animals

Functional Materials business

Explosives & Propulsion business

Recycled paper contributes not only to proper waste disposal but also to global environmental conservation by protecting forest resources. The NOF Group contributes to forest protection with chemicals for recycled paper (pitch control agents, removing agents, etc.), which are indispensable for recycled paper. In addition, Viva Frostir® is an antifreeze solution for the livestock industry that is gentle to animals and humans during winter disinfection. NEODRINK® maintains the physical strength of weak calves, and Za Yoroi-Otoshi helps reduce stress in cows by quickly removing dirt.

End uses of the NOF Group's products



Environmental information

Explosives & Propulsion business

In addition to seawater and atmospheric observations, satellite surveys of vegetation and coastal zone changes and behavioral tracking of rare creatures are used as basic data for ecosystem conservation. Our marine equipment and rocket fuel also contribute to biodiversity.

End uses of the NOF Group's products





Analysis according to the LEAP approach*

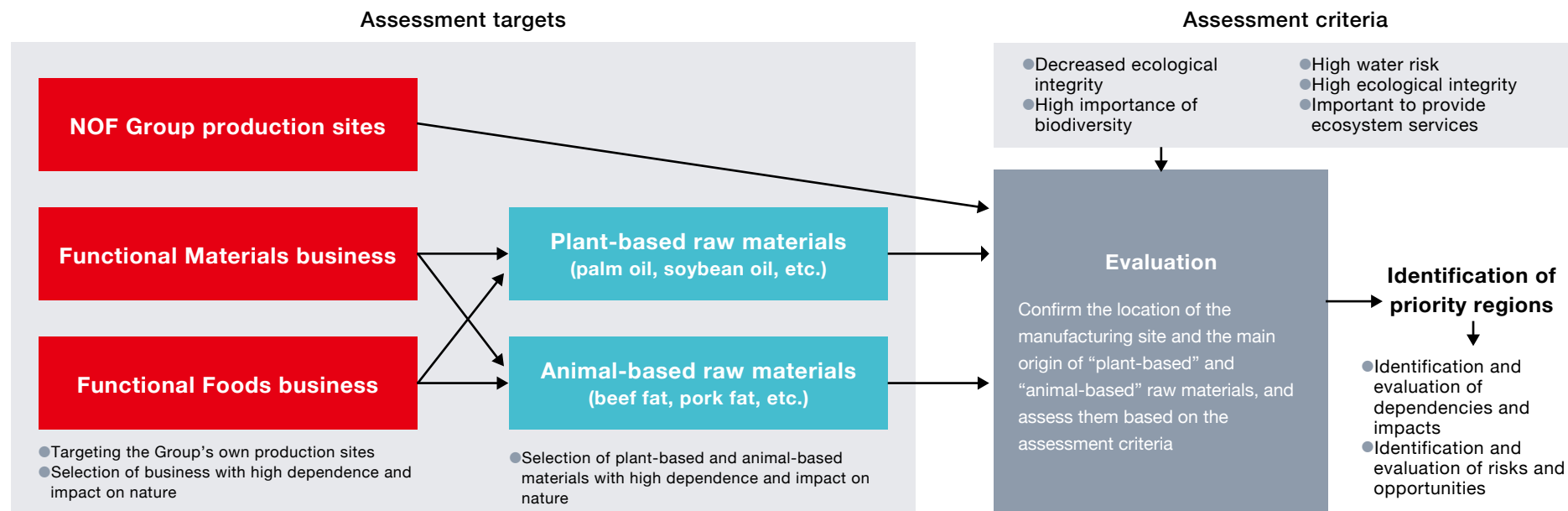
In recent years, biodiversity loss has become a new global risk attracting concern. The Task Force on Nature-related Financial Disclosure (TNFD) requires companies to disclose risks and opportunities related to the natural environment and biodiversity.

The NOF Group uses palm oil and other naturally-derived raw materials. Therefore, we have recognized loss of biodiversity as an important risk. We have established a policy on biodiversity

protection and have been proactively working on it.

Since fiscal 2023, we have been conducting analysis in accordance with the LEAP approach required by the TNFD to identify and assess risks and opportunities related to biodiversity. Specifically, production sites that are important nature-related locations for the NOF Group will be assessed through various tools provided by the WWF and other organizations based on the TNFD assessment criteria to identify high-priority regions for biodiversity initiatives.

For “plant-based” and “animal-based” raw materials among those in the Functional Materials and Functional Foods businesses, which have high degrees of dependence and impact on nature, based on the TNFD assessment criteria, we will evaluate the main origins to identify priority regions, and work on identifying and evaluating dependence and impact, along with identifying and evaluating risks and opportunities.



* A process for systematic, science-based assessment of nature-related risks and opportunities put forward by the TNFD. LEAP is an acronym of the four phases of Locate, Evaluate, Assess, and Prepare.



Supplier Environmental Assessment | Promotion of CSR-Based Procurement

GRI 2-16,23,24,25/3-3/308-2/414-2

Promotion of CSR-based procurement

The importance of CSR initiatives in the international community is becoming increasingly diverse and sophisticated, and their scope is expanding beyond the company's own efforts to include the entire supply chain.

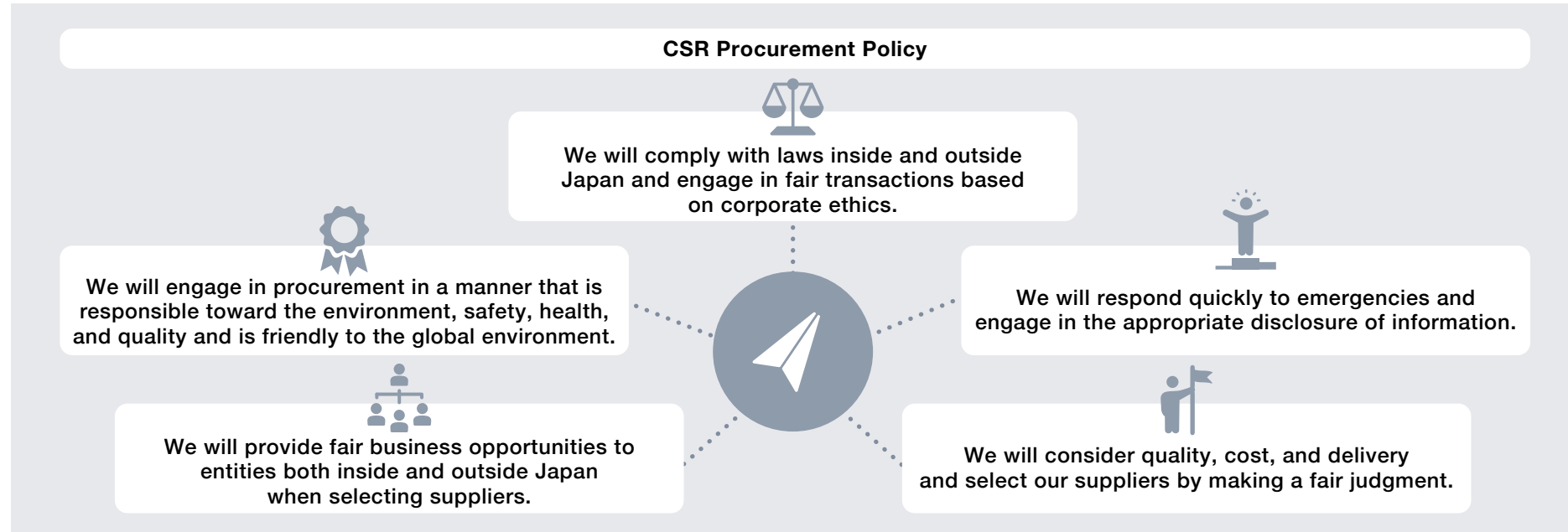
To address these issues and ensure stable and sustainable procurement, NOF has established the CSR Procurement Policy. Furthermore, we have compiled the CSR Procurement Guidelines that we implement and request our suppliers to implement. We request that our suppliers understand the

purpose of this policy and guidelines, and work together with NOF to implement initiatives in accordance with these guidelines.

CSR Procurement Policy

In procuring raw materials, NOF considers the entire supply chain and fulfills its social responsibilities by respecting human rights, ensuring labor conditions, complying with laws and regulations, and being mindful of environmental and safety factors (such as energy use, CO₂/GHG emissions, water use, biodiversity, pollution, waste reduction,

and animal welfare). In order to realize its corporate philosophy, NOF is committed to deal sincerely with its suppliers based on the concept that all of them are important partners.





Supplier Environmental Assessment | Promotion of CSR-Based Procurement

GRI

2-16,24,25/3-3/308-2/
407-1/408-1/409-1/414-2

CSR Procurement Guidelines

NOF established CSR Procurement Guidelines in 2022 and is communicating with suppliers to ensure thorough implementation of the Guidelines.

The human rights section of the Guidelines states, “Should any kind of discrimination, harassment, forced or child labor, or other inhumane behavior comes to light, we will take appropriate steps to remedy the situation.” It also states, “We pay attention to working hours, guarantee the payment of appropriate wages and allowances in compliance with laws and regulations, and respect the freedom to join a union and to engage in protest actions.”

The Guidelines’ section on environmentally conscious procurement states, “We push ahead with procurement that gives consideration to environmental preservation, resource conservation and safety, towards the goal of making sustainable society a reality.”

Inclusion of CSR clauses in basic purchasing contracts

When signing a new basic purchasing contract, we decided to add a clause stating efforts to comply with NOF’s CSR Procurement Policy and CSR Procurement Guidelines.

In addition, we will gradually revise our basic purchasing contracts that have already been concluded.

CSR questionnaire

In the procurement unit, we will provide our main suppliers with necessary explanations on NOF’s CSR Procurement Policy and commence questionnaires on the status of CSR activities at our main suppliers, using the global compact format to improve the objectivity of the questionnaire.

Most recently, we surveyed our major suppliers from fiscal 2020 to 2021 and achieved a coverage rate of 84% based on purchase amount. Since fiscal 2022, we have conducted interviews with suppliers who do not practice CSR-based procurement, and have encouraged them to make improvements.

Fair trade practices

The NOF Group is promoting fair trade practices by stipulating compliance with laws such as the Antimonopoly Act and the Subcontract Act, as well as the prohibition of bribery, in the Global Compliance Manual and the Compliance Manual (Japan version) and carrying out ongoing employee education. The above-mentioned initiatives are further promoted under the NOF Group’s Basic Anti-Bribery Policy.

In addition, in order to avoid the risk of violations of “prevention of delay in payment” and “prohibition of reduction of payment” under the Subcontract Act, the NOF Group has standardized payment terms and conditions that comply with the Subcontract Act in a comprehensive and uniform manner at all Group companies in Japan.

Green procurement

NOF has added “environmental friendliness” to its previous criteria for procurement of materials, which are “quality, cost and delivery time.”

In order to confirm the status of suppliers or products in terms of environmental measures, and to procure products with lower environmental load from suppliers that make greater environmental efforts, we have established a list of managed substances, based on which we conduct a survey of suppliers. The managed substances list is decided on the basis of the POPs treaty, RoHS Directive, and REACH regulations, as well as Japan’s Chemical Substances Control Act, Industrial Safety and Health Act, and Poisonous and Deleterious Substances Control Act. The list is reviewed once a year.

Business continuity plan (BCP)

As part of our BCP, our procurement unit is striving to purchase multiple raw materials and reviewing our supply chain in order to ensure stable raw materials procurement in the event of an emergency, such as a natural disaster, equipment malfunction, or transportation disruption.



Supplier Environmental Assessment | Promotion of CSR-Based Procurement

GRI 2-16,24,25/3-3/308-2/414-2

Procurement of sustainable palm oil

Palm oil is now the most widely produced fat in the world, and it is difficult to completely avoid palm oil in daily life. However, the rapid increase in the number of palm plantations and improperly managed plantations have caused environmental problems such as deforestation of rainforests, smoke pollution, and loss of biodiversity in their producing countries and surrounding areas. There are also social problems such as conflicts with indigenous people over land and child labor.

In order to be involved with palm oil to sustain the livelihoods of producers and consumers while considering the environment, NOF joined the Round-table on Sustainable Palm Oil (RSPO) in 2012 and obtained supply chain certification from the organization in 2014. NOF, a founding member of the Japan Sustainable Palm Oil Network (JaSPON) which was launched in Japan in 2019, conducts activities to procure sustainable palm oil. We also visit RSPO-compliant palm plantations on a regular basis to communicate directly with the farmers and confirm that there are no problems with quality or CSR-related items (human rights, environment, etc.). We will continue to actively promote the use of RSPO-certified oils and advance our activities with consideration for

environmental and human rights concerns. We aim to procure 100% certified sustainable palm oil by fiscal 2030.



Response to responsible mineral procurement

With regard to conflict minerals (3TG^{*1}) that may have an impact on human rights and other issues, we use the Responsible Minerals Initiative (RMI^{*2})-prescribed Conflict Minerals Reporting Template (CMRT^{*3}) and conduct questionnaire surveys of all key business partners. We conduct interviews with suppliers who have indicated that 3TG have been intentionally added or used and remains in their products, and where the refineries cannot be identified, to assess the presence of any human rights risks.

Furthermore, starting from fiscal year 2023, we

have initiated a survey using the unified format for target minerals, including cobalt and natural mica (EMRT^{*4}), with our key business partners.

Education on CSR procurement

NOF holds meetings for materials-related personnel twice a year, which are attended by materials-related personnel from the Head Office and plants, to exchange information and discuss solutions to issues related to CSR procurement.

In addition, with the aim of extending the CSR procurement activities implemented at NOF to our affiliates, a meeting of materials-related personnel of manufacturing-related affiliates is held once a year with the participation of materials-related personnel from those companies.

Establishment of external whistle-blowing contact points

NOF recognizes that compliance is the foundation of the company. We believe it is important to prevent or promptly correct incidents that violate our Code of Ethical Conduct or involve human rights violations. To this end, we have established external whistle-blowing contact points, including our suppliers and other stakeholders.

^{*1} Refers to the four minerals of tin, tantalum, tungsten, and gold extracted in the Democratic Republic of Congo and neighboring countries

^{*2} Acronym for "Responsible Minerals Initiative"

^{*3} Acronym for "Conflict Minerals Reporting Template"

^{*4} Acronym for "Extended Minerals Reporting Template"



Supplier Environmental Assessment | Promotion of CSR-Based Procurement

GRI 2-16,24,25/3-3/308-2/414-2

Participation in the Declaration of Partnership Building

NOF announced the “Declaration of Partnership Building” in support of the aims of the “Council on Promoting Partnership Building for Cultivating the Future” promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and others. We aim to build new partnerships by promoting collaboration, co-existence, and co-prosperity with our supply chain business partners and businesses that create value.



Risks and opportunities for CSR-based procurement

Risks	Opportunities
<p>Procurement risks include the risk of not being able to conduct procurement on schedule and at the planned prices due to various factors such as extreme weather conditions, natural disasters, geopolitical influences, and international conflicts. There is also the risk that sudden changes in demand or supplier problems may undermine stable procurement and disrupt the supply of products to the market. We also need to fulfill our social responsibilities as a company by realizing sustainable procurement, giving full consideration to environmental aspects such as moving away from fossil fuels, global warming prevention, and biodiversity conservation, as well as social aspects such as safety, health, labor environment, and human rights. Amidst this, if for some reason in the supply chain, the NOF Group’s commitment to sustainable and responsible sourcing is deemed insufficient, it could lead to a loss of trust in the NOF Group.</p>	<p>CSR-based procurement is important for procuring raw materials to contribute to a sustainable society. There are many implications and benefits to implementing CSR-based procurement. The important points are indicated below.</p> <ol style="list-style-type: none"> 1. Fulfillment of social responsibilities: CSR-based procurement is a means for companies to fulfill their social responsibilities throughout the supply chain. By considering the working conditions, human rights, and environmental impact of their suppliers, companies can increase their social value and achieve sustainable business practices. 2. Risk reduction: CSR-based procurement is also important from a risk management perspective. Evaluating suppliers for social responsibilities reduces the risk of improper working conditions and environmental issues. 3. Improvement of brand value: Companies that practice CSR-based procurement demonstrate their commitment to social responsibility and earn the trust of consumers and investors. This leads to an improvement in brand value. 4. Strengthening of competitiveness: CSR-based procurement is an element to increase a company’s competitiveness. By practicing sustainable procurement, we can create new business opportunities with our suppliers and increase our competitiveness in the market. <p>We believe that CSR-based procurement is an essential activity for the long-term sustainability and social responsibility of a company and can lead to increased corporate value.</p>

Society



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NOF Group Human Rights Policy

1. Principles and Purpose

With the profound awareness that human rights are essential to the pursuit of happiness and affluent life for all people, and guided by the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the Japanese Government's National Action Plan on Business and Human Rights (2020–2025), and other international standards, the NOF Group will clarify its attitude to commit to its initiatives for respecting human rights, going beyond compliance with national and regional laws and regulations.

2. Scope of Policy

This policy shall apply to all officers and employees of the NOF Group. The NOF Group will also continue to encourage its business partners and suppliers with the expectation that they will support this policy and participate in similar initiatives, and work together to promote initiatives for respecting human rights.

3. Responsibility for Respecting Human Rights

The NOF Group will fulfill its responsibility for respecting human rights by ensuring that it does not violate the human rights of people who are affected by the Group's own business activities and also by taking appropriate actions to remedy issues in the event of adverse impacts on human rights being inflicted by the Group's own business activities. In the event where adverse impacts on human rights are being inflicted by business partners or suppliers, or in the process of supplying products, the NOF Group will require that they take appropriate actions.

4. Human Rights Due Diligence

The NOF Group will build mechanisms for human rights due diligence, investigate and identify issues in a preventive manner and remedy them through appropriate means, and strive continuously to prevent or mitigate adverse impacts on human rights.

5. Remedy

In the event where it is revealed that the NOF Group has caused or furthered adverse impacts on human rights, it will remedy the situation through appropriate procedures.

6. Dialogue and Consultation

The NOF Group will conduct dialogue and consultation with relevant stakeholders in the event where adverse impacts on human rights are being inflicted or if there is a risk of such impacts.

7. Education

The NOF Group will continue to provide appropriate education to ensure that correct understanding of this policy is instilled both within and outside the Group and that the policy is put into practice effectively.

8. Information Disclosure

The NOF Group will disclose the status of its initiatives on respecting human rights.

Established on November 1, 2021
Takeo Miyaji
President & Chief Executive Officer
NOF Corporation

Policy (our fundamental view)

Based on our Corporate Philosophy of “Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, from the biosphere to outer space,” we have clearly stated “respect for human rights” in our Basic CSR Policy and Code of Ethical Conduct and are promoting initiatives to respect human rights. In fiscal 2021, the NOF Group established the NOF Group Human Rights Policy, which applies to all executives and employees of the Group. As we expand our business globally, the aim of the Human Rights Policy is to support and respect international norms set forth by the International Bill of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), the UN Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, the

Government of Japan’s National Action Plan on Business and Human Rights (2020-2025), and the like. The aim is also to fulfill our responsibility to respect human rights, including the prohibition of child labor, forced labor, and trafficking in persons, and the exercise of freedom of association and the right to collective bargaining, in all of our corporate activities. For this, we respect not only the international norms listed above, but also the culture, customs, history, and labor-related laws and regulations of the countries and regions in which we do business.

We also consider and implement initiatives to address human rights risks that could arise in our business activities. Examples of specific activities include: conducting an engagement survey of our own employees to check the status of human rights compliance within the company, implementing corrective measures for identified issues, and

conducting a CSR questionnaire for all our suppliers to study the status of respect for internationally recognized human rights throughout the supply chain.

Furthermore, during the current fiscal year, as part of an education program for all employees regarding the spread of the values of the “Revised Corporate Philosophy and Guiding Framework” revised in April 2023, we provided education on “The NOF Group’s Values and Human Rights & Compliance.” We are also developing responses within the company to the revised Act for Eliminating Discrimination against Persons with Disabilities, which entered into force in April 2024. We will continue to work to reduce human rights risks by further deepening our human rights due diligence efforts through enhanced employee education, dialogue with stakeholders, and other means.









Risks and opportunities for human rights

Major risk	Risk description	Opportunities	Major activities
Harassment	<ul style="list-style-type: none">● Loss of trust from society and damage to corporate value due to lawsuits filed regarding harassment	<ul style="list-style-type: none">● Elimination of harassment by instilling the Corporate Philosophy, values, and Code of Ethical Conduct● Increase employee engagement and social recognition of corporate value	<p>[Shared activities]</p> <ul style="list-style-type: none">● Revision of the Code of Ethical Conduct FY2023 results: Formulation of proposed revisions FY2024 plan: Roll out to Group companies (including overseas)● Development of compliance education with video materials FY2023 results: Selection and acquisition of video materials, consideration of platforms for release FY2024 plan: Promote internal disclosure and utilization, and confirm status● Rolling out of an education program for Corporate Philosophy, values, and compliance FY2023 results: Implemented for all employees FY2024 plan: Incorporate into education at the organizational level● Continuous awareness-raising activities utilizing in-house newsletters FY2023 results: Focused publication of articles related to abuse of authority FY2024 results: Selection of themes in line with actual internal conditions and social conditions <p>[Harassment]</p> <ul style="list-style-type: none">● Creation of a guide for responding to reports FY2023 results: Creation of a guide to reflect actual internal conditions FY2024 plan: Hold briefing sessions for managers <p>[Human rights]</p> <ul style="list-style-type: none">● Implementation of human rights education FY2023 results: Educational content, target personnel selection FY2024 plan: Implementation of human rights education for management● Continued implementation of employee engagement surveys FY2023 results: Open-ended responses were classified and aggregated for internal disclosure consideration FY2024 plan: Implementation of improvement measures and understanding of evaluations based on open-ended responses
Human rights abuses	<ul style="list-style-type: none">● Reputation damage and economic losses such as suspension of transactions due to the occurrence of human rights issues in the supply chain, both internally and externally	<ul style="list-style-type: none">● Strengthening of cooperation with business partners and enhancement of trust from society● Enhancement of employee engagement	



Responses to priority risks (harassment and human rights abuses)

The NOF Group comprehensively identifies business risks surrounding its operations and selects “priority risk” items that should be addressed to enhance resilience. In the area of “Harassment and Human Rights Abuses,” which was selected as a “priority risk” in the fiscal 2022 risk assessment, we are implementing measures focusing on four themes. The results of activities and plans for each measure are as follows.

	Results of activities in FY2023	FY2024 activities plan
1  Revision of the Code of Ethical Conduct	Drafted a revision based on the new Corporate Philosophy and three values in light of changes in social conditions and awareness surrounding corporate compliance	Finalize the contents and disseminate to the Domestic Group in a special issue of the in-house newsletter. In addition to disclosing the Japanese and English versions on our website, consider planning in-house training programs to make it clear that our Code of Ethical Conduct is synonymous with our values
2  Establishment of a guide for responding to harassment	Prepared the “Guide to Handling Whistle-blowing Cases” that summarizes points to keep in mind, focusing on initial response to harassment cases, preparedness of managers, and prevention of secondary damage to victims due to investigations	Hold briefing sessions for managers, who are key for preventing and dealing with harassment. Improve awareness and encourage proactive engagement by making people feel it is a personal responsibility
3  Strengthening of awareness of human rights and compliance <div> Introduction of compliance education videos Implementation of education on values, human rights, and compliance </div>	Purchased educational videos on the themes of prevention of harassment and raising human rights awareness. Also considered introducing a video platform to make videos available internally Created original content and held in-house lectures on “The NOF Group’s Values and Human Rights & Compliance” as a training program for developing human resources with a sense of values and autonomy	Establish an environment that is easily accessible to all employees, and make educational videos available internally. Announce video themes during awareness months and weeks to encourage individuals and groups to actively use the videos The Legal Department and the Human Resources & General Affairs Department collaborate to provide compliance education focusing on harassment as well as education on specific laws and regulations, such as the Subcontract Act, within training at the organizational level
4  Implementation of employee engagement surveys (human rights DD for employees)	Open-ended responses from the employee engagement survey were classified and aggregated, and information was extracted toward improving systems and resolving human rights risks. Internal disclosures on this were also considered	Conduct similar surveys to understand trends toward spread and improvement of measures. Publish an overview of the results in the in-house newsletter to communicate that the employee engagement survey is the basis for each measure



Respect for the human rights of Company and Group employees

Initiatives to safeguard occupational safety and health in the workplace

The whole NOF Group, including the staff of cooperating companies assigned to NOF's works, is making all-out efforts to eradicate occupational accidents. In order to clearly express the Group's determination to make its workplaces secure and safe for all the workers involved in its activities and to realize this ideal, NOF set forth its Occupational Safety and Health Policy in April 2006. The major activities are as follows. Please refer to page 186 of the Sustainability Report for information on the occurrence of occupational accidents.

(1) Development of OSHMS* (Occupational Safety and Health Management System)

The NOF Group, under its Occupational Safety and Health Policy, is undertaking buildup of the Occupational Safety and Health Management System. Referencing the guidelines of the International Labor Organization and the Ministry of Health, Labor and Welfare, we are building up our own system and promoting activities. The Risk Assessment program, which started in fiscal 2008 at every works of the NOF Group, is now adopted by domestic member-companies of the NOF Group as well.

(2) Implementation of various training and drills
The NOF Group conducts various training programs, including on forklift operation, handling of hazardous materials and chemicals, fall prevention in the workplace, and heat stroke prevention, as well as disaster prevention drills and BCP training.

Diversity promotion initiatives

The NOF Group implements various training programs to promote the advancement of women. To date, we have conducted training on diversity promotion and gender bias for managers who have female employees under their supervision, and training on diversity promotion and leadership development for female employees.

Management of work hours

The NOF Group is working to ensure proper labor management with a view to reducing work hours by improving operational efficiency and productivity and promoting fulfilling lifestyles outside of work, while making efforts to reduce work hours mainly through restricting work after the designated time and introducing a work interval system.

Establishment of internal whistle-blowing contact points

The NOF Group has set up consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese at external third-party institutions as contact points for whistle-blowing / consultation in overseas countries where NOF's business bases are located. Employees can contact the desks if they become aware of a violation or potential violation of compliance rules.

In fiscal 2023, 15 reports were received, mainly for harassment. We carefully investigated the facts of each report promptly and without searching for the whistleblower, and took necessary corrective actions and measures to prevent recurrence. For example, in harassment-related reports, we issued guidance to the reported individuals or imposed disciplinary actions.

Results of survey on awareness of whistle-blowing contact points

Options	Do you know that there are contact points for reporting and consulting about illegal or improper activities in the workplace?
I know about the contact points, including how to reach them	50.1%
I know about the contact points, but don't know how to reach them	40.3%
I don't know about the contact points	9.6%

* Acronym for Occupational Safety and Health Management System. A management system that determines the organization, responsibilities, practices, processes, and management resources required for an operator to continuously mitigate potential occupational safety and health risks.



Implementation of employee engagement surveys

Since fiscal year 2022, NOF has conducted an employee engagement survey for Company employees to investigate the occurrence of harassment within the Company, respect for privacy, treatment and evaluation of women and non-Japanese employees, occupational safety and health in the workplace, and awareness of reporting contact points and disadvantageous treatment. Responses were received from 1,785 employees in fiscal 2023.

Some of the results of the survey are as follows. 90.4% of all respondents indicated that they were aware of the reporting contact points, showing that there is a high rate of awareness. On the other hand, about 20% of respondents indicated “There is not well-established awareness in the workplace that discrimination and harassment are not tolerated.”

As a response to the above issue, from January to March 2024, a section on “The NOF Group’s Values and Human Rights & Compliance” was established in NOF’s values training program to roll out education on harassment prevention at sites nationwide.

Results of the survey on well-established awareness of preventing harassment

Options	Is there well-established awareness in the workplace that discrimination and harassment are not tolerated?
There is well-established awareness	33.3%
There is semi-established awareness	45.6%
Awareness is not really established	17.0%
Awareness is mostly not established	4.1%



Respecting the human rights of stakeholders through business transactions

Formulation of the CSR Procurement Policy and CSR Procurement Guidelines, and incorporating CSR-related clauses in basic purchasing contracts

The NOF Group established the CSR Procurement Policy for stable, sustainable procurement. In addition, we created the CSR Procurement Guidelines that compile measures the NOF Group implements and requests its suppliers to implement.

Furthermore, when signing a new basic purchasing contract with a business partner, we decided to add a clause stating efforts to comply with the NOF Group's CSR Procurement Policy and CSR Procurement Guidelines. We will also gradually revise our basic purchasing contracts that have already been concluded.

Implementation of the CSR questionnaire

In the procurement unit, we provide our main suppliers with necessary explanations on the NOF Group's CSR Procurement Policy and conduct questionnaires on the status of CSR activities at our main suppliers, using the CSR/Sustainable Procurement Self-assessment Questionnaire created by the Global Compact Network Japan (GCNJ) to improve the objectivity of the questionnaire.

Most recently, we surveyed our major suppliers

from fiscal 2020 to 2021 and achieved a coverage rate of 84% based on purchase amount. The questions related to human rights and labor as well as the average score for each item are as follows. For suppliers whose efforts were deemed insufficient, we interviewed them in fiscal 2022 and encouraged them to make improvements.

Procurement of sustainable palm oil

The existence of human rights and labor problems has long been noted in the oil palm plantations

where palm oil is produced. The NOF Group has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2012, obtained supply chain certification in 2014, and is a founding member of the Sustainable Palm Oil Network (JaSPON) launched in Japan in 2019, committing to efforts for sustainable sourcing of palm oil.

CSR questionnaire results

Category	Question	Average score (out of 5)
I. Corporate governance concerning CSR	Establishment of an internal whistle-blowing system	4.27
	1. Respect for human rights and prohibition of discrimination	4.12
	2. Avoidance of complicity (unintentional facilitation) in human rights abuses	3.99
II. Human rights	3. Respect for indigenous peoples' livelihoods and communities	3.51
	1. Prohibition of discrimination in employment	4.40
	2. Provision of equal opportunities to employees regarding human resources development, career advancement, etc.	4.49
III. Labor	3. Prohibition of inhumane treatment	4.56
	4. Payment of proper wages	4.79
	5. Fair application of working hours, leave/paid holidays, etc.	4.85
	6. Prohibition of forced labor	4.66
	7. Prohibition of child labor	4.64
	8. Respect for the religious traditions and customs of the countries and regions in which business operations are conducted	4.19
	9. Recognition and respect for freedom of association and the right to collective bargaining	4.31
	10. Proper management of employee safety and health	4.85



Response to responsible mineral procurement

With regard to conflict minerals that may have an impact on human rights and other issues (four minerals of tin, tantalum, tungsten, and gold extracted in the Democratic Republic of Congo and neighboring countries), we use the Responsible Minerals Initiative (RMI)- prescribed Conflict Minerals Reporting Template (CMRT) and conduct questionnaire surveys of all key business partners. Furthermore, starting from fiscal year 2023, we have initiated a survey using the unified format for target minerals, including cobalt and natural mica (EMRT), with our key business partners.

Establishment of external whistle-blowing contact points

The NOF Group recognizes compliance as a foundation that supports the company and believes it is crucial to prevent or promptly correct incidents that violate laws, regulations, and the Code of Ethical Conduct, or involve human rights abuses, to avoid them becoming severe or prolonged. To this end, we have established whistle-blowing contact points for external parties, including our business partners.

Respect for customers' human rights

The aforementioned external whistle-blowing contact points accept reports not only from suppliers but also from NOF customers. To date, we have not received any reports through the Compliance Hotline.



Cultivating Talent and Creating a Positive Work Environment

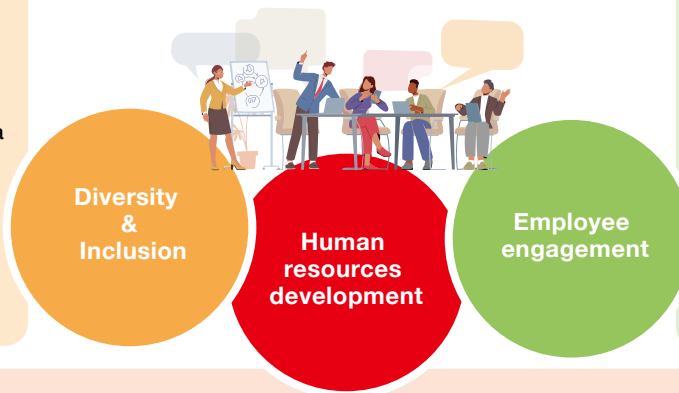
Policy (our fundamental view)

Amidst the rapidly changing and increasingly uncertain business environment, as we are increasingly required to face various social issues, stay acutely aware of the progress of innovative technologies, and take on the challenge of creating new value, we are working on three pillars of better performance of human resources based

on the belief that human resources growth is the foundation of management while also taking into account the perspective of human capital management: “human resources development,” “diversity & inclusion,” and “employee engagement.”

Three pillars of human resources performance

The three pillars of better human resources performance are “human resources development,” “diversity & inclusion,” and “employee engagement.”



We will continue to hire diverse human resources regardless of an individual’s gender, age, nationality, or disability. Further, in order to create a corporate culture in which women can play a more active role, we will enhance systems that enable women to work comfortably.

We will continuously advance creation of mechanisms, systems, and workplaces that enable each employee to understand our Corporate Philosophy and values and perform their duties with motivation. We will also conduct employee engagement surveys on a regular basis and strive to improve job satisfaction.

We will promote human resources development measures that include support for career design development in addition to the development of autonomous human resources and DX human resources. We will also work to develop employee leadership and promote a corporate culture that values “challenge” in order to achieve sustainable business growth.

Each individual takes on the challenge of creating new value

In order to further strengthen an organizational culture where employees themselves embody and act in accordance with the three values of “Challenge,” “Fairness,” and “Harmony,” we have launched human resources development initiatives to deepen all employees’ understanding of the three values as relevant to themselves. By having an awareness that each individual takes ownership in promoting businesses and is responsible for his or her own work, we hope to achieve growth both as individuals who take on the challenge of creating new value in a rapidly changing and increasingly uncertain business environment and as an organization in which human resources are assembled together. Based on the belief that human resources growth is the foundation of management, we hope to continue to provide generous support for the growth aspirations of each individual by enhancing diversity and improving employee engagement while also taking into account the perspective of human capital management.

General Manager,
HR & General Affairs
Department and Operating Officer

Akihisa Maeda





Cultivating Talent and Creating a Positive Work Environment

Securing Diverse Human Resources, Governance Related to Human Resources Development

GRI 2-12

Sustainability Committee

The Sustainability Committee, which is attended by all Directors, identifies and discusses materiality issues (important issues) related to human capital and reports to the Board of Directors.

The Sustainability Committee sets KPIs and numerical targets for each materiality issue, then deliberates on the progress of each. The committee also discusses KPIs and numerical targets for the next fiscal year to continuously improve the level of our activities.

Strategic Meeting

At Strategic Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members promote activities to secure human resources, including deliberating on the number of personnel expected to be hired, their assignments, and ensuring diversity, as well as evaluating the status of hiring, in order to secure diverse human resources based on the belief that acceptance of and respect for diversity encourages the creation of innovation. In addition, to ensure that each and every employee can perform their duties with motivation, we aim to create rewarding and comfortable workplaces by conducting employee engagement surveys, evaluating the survey results, and identifying issues to improve the effectiveness of our efforts.

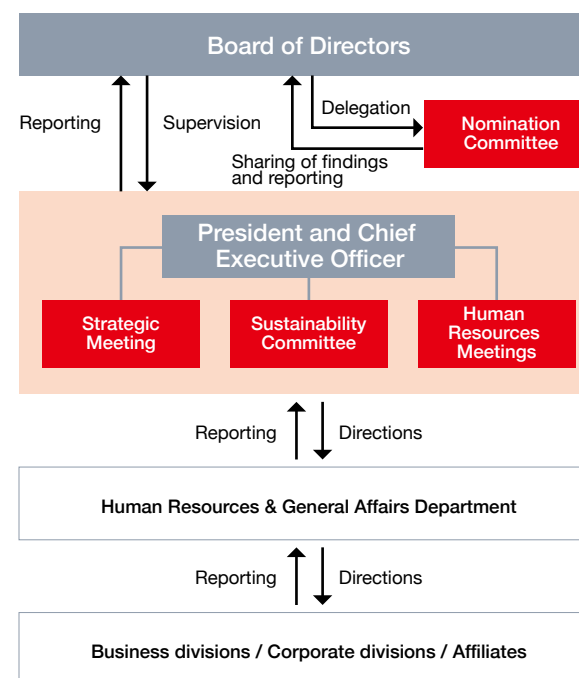
Human Resources Meetings

At Human Resources Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members deliberate on Company-wide human resources development plans and evaluate the details of their implementation in order to steadily promote human resources development measures that support sustainable business growth. The meetings also provide a space to implement deliberations on personnel evaluations at the general manager level, periodic interviews, interviews with candidates for promotion, and reports from managerial candidates on recommendations for management policies and other matters, and members are involved in understanding the characteristics of personnel at the general manager level and human resources development measures, and a system has been established to implement a PDCA cycle for training of human resources including successive personnel.

Nomination Committee

The Nomination Committee, of which Outside Directors comprise the majority, conducts evaluations and discussions related to continual human resources development, and provides feedback to the Board of Directors.

Securing diverse human resources, governance related to human resources development





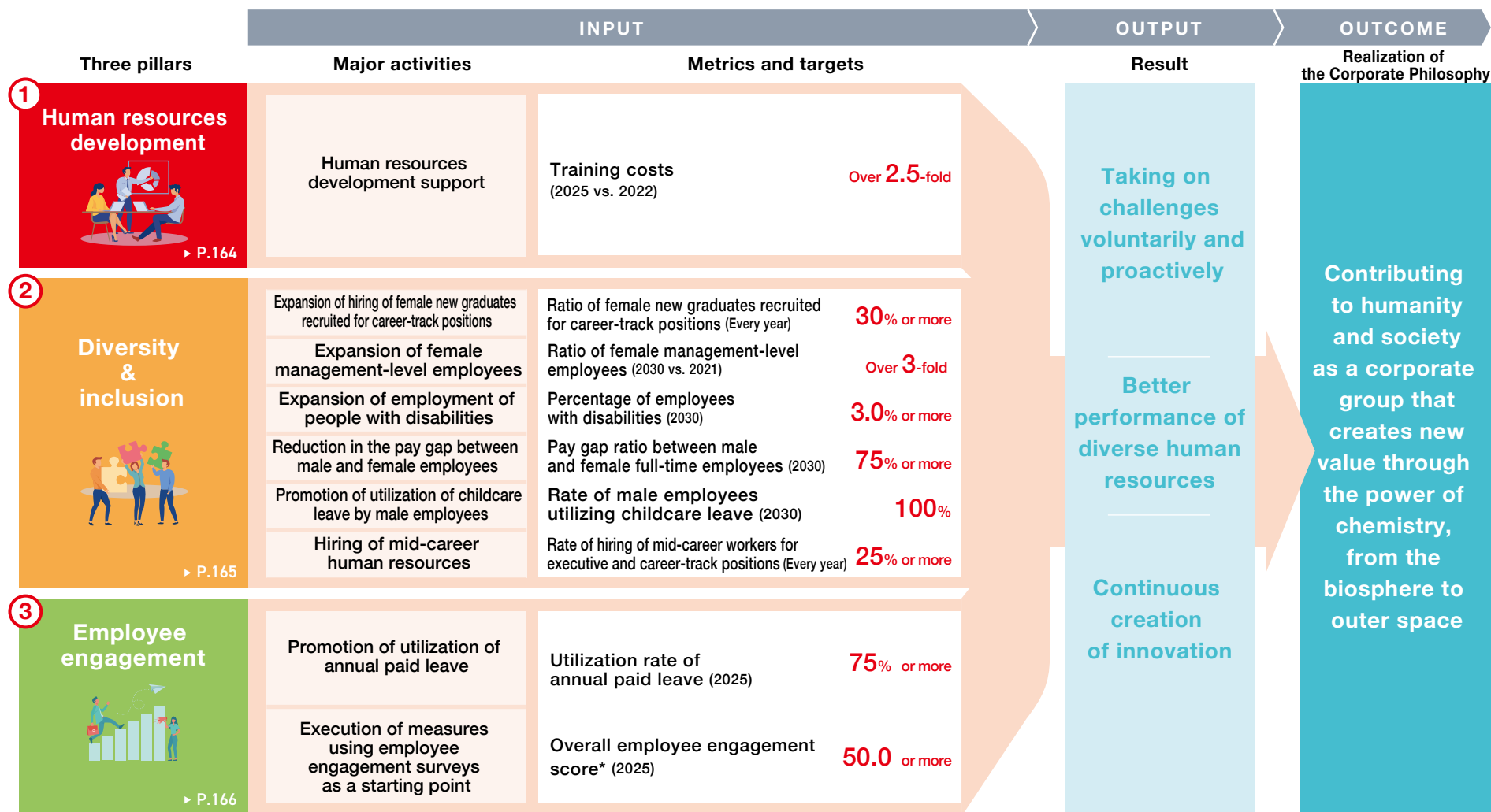
Cultivating Talent and Creating a Positive Work Environment

Metrics and Targets

GRI 401-1,3/405-1,2

We create diverse human resources who take on the challenge of creating new value.

NOF



*Employee engagement score by Graft, provided by M.STAGE CO., LTD.



Cultivating Talent and Creating a Positive Work Environment

Metrics and Targets
[Theme (1):
Human Resources Development]

GRI 404-2

Human resources development



In a rapidly changing and increasingly uncertain business environment, as a driving force toward achieving our corporate vision for fiscal 2030 depicted in NOF VISION 2030, we hope to grow into an assembled team of human resources who have a high sense of ownership and are willing to see work through to the end in order to solve problems.

To this end, as investment in human capital, we will provide an environment that encourages each individual to take on challenges by offering opportunities to learn new knowledge and various insights and skills, along with enhancing training by rank and by issue and expanding support for self-education and development.

Major activities in FY2023	Career training for employees to independently and proactively consider medium-term career design	Development of autonomous human resources with a deep understanding of NOF's values and a high sense of ownership	NOF Management School, which aims to develop next-generation managerial human resources	Initiatives for development of DX human resources toward selected human resources that promote DX	Provision of opportunities to get a feel for the thinking of managers, cultural figures, and researchers from various fields
	99 people	1,861 people	15 people	75 people	436 people

Training costs NOF



1

Promotion of growth of autonomous human resources

Strengthening development of autonomous human resources

To develop human resources with a high sense of ownership embodying NOF's values, we will systematically implement training for all employees throughout the Company.

Support for career design development

We will consider support for career design development so that employees can proactively form medium- and long-term goals and develop their skills effectively and efficiently.

2

Promotion of development of DX human resources

We will systematically implement DX training for selected personnel.

3

Promotion of development of global human resources

We will systematically implement measures to develop human resources who can actively participate in overseas business, etc.



Cultivating Talent and Creating a Positive Work Environment

Metrics and Targets [Theme (2): Diversity & Inclusion]

GRI

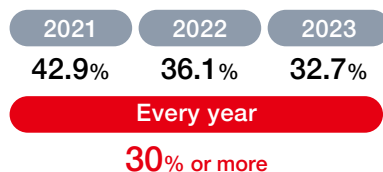
2-7/401-1,3/
405-1,2

Diversity & Inclusion



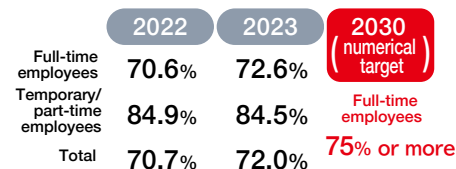
We believe that in order to achieve sustainable business growth, it is important to create an environment and culture capable of drawing out the maximum vitality of employees with diverse values, and that by accepting and respecting diversity, we can continue to generate innovation. The active participation of female employees is a major issue in promoting diversity and inclusion. In order to increase the ratio of female career-track employees, NOF has been continuing its efforts to make sure that the percentage of female new graduates recruited for career-track positions is 30% or more for the past nine years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of fiscal 2015, rose to 25% by the end of fiscal 2023. The ranks of female career-track employees, who are expected to be promoted to management-level positions as future management candidates and play an even more active role, are growing larger. We will continue to promote this initiative from now on in our efforts to create an environment in which diverse human resources can actively participate and increase the ratio of female management-level employees from a medium-term perspective.

Ratio of female new graduates recruited for career-track positions NOF P.170



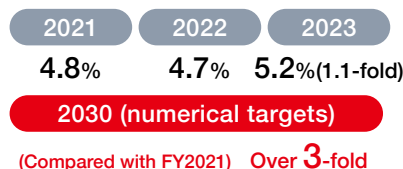
- Posting testimonials from young employees and employees raising children on our recruitment page to deepen understanding on what working looks like after joining the company, career development, and balancing work with child rearing
- Implementing diversity training for female employees and their supervisors (general managers) to promote career development and understanding of diversity

Pay gap ratio between male and female full-time employees*1 NOF P.173



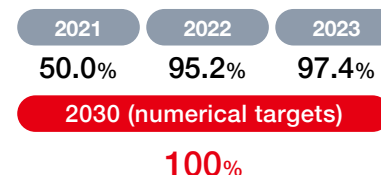
- Expanding systems to support balancing work with childbirth and childcare
- Improving the working environment, including break rooms, to make it easier for female employees to work in manufacturing facilities that operate continuously 24 hours a day
- Increasing number of candidates for female management-level positions

Ratio of female management-level employees NOF P.172



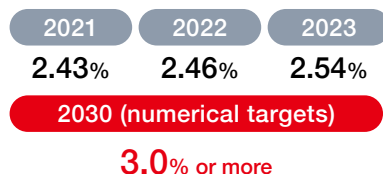
- Promotion of female career-track employees to management positions through systematic training
- Establishment of a job return system to promote rehiring at NOF for those who resigned out of necessity for a variety of reasons, such as childbirth, childcare, or the transfer of a spouse

Rate of male employees utilizing childcare leave NOF P.176



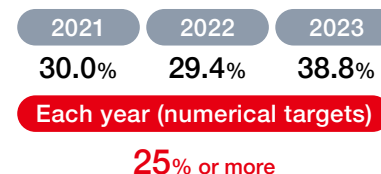
- Implementation of support measures that enable male employees to utilize childcare leave
- Clarifying the rules on securing personnel to cover those on leave

Percentage of employees with disabilities NOF P.171



- Promoting the creation of workplaces where employees can work with motivation (clarification of duties)

Rate of hiring of mid-career workers for executive and career-track positions*2 NOF P.170



- Promoting the hiring of personnel who can make use of their career experience from other companies and talented external personnel

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

*2 Rate of hiring of mid-career workers for executive and career-track positions (%) = (new mid-career hires for executive and career-track positions between April 1 and March 31) / (new graduate career-track employees and new mid-career hires for executive and career-track positions between April 1 and March 31) x 100



Cultivating Talent and Creating a Positive Work Environment

Metrics and Targets [Theme (3): Employee Engagement]

GRI 2-29

Employee engagement

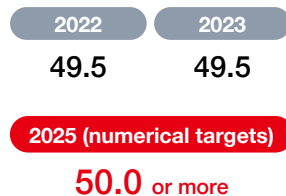


We believe that each individual employee having an understanding of our corporate philosophy and values, thereby performing his or her duties with a high sense of ownership and motivation, is the driving force for achieving sustainable business growth. We are focusing on improving employee engagement with the topic of developing human resources that can talk about and realize our vision for a decade from now, as well as increasing their number, with a view to strengthening internal branding. As efforts to achieve this, we are working to create comfortable workplaces from various perspectives, including the development of autonomous human resources based on NOF's values, diversity and inclusion, work-life balance, health, occupational safety and health, and labor-management relations. We have conducted employee engagement surveys since fiscal 2022 to ascertain employee engagement and the results of past initiatives. We identify overall employee engagement scores based on employee engagement related to work and duties (creativity, relationship building, and meaning-making) and employee engagement related to the company and organization (work content, human relations, and organizational systems). We analyze and evaluate these scores, and implement and plan the following measures.

Initiatives to improve employee engagement

- Holding workshops for all employees, etc. to share the newly defined values and promote understanding of autonomous actions based on these values
- Career development support initiatives (implementing career training, establishing a career consultation service)
- Support for self-education/development by enhancing distance learning
- Support for promoting health through the use of sports gyms
- Ongoing initiatives aimed at smoking cessation (from FY2021)
- Enhancing the cumulative saved leave system (revising the cumulative framework and number of days, adding illness during pregnancy as a reason for use, etc.)
- Enhancing the eligible length of service for refresh leave (service leave)

Overall employee engagement score NOF



Employee engagement survey measured items

Status of employee engagement related to work and duties



Status of employee engagement related to the company and organization



Other measured items

- Understanding of the Corporate Philosophy
- Evaluation of the performance appraisal system management
- Evaluating of the remote work policy
- Evaluating of compliance initiatives



Cultivating Talent and Creating a Positive Work Environment

Risks and Opportunities

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

The Risk Management Committee conducts comprehensive assessments of risks and promotes measures to address them.

Risks and opportunities for human capital

Theme	Risk description	Opportunities
Delays in fostering human resources	<ul style="list-style-type: none"> Delays in implementing human resource development plans and insufficient capacity building may delay the development of core human resources responsible for business growth and hinder sustainable business growth 	<ul style="list-style-type: none"> To prevent delays in human resources development, we have established a system that regularly implements a PDCA (Plan-Do-Check-Act) cycle. At human resources meetings, which are attended by Directors who are concurrently serving as Operating Officers as well as Operating Officers with a title, there is deliberation on the company's human resources development policy measures and evaluation of their implementation. This ensures the steady implementation of measures to develop human resources who support sustainable business growth We set targets for human resources development, using training costs as a metric. The progress and results are reported to the Sustainability Committee, which is attended by all Directors. The Committee discusses response policies and other matters to ensure the continuous improvement of human resources development measures
Labor shortages	<ul style="list-style-type: none"> The decreasing workforce and number of young people, as well as the expansion of job openings due to the prosperous economy, may delay the securing of necessary employees and delay business plans 	<ul style="list-style-type: none"> For new graduate hires, we are working to prevent mismatches with applicants' expectations by promoting a better understanding of our business, such as through plant tours. For mid-career hires, we aim to increase the potential for securing highly skilled human resources in line with our business plans by expanding the channels where job information is released and enhancing the information available on our website We have established a system (job return system) to make it easier for retirees to rejoin the company, providing opportunities to secure experienced human resources We set targets for the ratio of hiring of female new graduates recruited for career-track positions and the ratio of hiring of mid-career workers for executive and career-track positions. Progress and results are reported to the Sustainability Committee, which is attended by all Directors. The Committee discusses response policies and other matters to ensure the continuous improvement of initiatives to secure human resources
Rise in turnover rates	<ul style="list-style-type: none"> An increase in the number of employees leaving the Company due to reasons such as dissatisfaction with the Company, family caregiving, or other circumstances could hinder business promotion and execution 	<ul style="list-style-type: none"> We have established an opportunity (1 on 1 meeting) for supervisors and subordinates to hold a dialogue about their careers once a year. We are working to understand individual wishes, to support career development, and promote creation of comfortable workplaces, as well as to enhance systems that help employees balance work with family care, childcare, etc. We established our new career consulting service to provide opportunities to obtain expert advice, support independent career building and promote human resource growth, and foster human resources who are highly motivated to do their jobs



Cultivating Talent and Creating a Positive Work Environment

Risk Management for Human Capital

GRI 2-12

With regard to risk management related to human capital, we have established our Risk Management Committee and a system to report to and receive supervision from the Board of Directors through the Sustainability Committee.

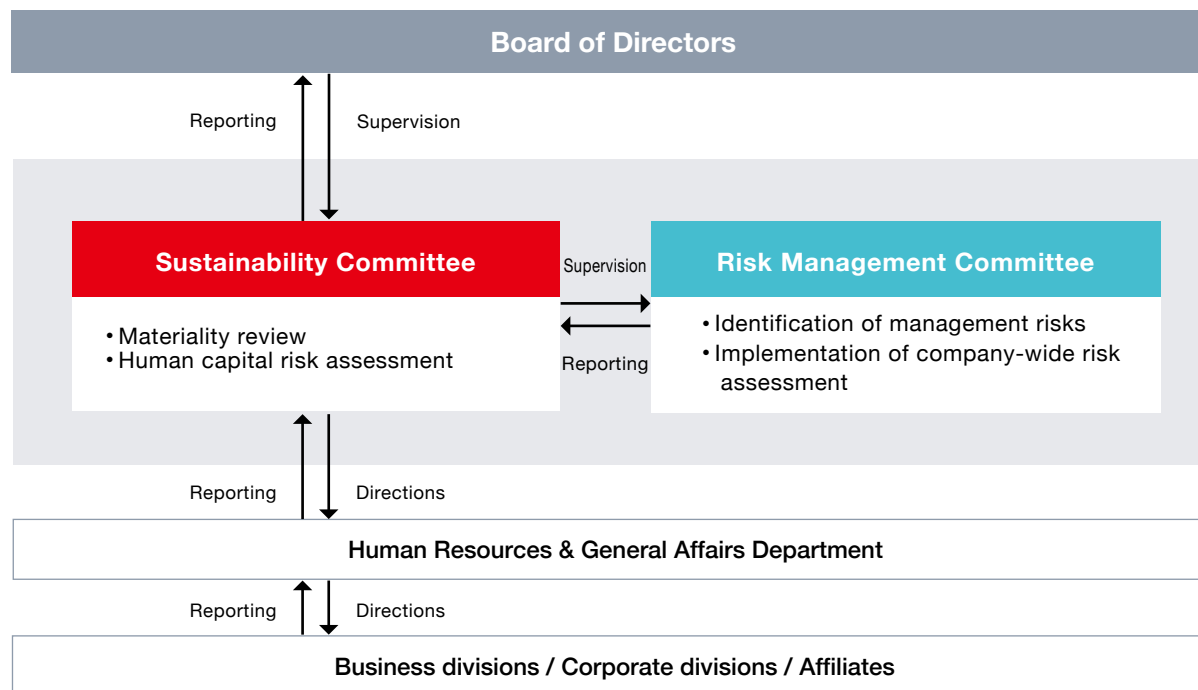
Sustainability Committee

The Sustainability Committee, which is attended by all Directors, oversees the results of risk assessments related to human capital and reports to the Board of Directors.

Risk Management Committee

The Risk Management Committee, which comprises divisions with jurisdiction over risks and others, 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 risk item in order to identify risks that need to be addressed as a priority. Among the various management risks surrounding our business, we conduct risk assessments to evaluate how the impact of risks related to human resources and labor might change in the future. The results of this analysis are reported to the Sustainability Committee, which evaluates the risk measures.

Risk management for human capital

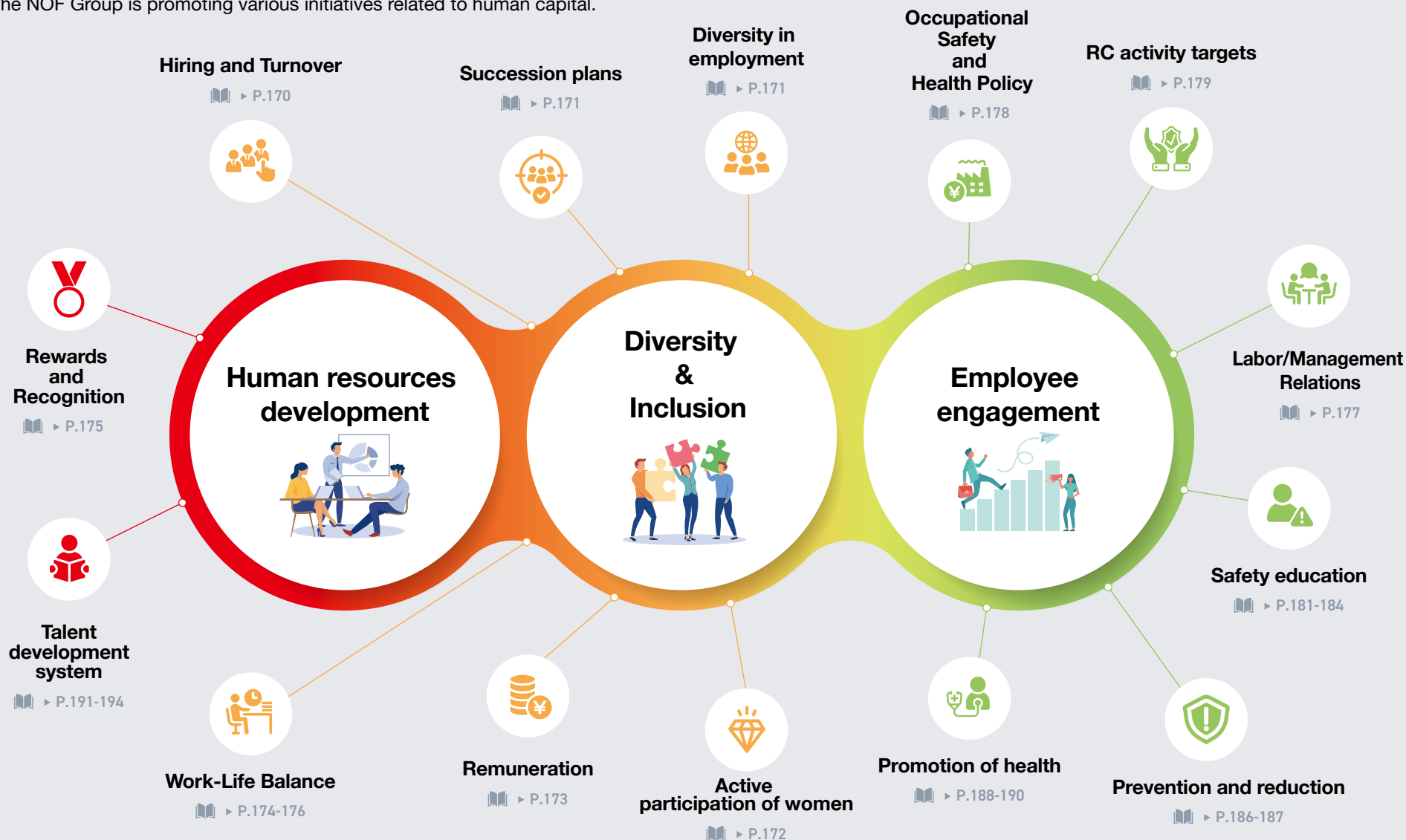




Cultivating Talent and Creating a Positive Work Environment

Initiatives for Human Capital

The NOF Group is promoting various initiatives related to human capital.



* The "five domestic consolidated companies" mentioned in the Society section refer to the following consolidated subsidiaries of the Company. In some places, only the results of four domestic consolidated companies are shown with the names of the target companies being noted. (YUKA SANGYO CO.,LTD.; Nippon Koki Co.,Ltd.; NIGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; NICHYU LOGISTICS CO., LTD.)



Securing Human Resources and Diversity & Inclusion | Hiring and Turnover

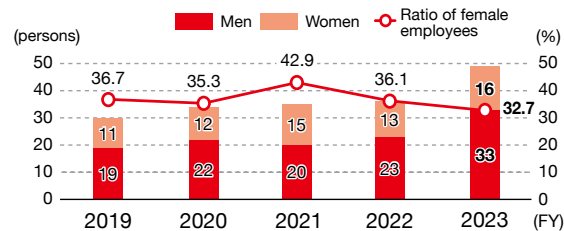
GRI

2-7/401-1/
405-1

Recruitment and appointment of human resources

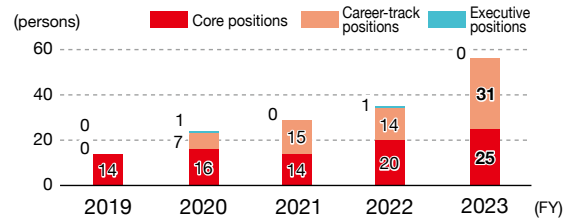
In order to realize its Corporate Philosophy, NOF focuses on hiring mid-career workers in addition to new graduates, promoting the employment of diverse human resources. NOF actively recruits new

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

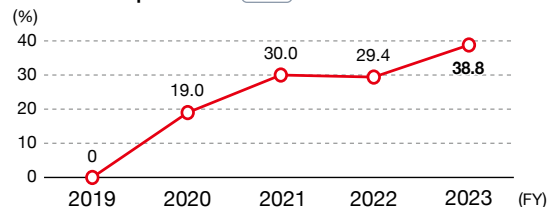


*Data for employees who entered the company on April 1.

Number of mid-career workers hired



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



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

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

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

FY2023 **29.5 years old**

Turnover

We have established an opportunity (self-report system) for supervisors and subordinates to hold a dialogue about their careers once a year. We are working to understand individual wishes, to support career development, and promote creation of comfortable workplaces, as well as to enhance systems that help employees balance work with family care, childcare, etc. In addition, we established our new career consulting service, provide opportunities to obtain expert advice, and support independent career building. We promote this as a system so that employees receive career advice to broaden their perspectives and outlook on their

jobs, and work with high motivation.

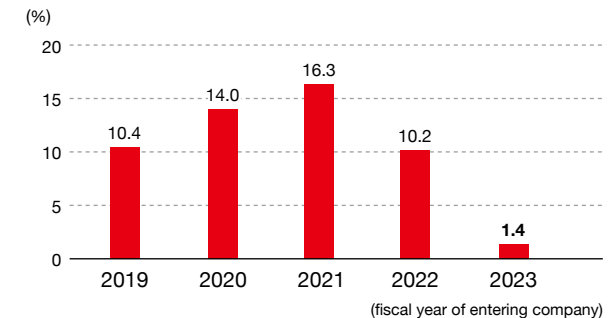
Turnover rate

Turnover due to personal reasons

FY2023 **2.5%**

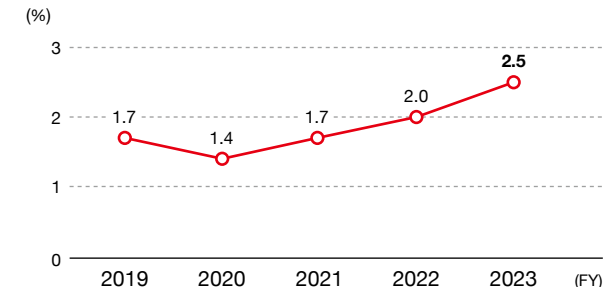
Turnover rate of NOF and its five domestic consolidated companies due to personal reasons: 2.3%

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



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

Turnover rate due to personal reasons





Securing Human Resources and Diversity & Inclusion

Succession Plans / Diversity in Employment

GRI

2-7/401-1/
405-1

Succession plans

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

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

Internal recruiting system

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

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

Raising of the retirement age

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

Diversity & inclusion policy (approach)

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

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

easily demonstrate their capabilities.

Employment of people with disabilities

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

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

Percentage of employees with disabilities NOF

FY2023

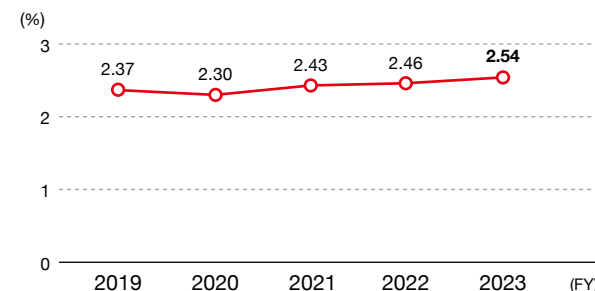
2.54%

2030 (numerical targets)

3.0% or more

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

Percentage of employees with disabilities



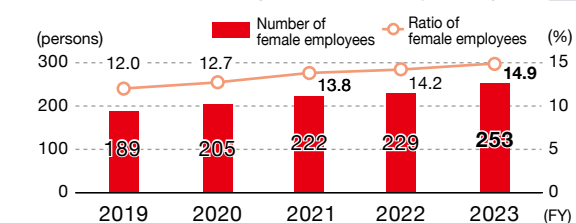


Promotion of the active participation of women

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

In addition to the active recruitment of women, NOF

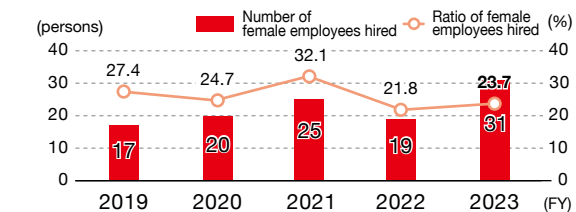
Number of female employees / ratio among employees



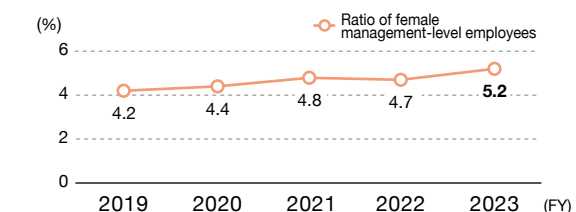
*Includes employees taking childcare leave and other such forms of leave

Number of female employees hired /

Ratio of female employees hired



Ratio of female management-level employees



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

five consolidated domestic companies was 4.7%).

Ratio of female new graduates recruited for career-track positions

FY2013

32.7%

Annual target

30% or more

(target achieved every fiscal year since 2016)

Ratio of female management-level employees

FY2023

5.2%

Target by FY2030

Over 3-fold

(compared to the end of FY2021)

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

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

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

2. Targets and initiatives (from April 2023)

Target 1

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

Initiative

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

Target 2

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

Initiative

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

Target 3

Promote efficient workstyles

Initiative

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

Target 4

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

Initiative

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



Fairness of compensation

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

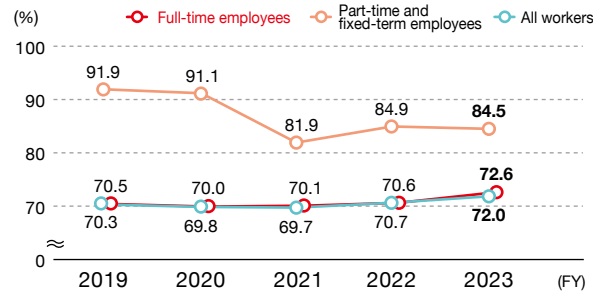
At NOF, the pay gap ratio between male and female employees in 2023 was 72.0% for all employees, and 72.6% for full-time employees. This is due to the difference in the average length of service between men and women, the fact that only men work shift work in the manufacturing divisions which results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

Pay gap ratio between male and female employees

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

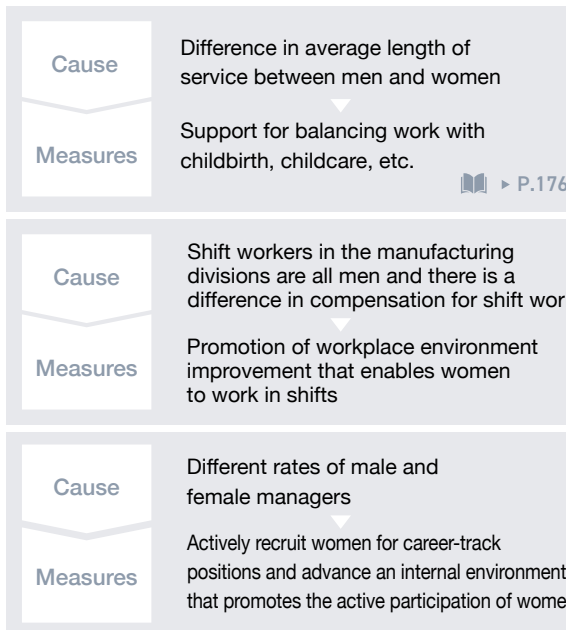
Pay gap ratio between male and female full-time employees of NOF and its five domestic consolidated companies in FY2023: 71.8%

Pay gap ratio between male and female employees NOF




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

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





Promotion of work-life balance

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

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

Systems that support diverse working styles

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



Securing Human Resources and Diversity & Inclusion

Work-Life Balance / Rewards and Recognition

GRI 2-7/405-1

Workstyle reform

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

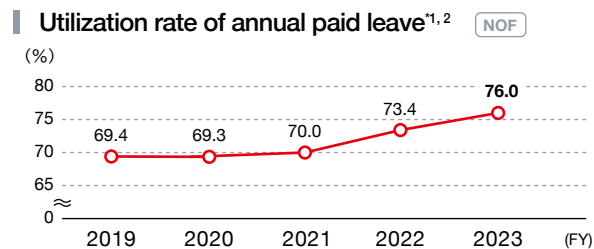
Recommending employees to take annual paid leave

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

Utilization rate of annual paid leave

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

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



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

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

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

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

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

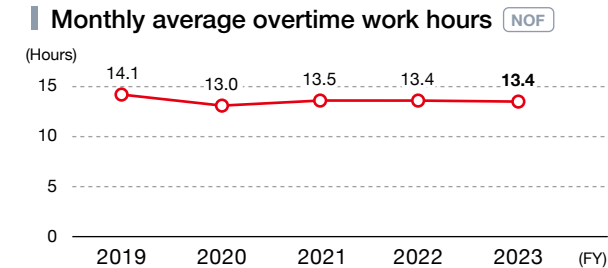
Days on which employees are encouraged to leave work on time

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

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

Monthly average overtime work hours

FY2023 **13.4 hours**



Volunteer leave system

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

Rewards for employee achievements

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

Employee invention rewards

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



Childcare support program

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



Rate of utilization and number of people utilizing childcare leave NOF

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

Women 100% (15people)

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

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

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

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

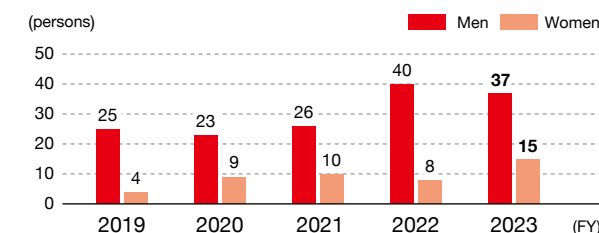
The requirements for utilizing the cumulative saved leave were expanded for child and family care from April 2016. In addition, in April 2017, NOF prepared a handbook that summarized information such as basic knowledge of the Long-Term Care Insurance System, how to balance work and family care, and internal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



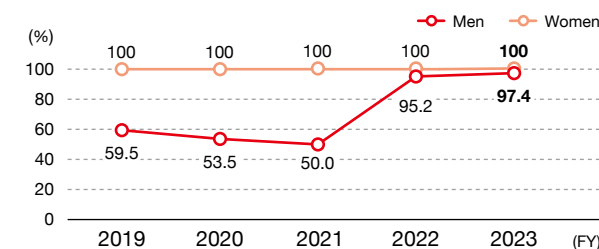
intranet (NICE).

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

Employees utilizing childcare leave NOF



Rate of utilization of childcare leave NOF



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

Short-term and long-term family care leave systems

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



Labor/Management Relations

GRI 2-30

NOF has concluded a union-shop agreement with the NOF Labor Union, and 100% of non-management employees are members of this labor union.

Major discussions between labor and management NOF

Conference	Frequency
Central Labor-Management Council	Meetings of the Council are held twice a year and attended by collective bargaining committee members, chaired by the President, and Central Executive Committee members of the NOF Labor Union. The attendees share their awareness of business performance and discuss management issues.
Central Labor-Management Safety Council	Meetings of the Council are held four times a year to share awareness regarding the status of labor safety and to exchange opinions on ensuring and improving labor safety. (Two of the meetings per year are attended by the collective bargaining committee members and the Central Executive Committee of the NOF Labor Union, while two of the meetings per year are attended by the company's labor safety personnel, the General Manager of the Human Resources & General Affairs Department, the labor relations personnel, and the Central Executive Committee members of the NOF Labor Union).
Conference Between H. R. Division and the Central Executive Committee	Conference meetings are held 10 times a year with the General Manager of the Human Resources & General Affairs Department, labor relations personnel, and the Central Executive Committee members of the NOF Union in attendance. The attendees share awareness regarding Company performance and discuss various company-wide labor-management issues, including the improvement of employees' work-life balance.
Business Division Labor-Management Council	Meetings of the Council are held twice a year and attended by business division general managers and other business division executives, as well as members of the NOF Labor Union's business division-related branch committee. The attendees share recognition of business performance and discuss management measures.
Labor-Management Councils at each Business Location	In principle, meetings of the Councils are held every month, and attended by the Regional Manager, human resources personnel, and others, as well as NOF Labor Union branch committee members. The attendees share recognition concerning issues and performance related to labor, health maintenance, safety, etc. at each location, and discuss labor-management issues at each location, including improving the work-life balance of employees.



Labor safety

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 occupational accidents, the NOF Group has clearly expressed its determi-

nation 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 safety and health management system.

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.

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)



FY2023 safety activity results and FY2024 RC activity targets

We have been striving for “completely zero accidents”^{*1} 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 measures against potential accident risks in the workplace, we continued to promote on-site management based

on Sangen Shugi (the “three actuals” principle) in which managers actually observe the work sites, recognize problem areas, and make efforts to make the work safer. However, compared to fiscal 2022, the number of lost workday-involving accidents 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.”

Elimination of traffic accidents

In order to reduce the number of accidents during commutes and work-related traffic accidents, which occurred frequently during fiscal 2023, we enhanced our traffic safety measures. Each works, plant, and affiliate implements its own traffic safety activities according to its own circumstances. The activities implemented included distribution of pamphlets during a traffic safety week, a safety lecture by the police, raising a road safety slogan banner, and creation and dissemination of a map showing near-miss traffic accident cases.



Operation simulator training (Oita Plant)



Bicycle simulator training (Amagasaki Plant)

The NOF Group’s targets in RC activities and labor safety initiatives in FY2024

1 Enhancement of sensitivity toward danger and thorough enforcement of basic safety actions (focusing on prevention of accidents involving falls and chemical burns)

- Provision of occupational safety education and training
- Strengthening of hazard prediction skills

2 Reduction of accident risks

- [Labor safety] ● Strengthening of responses based on Sangen Shugi
- Ensuring compliance with amendments to the Ordinance on Industrial Safety and Health^{*2}
- [Traffic safety] ● In-depth investigation of the causes of injury and self-caused damage
- Strengthening of education to promote awareness

^{*1} The NOF Group’s own target to achieve zero lost workday-involving accidents and zero accidents not involving lost workdays.

^{*2} Ordinance on Industrial Safety and Health



Risks and opportunities for occupational safety and health

Category	Risk items	Overview	Responses (implementation items)
Risks	Occupational accidents	<ul style="list-style-type: none"> A serious accident occurred during a manufacturing process in which employees were affected by inhalation of toxic substances and injury from chemical substances, leading to filing of claims for compensation for death or after-effects of injuries by the affected employees or their family members 	(1) Enhancement of sensitivity toward danger and thorough enforcement of basic safety actions <ul style="list-style-type: none"> Provision of occupational safety education and training (17,092 total hours in FY2023) Development of the key issue "Prevention of falls, tumbles, and crash accidents" (2) Reduction of accident risks <ul style="list-style-type: none"> Strengthening of responses based on Sangen Shugi (the "three actuals" principle) (FY2023: 21 RC audits) Implementation of general inspections on Safety Inspection Day (August 1) (FY2023: 32 business divisions of NOF, 32 locations of affiliate companies)
	Mishandling of chemical substances	<ul style="list-style-type: none"> An employee mishandled hazardous chemical substances, which caused the substances to mix and generate toxic fumes, which were inhaled by several employees and caused poisoning symptoms 	(1) Enhancement of sensitivity toward danger and thorough enforcement of basic safety actions <ul style="list-style-type: none"> Provision of product safety education and training (2,941 total hours in FY2023) Implementation of chemical substance RA (FY2023: 824 for NOF, 443 for affiliate companies) (2) Reduction of accident risks <ul style="list-style-type: none"> Strengthening of responses based on Sangen Shugi (the "three actuals" principle) (FY2023: 21 RC audits)
	Traffic accidents (Accidents resulting in injury/death while on the job)	<ul style="list-style-type: none"> A truck driven by a NOF Group employee caused an accident while in transit, resulting in the death of numerous other people, which led to a significant loss of reputation in society and a high amount of compensation for damages to be paid 	(1) Enhancement of sensitivity toward danger and thorough enforcement of basic safety actions <ul style="list-style-type: none"> Provision of occupational safety education and training (17,092 total hours in FY2023) (2) Reduction of accident risks <ul style="list-style-type: none"> In-depth investigation of the causes of accidents involving injury and self-inflicted injury (FY2023: 13 Naze-naze Bunseki (five whys analysis))
	Traffic accidents	<ul style="list-style-type: none"> An employee caused a traffic accident while commuting to work, resulting in the death/injuries of the employee and third parties in transit 	
	Distribution-related accidents	<ul style="list-style-type: none"> An accident during truck-based transportation left a load of hazardous materials scattered on the road, which caused the surrounding roads to be temporarily closed to traffic as well as a claim for damages due to delayed delivery 	
	Damage accidents during storage	<ul style="list-style-type: none"> Products in storage as well as materials and equipment in a warehouse were destroyed or damaged due to damage to containers in the warehouse, etc., and employees were injured 	(1) Safety instructions to distribution companies <ul style="list-style-type: none"> Provision of distribution safety education and training (430 total hours in FY2023)
	Fires/explosions	<ul style="list-style-type: none"> An accident involving a major fire and explosion occurred at a works. In addition to extensive damage to equipment and machinery, several employees were killed or injured, and homes in the surrounding area were damaged by the blast. Large amounts of damage compensation and penalties were incurred, resulting in a prolonged shutdown of operations 	(1) Strengthening of disaster prevention and security measures <ul style="list-style-type: none"> Provision of equipment safety education and training (862 total hours in FY2023) Alerts during abnormal weather and long holiday periods (FY2023: 4 weather-related cases, 3 cases during long holiday periods) Investment in safety and disaster prevention equipment (FY2023: disaster prevention, safe operations, wind and flood measures, etc.) (2) Conducting safety assessments at the time of new construction or modifications <ul style="list-style-type: none"> Safety assessments (99 in FY2023)
	Damage or breakdown of equipment and machinery due to poor maintenance and inspection	<ul style="list-style-type: none"> Damage to critical equipment at a plant, including high-pressure gas equipment, clean rooms, and vacuum emulsifiers, caused a long-term shutdown of operations, resulting in decreased sales 	
Opportunities	Equipment and machine stoppage due to operational errors	<ul style="list-style-type: none"> An operator's incorrect operation caused manufacturing equipment to stop, and the products in progress had to be discarded 	
	Growing needs for products that contribute to occupational safety and health solutions	[Prevention of heat stroke] Thermal indicators [Prevention of chemical injuries] Products free of hazardous substances (nonylphenol substitute products)	<ul style="list-style-type: none"> Development and provision of occupational safety and health products



Safety education by try-and-sense method

The NOF Group has introduced safety education by a try-and-sense method, which aims at labor accident prevention by having the trainees gain a simulated experience of danger with a view to making the employees more sensitive to potential danger and more conscious of safety.

We offered educational programs mainly for external entities so far, and we are currently working on more field-oriented education for our employees through the introduction of education by experience.

Each individual's "safe practice declaration" activities (Domestic Group)

The need for enhanced safety awareness to eliminate labor accidents was recognized in fiscal 2011, as a result of the frequent occurrence of such accidents attributable to human factors including the lack of a sense of danger and carelessness. Since fiscal 2012, we have been implementing "each individual's 'safe practice declaration' activities," namely the setting of action targets for labor safety by each individual person and taking action to achieve the targets. This system is implemented in a way considered suitable for each plant, such as safe practice declarations of individuals, including the personnel of cooperating companies at the site, being made open to everybody by posting on a bulletin board.



Hazard education by experience (Amagasaki Plant)



Hands-on practical safety training (Oita Plant)



RC Education of the NOF Group

To enable all the employees of the NOF Group to deepen their understanding of RC, emphatic efforts are put into RC education. In fiscal 2023, a total of 42,890 people participated in and received RC-related education and training for a total of some 27,059 hours.



Group education (Nichiyu Kogyo Co., Ltd.)



Group education (Oita Plant)

FY2023 RC education NOF Group

Field	Total number of participants	Total time (in hours)
RC in general	5,538	3,814
Labor safety	25,882	17,092
Environmental safety	3,253	1,920
Product safety	5,604	2,941
Plant safety	2,255	862
Transportation safety	358	430
Total	42,890	27,059



BCP training and education

We conducted our first-ever company-wide joint drill with the cooperation of all production sites in Japan, based on the assumption of extensive damage from a nationwide earthquake. The drill focused on establishing a smooth information-sharing and cooperation system between the Emergency Headquarters at the Head Office and each production site to confirm and improve the effectiveness of the BCP that has been formulated.

We are also actively expanding our BCP through ongoing efforts regarding the development of the BCP and education in preparation for emergencies such as infectious disease outbreaks and cyberattacks.



Company-wide joint drill (Head Office)



Company-wide joint drill (online: Aichi Works)



Company-wide joint drill (Emergency Headquarters)



Disaster prevention drills

The NOF Group manufactures hazardous materials and explosives, including organic peroxides. We consider minimizing internal and external damage in the event of an accident to be of the utmost importance, and actively conduct accident prevention drills. In particular, we regularly conduct joint accident prevention drills with local organizations to strengthen accident countermeasures in cooperation with local communities.

We also actively participate in local firefighting technique competitions to improve firefighting skills and appeal to communities by demonstrating our high level of safety awareness.



Initial response firefighting training (Oita Plant)



Disaster prevention drill (NIGK Corporation)



Industrial complex firefighting competition (Oita Plant)



Disaster prevention drill (Amagasaki Plant)



Disaster prevention drill (Nichiyu Kogyo Co., Ltd.)



Industrial complex drainage issues response training (Oita Plant)



Self-Defense Firefighting Maneuvers Competition (Amagasaki Plant)



Awards for safety activities

The NOF Group has received various awards in recognition of its daily safety activities and consistently accident-free operations at facilities that handle hazardous materials.

The Amagasaki Plant received an award from Hyogo Prefecture for its handling of hazardous materials.

Nippon Koki Co., Ltd. and JAPEX Corp. received awards for their achievements in explosives safety.

NiGK Corporation and YUKA SANGYO CO., LTD. received awards for their excellent performance in firefighting maneuvers competitions.

HOKKAIDO NOF CORPORATION received an award for its safe driving efforts, while NOF METAL COATINGS ASIA PACIFIC CO., LTD. and Nippo Kogyo Co., Ltd. received awards recognizing their health-related initiatives.

Encouraged by these awards, we are determined to continue pursuing safety activities and accident prevention and will strive to further promote safety management.

Record of awards for safety activities

Works/Plants	Date awarded	Name
Amagasaki Plant	6/5/2023	Received the Fire and Disaster Management Agency Commissioner's Excellent Handler of Hazardous Materials Award from the Japan Association for Safety of Hazardous Materials
	6/15/2023	Received the award for excellent boiler engineers from the Hyogo Branch of the Japan Boiler Association
	6/13/2023	Received the award for excellent high-pressure gas safety manager from the Hyogo High-Pressure Gas Safety Organization
Nippon Koki Co., Ltd.	12/13/2023	Award from Chief of Tohoku Branch of Kanto Tohoku Industrial Safety and Inspection Department (for achievements in explosives manufacturing safety)
NiGK Corporation	5/11/2023	Saitama Prefectural Explosive Safety Association, Excellent Long Service Employee Award
	10/19/2023	Self-Defense Firefighting Maneuvers Competition (outdoor hydrant division winner)
HOKKAIDO NOF CORPORATION	2/27/2023	Hokkaido Safe Driving Managers Association, commendation for business sites receiving the Ankan Green Award
YUKA SANGYO CO., LTD.	10/1/2023	16th Yamato City Fire Prevention Association Firefighting Skills Competition (Fire Extinguisher Division, Third Place)
Showa Kinzoku Kogyo Co., Ltd.	5/11/2023	Chikusei Regional Fire Prevention Management Council's Award for Excellent Business Sites
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	3/11/2024	2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (SME category)
JAPEX Corp., Ltd.	5/30/2023	Tokyo Explosives Safety Association's Award for Excellent Safe Explosives Handlers
Nippo Kogyo Co., Ltd.	11/10/2023	Health Insurance Committee Chairman's Award for Achievements as a Health Insurance Committee Member



Award from Chief of Tohoku Branch of Kanto Tohoku Industrial Safety and Inspection Department (Nippon Koki Co., Ltd.)



Chikusei Regional Fire Prevention Management Council's Award for Excellent Business Sites (Showa Kinzoku Kogyo Co., Ltd.)



Safety and disaster prevention facility investment

In connection with measures for safety and accident prevention, the NOF Group is carrying out a program of physical projects for prevention of accidents including explosions, fires and leaks, labor safety, and working environment amelioration. Further, to provide against anticipated heavy earthquakes, projects are under way to strengthen buildings.

Major safety and disaster prevention facility investment in FY2023

Works/Plants	Purpose	Details
Amagasaki Plant	Safety work for typhoons and heavy rain	Warehouse exterior wall renovations Installation of new fall prevention equipment
Chidori Plant	Disaster prevention	Fire pump replacement
Oita Plant	Safety work	Work platform renovation
Taketoyo Plant	Disaster prevention	Sprinkler equipment replacement
Kinuura Plant	Safety work Working environment amelioration	Floor and stairway renovations Spot cooler replacement
Daishi Plant	Typhoon and heavy rain disaster prevention measures	Waterproofing improvement for roofs Increased emergency lighting

*1 Accidents involving loss of functions: Accidents that leave the injured person(s) with a disability (disability level 5 or higher) following recovery

*2 Lost workday-involving accidents: Accidents involving loss of more than 1 workday

*3 Includes accidents without lost workdays

*4 Frequency rate = Total labor lost/total actual hours worked x 1000

Occurrence of occupational accidents in fiscal 2023

Record of occupational accidents in fiscal 2023

Indicators	Targets	FY2021	FY2022	FY2013
Accidents involving death and loss of functions (people)*¹	NOF main group (Japan)	0	0	0
	Affiliates	0	0	0
	(Breakdown) Japan	0	0	0
	Asia	0	0	0
	Americas	0	0	0
	Europe	0	0	0
	Cooperating companies	0	0	0
	Frequency rate of accidents involving death and loss of functions* ⁴	0.00	0.00	0.00
Lost workday-involving accidents (people)*²	NOF main group (Japan)	3	1	1
	Affiliates	1	0	1
	(Breakdown) Japan	1	0	1
	Asia	0	0	0
	Americas	0	0	0
	Europe	0	0	0
	Cooperating companies	1	0	1
	Frequency rate of lost workday-involving accidents* ⁴	0.85	0.17	0.50
Total damage (people)*³	NOF main group (Japan)	8	1	3
	Affiliates	2	3	3
	(Breakdown) Japan	2	3	3
	Asia	0	0	0
	Americas	0	0	0
	Europe	0	0	0
	Cooperating companies	2	2	2
	Frequency rate of all accidents* ⁴	2.03	1.01	1.35



Implementation of alerts

As part of occupational safety activities, the Responsible Care & Plant Investment Department, which oversees RC activities, sends out periodic and non-periodic alerts on occupational safety, notifications of instructions regarding safety activities, surveys, and other documents, and disseminates them to all Group companies. We periodically implement safety and security measures for long holiday periods, ensure thorough heat stroke prevention during the summer, and other such measures. On a non-periodic basis, we issue additional alerts and instructions for measures when necessary, such as when a disaster occurs or a typhoon approaches. The Responsible Care & Plant Investment Department collects information on the status of these alerts and other items, and provides feedback at RC audits and other opportunities to strengthen safety measures and raise awareness.

Investigation of disaster causes, implementation of measures to prevent recurrence, and horizontal roll-out of information

At locations where occupational accidents occur, we thoroughly investigate the causes, and plan and implement emergency and permanent measures. This information is promptly disseminated to each Group company for information sharing and horizontal deployment in an effort to prevent similar accidents/disasters.

In addition, we categorize occupational accidents that have occurred in the past. For those categories with a high number of occurrences, we particularly focus on incorporating and developing safety activities into our activity targets, with the aim of preventing recurrences and achieving “completely zero accidents.” In fiscal 2023, we focused our activities on “falls and tumbles,” but unfortunately, the three accidents with lost work-days that occurred were all falls and tumbles. Based on our reflection on this fact, we will continue to strengthen our efforts to prevent fall and tumble accidents in fiscal 2024.

Among fall and tumble accidents, falls in particular are the most common occupational accident in Japan, and the risk is known to be higher among older workers. Therefore, NOF has also begun initiatives to ensure the safety and health of older workers.



Red Cross first aid training (Oita Plant)



Life-saving first-aid training (Kawasaki Works)



Health-conscious management

Based on NOF's belief that "securing the safety and health of employees and creating a pleasant working environment are the foundation for sustainable growth of a corporation," our President has issued the Health-Conscious Management Declaration internally, highlighting three priority areas: **①Creating a comfortable workplace, ②Promoting mental health care, and ③Maintaining and improving health.** The aim of health-conscious management under the Health-Conscious Management Declaration is not only to improve employee performance, but also to have a positive impact on the retention and recruitment of excellent human resources over the medium to long term, thereby increasing the value of NOF. The Declaration is deliberated every year at the Strategic Meeting attended by Directors concurrently serving as Operating Officers as well as Operating Officers with a title. We are striving to enhance the content of priority areas and the like in response to issues.



Priority areas



① Creation of a pleasant working environment

- Promote operational efficiency and curb long working hours
- Further expand programs to assist the balance of work and family life
- Prevent passive smoking

Examples of initiatives

- Encourage all employees to take annual paid leave in their birth month
- Monitor the use of annual paid leave and encourage supervisors and employees to take such leave
- Confirm use status during meetings between supervisors and employees

Utilization rate of annual paid leave

NOF

FY2022 (Results)	FY2023 (Targets)	FY2023 (Results)
73.4%	73% or more	76.0%

FY2024 (target) **74% or more**

KPI target of 75% or more in FY2025, up 1 percentage point from FY2023 target



② Mental healthcare

- Encourage employees to take stress tests
- Raise awareness of self-care through mental health training
- Enhance mental health consultation framework

Examples of initiatives

- Share stress check results at each business location's (safety) health management committee meeting

Percentage of employees who took stress tests (Excluding people absent from work, etc.)

NOF

FY2022 (Results)	FY2023 (Targets)	FY2023 (Results)
99.9%	Maintain rate of 99% or more	99.9%

FY2024 (target) **Maintain rate of 99% or more**

Target set at 99% or more, meaning roughly all employees



③ Maintenance and promotion of health

- Ensure implementation of health examinations and appropriate health guidance
- Encourage follow-up examinations and understanding of results
- Promote exercise in daily life

Examples of initiatives

- Encourage participation by people with health risks

Participation rate in the "Health Promotion Walking" program

NOF

FY2022 (Results)	FY2023 (Targets)	FY2023 (Results)
50.1%	50% or more	51.0%

FY2024 (target) **50% or more**

Target set at 50% or more, meaning roughly half of employees

Health-Conscious Management Declaration

Based on NOF's belief that "securing the safety and health of employees and creating a pleasant working environment are the foundation for sustainable growth of a corporation," we are pursuing the creation of safe and comfortable workplace environments to enable employees to live spiritually rich lives. With the aim of creating workplaces in which employees can work with vitality, we are promoting initiatives for the maintenance and promotion of employees' health.

Koji Sawamura,
President and Chief Executive Officer,
October 1, 2023



Priority area ① Creation of a pleasant working environment

Smoking cessation program

With the aim of helping habitual smokers improve their own health and preventing passive smoking damage to nonsmokers, NOF supports smoking cessation for habitual smokers by recruiting participants for our online smoking cessation outpatient program.

Smoking cessation program participants NOF

FY2021	Participants	31	Successful participants	26
FY2022	Participants	11	Successful participants	9
FY2023	Participants	10	Successful participants	4

* The number of successful participants indicates the number of people at the end of the program.

Priority area ② Mental healthcare

Prevention and alleviation of mental health issues

NOF is taking comprehensive initiatives for the prevention and alleviation of mental health issues and supporting those suffering from such issues until they have sufficiently recovered to return to work.

Stress checks have been conducted annually since 2009. The results of the stress checks are discussed by the safety and health committee at each works/plant, and efforts are made to study and implement measures. In addition, we are implementing initiatives such as setting up an external counseling service to facilitate early detection and appropriate responses, as well as

supporting the smooth return to work of employees who have been on long-term leave due to mental health issues under a “return-to-work support program.” In promoting the “return-to-work support program,” we collaborate with industrial physicians specializing in mental health and refer to their expertise in our efforts.

In addition, in fiscal 2023, mental health care (line care) education was conducted for 31 participants as part of training for career-track employees promoted to manager. Measures are also implemented to maintain and improve the mental health of employees through supervisors.

The rate of receiving stress checks at NOF was 99.0% in fiscal 2023, and the rate for NOF and its five domestic consolidated companies was 99.2%.

Priority area ③ Maintenance and promotion of health

Health promotion

To help employees maintain and improve their health, NOF works to encourage participation in the “Health Promotion Walking” program organized by the NOF Health Insurance Association. The NOF Health Insurance Association is promoting an initiative to encourage individuals with health risks, such as those at risk of metabolic syndrome identified through health examination results, to participate in walking as a way to help establish regular exercise habits. The participation rate of NOF employees with health risks reached 68.6%, while the participation rate for NOF and its

four domestic consolidated subsidiaries (Nippon Koki Co., Ltd.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; and NICHYU LOGISTICS CO., LTD.) was 64.5%.

As a result of these efforts, the overall fiscal 2023 participation rate of NOF employees was 51.0%, while the participation rate for NOF and its four domestic consolidated subsidiaries (Nippon Koki Co., Ltd.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; and NICHYU LOGISTICS CO., LTD.) was 53.0%.

In addition, the NOF Health Insurance Association distributes the newsletter “Sukoyaka” four times a year to provide employees with a variety of health-related information. It also collaborates with a sports club to provide employees with inexpensive access to the club.

From fiscal 2024, in addition to this initiative, NOF has begun to recommend the use of gyms for physical fitness. With an eye on the future challenges of addressing lack of exercise due to working from home and improving the health of elderly employees due to the extension of the retirement age, we have begun providing support so that beginners can easily participate.





Occupational Safety and Health | Promotion of Health

GRI 403-1,3,4,5,6

Periodic health examinations

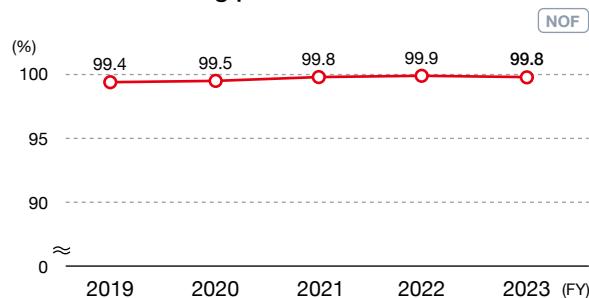
We conduct periodic health examinations for employees. In addition to the legally required items, we also provide optional tests, such as for tumor markers. After periodic health examinations are conducted, we cooperate with the NOF Health Insurance Association to efficiently and effectively conduct specified health checks and specified health guidance.

The rate of receiving periodic health examinations at NOF was 99.8% in fiscal 2023, and the rate at NOF and its five domestic consolidated companies was also 99.8%.

Health measurement sessions

NOF holds simple health measurement sessions, as we believe that each employee's awareness and willingness are of utmost importance for maintaining and improving health. We measure employees' vascular age and dietary habits in a simple way, and provide feedback information that quantifies vascular age and vegetable consumption to encourage them to work toward improving their health.

Rate of receiving periodic health examinations



* Including cases where periodic health examinations are not available due to absence from work.



NOF promotes a talent development system including support for “correspondence courses,” in which each employee is allowed to choose his/her own training options, “training at the organizational level,” which is made to suit issues in different levels, as well as “training regarding specific issues,” which is suited to enhance the employees’ expertise and is made in accordance with specific issues that arise in execution of duties.

This system effectively promotes talent development suited to each individual and his/her work, while at the same time aiming to make work more rewarding, invigorate the organization, and help to realize sustainable business growth for NOF.

Leadership

NOF is actively working to develop the leadership skills of its employees so that everyone, regardless of attributes such as age, can ambitiously take on challenges and achieve personal growth.

In line with the diversity concept of “respecting diversity, including gender and other attributes, and aiming to create an organization where people with talent and ambition can play an active role,” NOF has introduced “diversity training” for female employees to develop their leadership skills. In order to enhance the effectiveness of the “diversity training” and promote the active participation of women, the content of the training has been customized and is also offered to managers

regardless of gender.

In addition, we are fostering leadership skills through “training at the organizational level” depending on job post, as well as “training regarding specific issues,” which enhances the employees’ expertise. At the NOF Management School, which is responsible for developing the next generation of management, we implement programs that include discussions on transforming the future focus of the NOF Group. In addition, we provide feedback on participants’ leadership assessment results, helping them understand their own leadership traits and fostering the leadership ability to create and execute new initiatives from scratch.

Promoting training at the organizational level and regarding specific issues

In an effort to conduct more effective human resources development, NOF has set up a talent development system with a framework involving training at the organizational level and training regarding specific issues. The relatively junior employees mainly undergo training at the organizational level, while management-level employees undergo training regarding specific issues.

In fiscal 2023, a total of 2,489 people participated in training at the organizational level and regarding specific issues.

Irrespective of these talent development systems, we offer a variety of training and educa-

tional opportunities necessary for business operations.

In fiscal 2023, in response to the implementation of the revised Corporate Philosophy and Guiding Framework in April of that year, we held workshops for all employees, etc. to share the newly defined values and promote understanding of autonomous actions based on these values. Additionally, as part of our efforts aligned with these values, we have started offering opportunities for employees to engage with the perspectives of managers from various fields, cultural figures, and researchers. This aims to promote the growth of autonomous human resources who can utilize a broader perspective and advanced expertise in their work.

We have also newly added training to our competency framework enabling employees to independently and proactively consider their medium-term career design. In addition, we have systematically implemented initiatives such as training programs for developing digital transformation (DX) human resources and fostering the next generation of managerial human resources.



Overview of training at the organizational level and regarding specific issues

		Executive positions			Career-track positions				Core positions								
					Management-level positions	Instructor positions		Full-time positions		Management-level positions	Instructor positions		Full-time positions				
Training at the organizational level					Employees promoted to chief positions	Employees promoted to assistant manager				Employees promoted to assistant manager							
							Employees who instruct new graduates					Employees promoted to elementary instructor positions					
								Before the study report conference for career-track employees									
								Study report conference for career-track employees									
									Before the study report conference for career-track employees		Strengthening of capabilities in the field						
										Follow-up for new graduates					Acceptance of new graduates		
Training regarding specific issues		Management and administration	NOF Management School														
		Accounting		Outside BS*			Course for candidates for promotion to chief, assistant manager, and upper instructor positions					Course for candidates for promotion to assistant manager and upper instructor positions					
				Finance													
		Global	Short-term overseas language study														
			Practical English skills														
			Global training														
			Training prior to overseas assignments														
		Performance appraisal				Employees responsible for performance appraisal						Employees responsible for performance appraisal					
		Supervisors										Supervisors (foremen)					
												Supervisors (team leaders)					
		R&D			Business R&D for researchers			Business R&D for researchers									
			Research theme evaluators														
		Practices	New sales staff														
Sales practices (contracts and claims management)																	
Other	Diversity																
	Mental health																
	Career training																

*Participation in outside business schools



Human Resources Development | Talent Development System

GRI 404-1,2

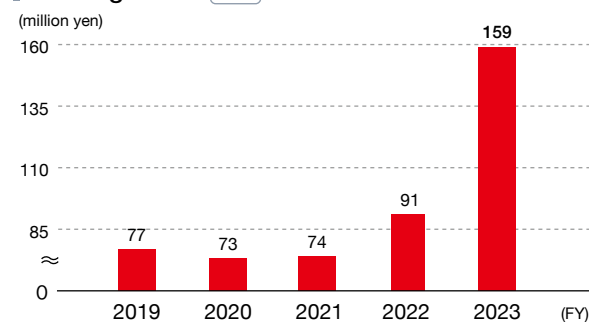
Hours of training and costs

Based on the basic philosophy that “a company is its people,” we will actively invest in human capital and encourage the growth of human resources who embody the NOF Group’s values of “Challenges,” “Fairness,” and “Harmony,” and can also create new value.

As human investment for securing human resources, human resources development, etc., NOF is implementing workplace environment improvement, expansion of talent development programs, and initiatives for digital transformation (DX) human resources development.

In fiscal 2023, training hours at NOF totaled 17,000 hours, including group and workshop training (10.0 hours per employee), at a total training cost of 159 million yen. In addition, training hours at NOF and its five domestic consolidated companies totaled 19,982 hours, including group and workshop training (7.3 hours per employee).

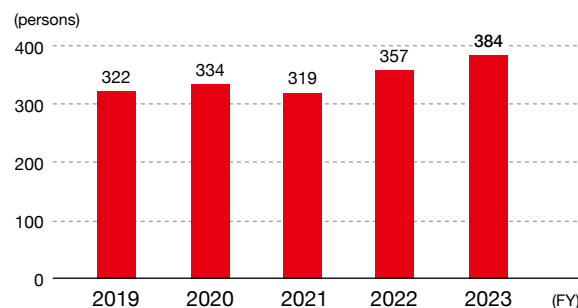
Training costs



Support for self-education/development

NOF provides a wide range of self-education/development programs such as various correspondence courses and e-learning courses (e.g., business skills and languages) to support the spirit of challenge of motivated employees and to encourage further skill development and the self-realization of each individual. In fiscal 2023, a total of 384 employees took advantage of the various correspondence courses and e-learning courses.

Total number of participants in self-education/development programs



Pamphlet
“Correspondence Course Guide”



Human Resources Development | Talent Development System

GRI 404-2

Promotion for acquiring official qualifications

The NOF Group supports employees' efforts to acquire official qualifications in many different aspects. In fiscal 2023, a total of 510 people newly acquired 45 types of such qualifications.

People who acquired qualifications

FY2021 **362** people (41 types)

FY2022 **366** people (43 types)

FY2023 **510** people (45 types)

Number of qualifications obtained in FY2023 Domestic Group

Type of qualification	Total number of people who acquired the qualification
Energy control	1
Pollution control	3
Sanitation control	8
Chemical substance control	29
Specified chemicals control	35
Organic solvents control	58
Hazardous materials control	74
Protective equipment management	44
High pressured gas control	17
Explosive production control	2
Explosive handling control	5
Poisonous and toxic substances handling	3
Pressure vessels handling	9
Breathing safety control	21
Forklift	28
Crane	22
Hooking using cranes, etc.	30
Boilers-related work	15
X-ray work	1
Stacking/unstacking work	7
Full harness special training	44
Proper measurement control	2
22 other types of qualifications	52
Total	510



Local Communities | Dialogue Activities

GRI 413-1

The NOF Group has been engaged in various dialogue activities over the years to pursue our corporate activities and promote understanding among local communities and societies.

We will resume community dialogues and plant tours, which were suspended for the past several years due to COVID-19, and conduct more exchanges and dialogues with local communities and society than ever before.



Oita Region RC Community Dialogue (Oita Plant)



Works tour for neighboring ward leaders (Aichi Works)

Works/Plants	Date	Topic	Details
Aichi Works	4/15/2023	Sponsored model rocket-making class and rocket launch contest (Sky Cup)	Three people from the Taketoyo Plant R&D Department were in attendance. They gave a lecture on rockets and served as award ceremony presenters.
	7/17/2023	Works tour for neighboring ward leaders	An overview of the works and environmental and safety initiatives as well as a works tour were provided to local government officers from seven neighboring wards and employees of the Taketoyo Township Disaster Prevention and Traffic Division.
Oita Plant	7/31/2023	Internship acceptance	3 second-year students studying chemical engineering at Prefectural Tsurusaki Technical High School.
	11/15/2023	Internship acceptance	4 second-year students studying industrial chemistry at Prefectural Oita Technical High School.
	2/3/2024	13th Oita Region RC Community Dialogue	The Region RC Community Dialogue was held in person for the first time in six years. 159 participants took tours of the Oita industrial complex.
NiGK Corporation	3/7/2024	Informal meetings with local neighborhood councils	We invited representatives from local neighborhood councils for an overview of our company and environmental activities, a plant tour, and an informal meeting.
Showa Kinzoku Kogyo Co., Ltd.	2/10/2024	Exchange with local residents	Courtesy calls and distribution of memorial gifts to 41 neighborhoods and landowners (81st anniversary commemorative event).
HOKKAIDO NOF CORPORATION (Now Nippon Koki Co., Ltd.)	6/23/2023	Promotion Council for Removal of Criminal Organization	Participation in a street awareness-raising campaign by the Bibai City Council for the Promotion of Movements to Eliminate Violence



In providing against accidents that might happen, close collaboration with local disaster-fighting organizations is indispensable. The NOF Group is actively trying to create opportunities to strengthen its disaster preparedness by engaging in joint drills with local organizations for damage prevention. Joint disaster-fighting drills and emergency support drills with neighboring companies are increasingly adapted to practical needs year after year. Large-scale drills have become frequent with the participation of local fire and police stations.

The Kawasaki Works entered into an agreement with the municipal government of Kawasaki to offer itself as a refuge facility against tsunami, and would open its general office building to general citizens seeking help. Besides these drills, individual works also participates in local disaster-fighting drills at the request of organizations they belong to.

Cooperation with crime prevention activities

Nippon Koki Co., Ltd. cooperated with the local Shirakawa Police Station's "Dial 110 Day" event by exhibiting its crime prevention products and demonstrating the NET LAUNCHER.



Exhibit and demonstration of crime prevention devices at the Shirakawa Police Station's "Dial 110 Day" (Nippon Koki Co., Ltd.)

Cooperation for local events

NiGK Corporation provided humus from its plant to the "welfare market," a local conference event in Kawagoe City held as an opportunity to discuss how to create a better community.



Local community welfare festival (NiGK Corporation)



Forest maintenance activities

Fukushima Prefecture established the Fukushima Prefecture Carbon Dioxide Absorption by Forest Maintenance Activities Certification System to certify the effectiveness of forest maintenance activities such as planting, weeding, and thinning conducted by companies and organizations in the prefecture in terms of carbon dioxide absorption as a numerical value. This certification aims to promote participation in forest maintenance activities by companies and organizations, thereby contributing to the continued exhibition of the multifaceted functions of forests, such as the prevention of global warming, and the revitalization of communities in mountain villages.

The Shirakawa Plant of Nippon Koki Co., Ltd. is located in Nishigomura, Nishishirakawa-gun, Fukushima Prefecture, and owns approximately 149 hectares of forest. The plant's forest maintenance activities were certified as yielding absorption of 282 tons of carbon dioxide for the period of 2012 to 2013.

Certified carbon dioxide absorption through forest maintenance activities not only contributes to the prevention of global warming, but also promotes healthy growth of forests and contributes to the conservation of biodiversity. Forest maintenance activities also have the effect of creating local employment and stimulating the local economy.



Before forest maintenance work



After forest maintenance work



Commemorative photo of the Director of the Southern Prefectural Agriculture and Forestry Office and the Plant Manager



Certificate for a carbon dioxide absorbing forest received from Fukushima Prefecture



Local Communities

Socially Beneficial Activities

GRI 203-1/413-1

Cleanup volunteer activities

The NOF Group is actively engaged in volunteer activities to clean the areas surrounding its plants. With a sense of responsibility for community beautification and environmental protection, all employees participate together in litter pickup and cleanup activities.



Road-cleaning activity along the Amahou Line (NICHYU LOGISTICS CO., LTD.)



Fuki Port cleanup (Aichi Works)



Participation in local cleanup activities (Showa Kinzoku Kogyo Co., Ltd.)

Support for people with disabilities

NOF is committed to supporting people with disabilities as part of its activities to fulfill its social responsibilities. NOF has supported the activities of para-athletes and Paralympic artists with disabilities since fiscal 2023.

Para-sports

NOF supports the Japan Para Shooting Sport Federation as a top partner. In addition to our support for the spread of competitions and discovery and training of the next generation of human resources, we are committed to contributing to society by promoting the diversity and inclusiveness of para-sports through our support for para-shooting.



We introduce the activities of athletes and artists in our in-house newsletters (NOF News) to promote employee understanding of people with disabilities.

Paralym Art

NOF uses art by Paralym Art artists for the covers of its Integrated Report and in-house newsletters. This initiative promotes social participation and independence among Paralym Art artists. By deepening two-way communication, we aim to explore new possibilities in the realm of art and culture and build a more prosperous future.



About the cover art

The artworks covering the Integrated Report and Sustainability Report are by cocoa float and miho, who are registered with the Shougaisha Jiritsu Suishin Kikou Association.



Integrated Report 2024
"Departure"
by cocoa float



Sustainability Report 2024
"Embrace the Earth"
by miho



Local Communities

Socially Beneficial Activities

GRI 203-1/413-1

Donations to the Green Fund

As part of its CSR activities, NOF provides donation support to the National Land Afforestation Promotion Organization, an entity of the Green Fund. The Organization plays a central role in Japan in the field of protecting the natural environment through afforestation and other activities. NOF endorses the Organization's business plan and has been providing continuous support since fiscal 2015.



FY2022 letter of thanks presentation ceremony



Donations to the Fund to Support Children's Future

As part of its CSR activities, NOF continues to support the Fund to Support Children's Future established by the Cabinet Office. The Fund



FY2023 letter of thanks presentation ceremony



solicits donations from a wide range of companies and individuals, and the collected donations are used to benefit organizations nationwide, such as learning support groups, cafeterias for children, and orphanages, which are selected through an open call, screening, and selection process.

The NOF Group was presented with a letter of thanks for our support in fiscal 2023, which we also received in fiscal 2022. We will continue to cooperate in enhancing support for children going forward.

Various donations

Donations aimed at raising the next generation

- Japan Chemical Industry Association Science Human Resources Development Program (¥2.5 million)
- Welfare And Medical Service Agency Fund to Support Children's Future (¥1 million)
- Keidanren Ishizaka Memorial Foundation Keidanren Global Human Resource Development Scholarship Program (¥1 million)
- International Rocketry Challenge Support for junior high school students from Junior High School Attached to Yokohama Science Frontier High School to participate in the competition (¥1 million)
- Hatachi Fund (¥100 thousand)
- People's Hope Japan (¥100 thousand)

Donations aimed at protecting the global environment

- World Wide Fund For Nature (WWF) Japan (¥1 million)
- National Land Afforestation Promotion Organization, Green Fund (¥1 million)
- Keidanren Nature Conservation Fund (¥1 million)
- Japan National Trust (¥100 thousand)

Donation

- Donation for Noto Peninsula Earthquake relief, Japanese Red Cross Society (¥10 million)

Recognition from outside the company

- Ranked 205th in the 18th Toyo Keizai CSR Ranking by TOYO KEIZAI INC.
- Selected as a constituent of the Japan Empowering Women Index (WIN) by MSCI

Expenses related to social contribution activities in FY2023

¥64million

(¥22 million in donations under the Corporation Tax Act)



Customer Safety and Health

GRI 416-1/417-1

Improved access to more nutritious foods

In April 2023, our Functional Foods Division was given a new Japanese name with the aim of growing through contributions to people and society based on the functions of foods. We are working on shifting to new business areas to contribute to the realization of a sustainable society and helping people be healthy through the functions of food products. Firstly, regarding the realization of a sustainable society, we believe that it is essential to resolve issues such as global population growth and reduction of greenhouse gas emissions. We are focusing on developing products that can contribute to the reduction of food loss and the spread of meat-substitute proteins by extending the shelf life of breads and pastries by prolonging their texture, and improving the juiciness of processed foods made with plant-based proteins. With regard to helping people be healthy, accelerating the development of effective health foods, such as foods with functional claims, will play an important role. On the other hand, some materials for health food have significant problems with their flavor and physical properties that make their use in health food products difficult. We are conducting research to improve the flavor and physical properties of ingredients through our division's oil and fat coating technology, which will contribute to the further spread of health foods.

Participation in industry initiatives on processed food safety

NOF has joined the Japan Margarine Shortening & Lard Industries Association, whose basic philosophy is food safety and security and stable supply, and whose activities are aimed at enriching the daily lives of consumers through the use of edible oils. In particular, the Technology Committee conducts surveys and research on the safety of edible oils, and actively provides information on edible oils to consumers.

Improving access to pharmaceuticals

DDS is a technology that enhances the effects of drugs by adjusting their physiological activity, targeting lesions, yielding chemical stability, adjusting metabolic activity, and other means, so that they act at the required place in the body in the required amount for the required time. This technology makes it possible to reduce the side effects of drugs and the frequency of daily injections. NOF is advancing this research and contributing to improving the quality of life (QOL) and access to pharmaceuticals for patients who need them.

In addition, PCR test kits and antigen test kits were widely used as diagnostic pharmaceuticals for COVID-19, which spread aggressively worldwide. As global warming progresses and new infectious diseases emerge, the demand for diagnostic pharmaceuticals is expected to

increase. Therefore, NOF is promoting the development of technologies that contribute to improving the quality and performance of diagnostic pharmaceuticals. We make it possible to rapidly provide these to a wide range of people, thereby contributing to improved access and people's health and hygiene.



Marketing and labeling / Customer privacy

GRI 417-1/418-1

Marketing and Labeling

Statements and policies regarding responsibility for marketing and promoting processed foods

The Functional Foods Division provides commercial food products such as edible oils, functional food materials, and materials for health food to manufacturers of bread, confectionery, processed foods, and health foods for consumers. For labeling and advertising consumer food products, the information is based on the integrated data of each ingredient used in the food products, including raw materials, allergens, genetically modified substances, and the country of origin of the ingredients. To ensure that labels and advertisements are prepared correctly at consumer food manufacturers, we comply with food labeling laws and regulations and provide appropriate information to consumer food manufacturers.

Compliance for advertising, marketing, and labeling of processed foods

At the Daishi Plant, where the Functional Foods Division's products are manufactured, we have obtained the FSSC 22000 certification, an international certification for food safety, and operate the plant under its management system. Within the management system, there are requirements related to food labeling. In addition to regularly checking the latest food-related regulations, we also provide regular compliance training on food

defense and food fraud for the employees at the Daishi Plant. In addition, because correct food labeling is based on raw material information, we regularly evaluate raw material suppliers and conduct audits of suppliers when necessary. Through these activities, we manufacture our products using raw materials sourced only from trustworthy suppliers.

Customer privacy

NOF recognizes that compliance is the foundation of the company. We believe it is important to prevent any violation of laws, regulations, or the Code of Ethical Conduct from becoming serious or prolonged by preventing them or quickly taking corrective actions. We have set up our Compliance Hotline on our website for our business partners and other external parties.

To date, we have not received any reports through the Compliance Hotline.

Total number of substantiated complaints concerning breaches of customer privacy

NOF Group

0

Total number of customer data breaches, thefts, and losses

NOF Group

0



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Appendix



Environmental Performance Data | Changes

GRI

301-1,2,3/302-1,3,4/
303-1,3,4/305-7/306-1,3,4,5

NOF Group

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production volume	[thousand tons]	243	242	245	266	267	259	229	249	226	209
Total energy input	[thousand GJ]	3,461	3,444	3,431	3,464	3,477	3,330	3,247	3,377	3,112	2,909
Total substance input	[thousand tons]	259	263	267	280	273	253	231	261	236	248
Water resource input	[thousand m ³]	7,900	7,987	8,240	8,131	8,061	8,232	8,319	8,420	8,498	8,358
Greenhouse gas emissions	[thousand tons of CO ₂]	206	195	202	207	205	196	187	189	175	159
SOx emissions	[tons]	7	8	9	7	7	6	4	5	7	8
NOx emissions	[tons]	89	62	93	65	64	55	57	55	55	58
Soot and dust emissions	[tons]	3	3	5	4	5	5	8	4	5	3
BOD emissions	[tons]	127	105	79	160	69	74	104	93	67	74
COD emissions	[tons]	278	318	225	314	302	441	219	154	148	171
Suspended solid emissions	[tons]	35	41	39	32	50	37	40	36	25	58
Waste quantity from plants	[tons]	24,024	24,719	25,567	27,947	30,161	28,446	28,955	29,164	25,157	22,541
Internally recycled quantity	[tons]	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914	976
Externally recycled amount	[tons]	14,309	14,704	17,055	17,645	19,253	16,426	17,808	17,687	16,547	14,444
Final disposal quantity by landfill	[tons]	1,157	1,260	1,333	1,168	1,046	1,302	1,588	950	1,092	617
Emissions of PRTR Act-controlled substances	[tons]	232	187	170	167	177	158	147	155	143	167

Domestic Group

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production volume	[thousand tons]	214	217	219	231	232	225	194	210	188	179
Total energy input	[thousand GJ]	3,039	3,016	3,018	2,987	3,004	2,917	2,810	2,892	2,699	2,570
Total substance input	[thousand tons]	259	263	267	280	273	253	231	261	236	217
Water resource input	[thousand m ³]	6,396	6,389	6,560	6,374	6,352	6,376	6,435	6,448	6,535	6,484
Greenhouse gas emissions	[thousand tons of CO ₂]	184	182	181	173	172	169	158	159	144	135
SOx emissions	[tons]	6	7	9	6	6	5	3	3	4	6
NOx emissions	[tons]	87	60	90	62	60	52	53	50	51	54
Soot and dust emissions	[tons]	3	3	4	3	2	1	2	1	1	1
BOD emissions	[tons]	32	39	28	40	43	33	38	52	39	36
COD emissions	[tons]	61	78	68	73	66	60	60	68	44	52
Suspended solid emissions	[tons]	35	41	39	32	50	37	40	36	25	42
Waste quantity from plants	[tons]	19,966	20,508	21,351	23,466	25,976	23,662	24,176	23,796	21,270	19,132
Internally recycled quantity	[tons]	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914	976
Externally recycled amount	[tons]	14,011	14,576	16,696	17,267	18,676	16,002	17,320	17,138	15,916	13,511
Final disposal quantity by landfill	[tons]	159	111	157	117	95	81	681	135	61	69
Emissions of PRTR Act-controlled substances	[tons]	232	187	170	167	177	158	147	155	143	167



Environmental Performance Data | Changes

GRI

301-1,2,3/302-1,3,4/
303-1,3,4/305-7/306-1,3,4,5

NOF

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production volume	[thousand tons]	193	198	200	211	211	205	178	191	170	162
Total energy input	[thousand GJ]	2,751	2,753	2,739	2,728	2,753	2,673	2,572	2,658	2,471	2,358
Total substance input	[thousand tons]	236	243	248	259	253	233	214	244	218	202
Water resource input	[thousand m ³]	5,760	5,838	5,967	5,879	5,843	5,832	5,874	5,889	6,007	5,988
Greenhouse gas emissions	[thousand tons of CO ₂]	166	166	164	158	157	155	145	146	131	123
SOx emissions	[tons]	2	3	4	3	3	3	1	2	3	5
NOx emissions	[tons]	85	58	88	59	58	50	51	48	49	53
Soot and dust emissions	[tons]	1	2	2	2	2	1	2	1	1	1
BOD emissions	[tons]	29	35	25	37	39	30	34	50	37	33
COD emissions	[tons]	60	78	68	72	65	60	60	67	44	52
Suspended solid emissions	[tons]	29	33	31	25	35	31	33	31	22	36
Waste quantity from plants	[tons]	19,156	19,716	20,350	22,372	25,061	22,721	22,529	22,822	20,493	18,463
Internally recycled quantity	[tons]	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914	976
Externally recycled amount	[tons]	13,466	14,017	16,132	16,355	17,965	15,235	16,489	16,374	15,242	12,939
Final disposal quantity by landfill	[tons]	55	60	66	61	60	50	40	54	37	48
Emissions of PRTR Act-controlled substances	[tons]	188	143	123	121	127	118	111	117	109	129



Environmental Performance Data | Fiscal 2023 Performance by Organizational Unit

GRI

301-1,2,3/302-1,3,4/
303-1,3,4/305-7/306-1,3,4,5

NOF's plants and works

Item	Unit	Amagasaki Plant	Kawasaki Works	Oita Plant	Aichi Works	NOF, etc.
Production volume	[thousand tons]	70.6	53.2	21.8	16.1	-
Total energy input	[thousand GJ]	979	599	266	505	8.4
Total substance input	[thousand tons]	73.3	55.8	35.0	37.6	0.0
Raw materials	[thousand tons]	70.0	52.7	33.9	33.2	0.0
Containers and packing materials	[thousand tons]	3.3	3.1	1.1	4.4	0.0
Water resource input	[thousand m ³]	3,294.5	843.4	419.2	1,428.5	1.9
Greenhouse gas emissions	[thousand tons of CO ₂]	53.4	18.1	15.0	35.8	0.3
SOx emissions	[tons]	0.00	0.00	0.05	4.84	-
NOx emissions	[tons]	35.23	3.56	4.71	9.36	-
COD emissions	[tons]	18.8	2.3	4.4	26.6	-
Waste quantity from plants	[tons]	8,074.8	4,364.2	525.4	5,466.3	32.9
Internally recycled quantity	[tons]	0.0	0.0	0.0	976.0	0.0
Externally recycled amount	[tons]	6,170.3	4,275.5	72.9	2,415.5	4.7
Final disposal quantity by landfill	[tons]	27.8	1.5	0.0	18.1	0.7
Emissions of PRTR Act-controlled substances	[tons]	34.7	70.3	6.5	17.7	0.0



Environmental Performance Data | Fiscal 2023 Performance by Organizational Unit

GRI

301-1,2,3/302-1,3,4/
303-1,3,4/305-7/306-1,3,4,5

Companies of the NOF Group

Item	Unit	Nippon Koki Co., Ltd.	NIKK Corporation	Showa Kinzoku Kogyo Co., Ltd.	HOKKAIDO NOF CORPORATION	Nippo Kogyo Co., Ltd.	YUKA SANGYO CO., LTD.
Production volume	[thousand tons]	2.1	1.8	0.2	2.0	0.1	1.9
Total energy input	[thousand GJ]	103.9	25.4	9.2	31.9	2.5	1.3
Total substance input	[thousand tons]	3.0	2.1	0.2	5.1	0.1	1.0
Raw materials	[thousand tons]	2.6	2.1	0.2	5.1	0.1	0.8
Containers and packing materials	[thousand tons]	0.4	0.0	0.0	0.0	0.0	0.2
Water resource input	[thousand m ³]	402.0	12.9	12.2	20.0	3.0	4.0
Greenhouse gas emissions	[thousand tons of CO ₂]	6.5	1.2	0.5	2.1	0.1	0.1
SOx emissions	[tons]	0.40	0.00	0.00	1.16	0.00	0.00
NOx emissions	[tons]	1.00	0.00	0.00	0.00	0.00	0.00
COD emissions	[tons]	0.0	0.0	0.0	0.0	0.0	0.0
Waste quantity from plants	[tons]	211.0	64.4	126.5	64.3	10.8	81.5
Internally recycled quantity	[tons]	0.0	0.0	0.0	0.0	0.0	0.0
Externally recycled amount	[tons]	204.8	64.4	85.7	31.0	8.4	81.5
Final disposal quantity by landfill	[tons]	6.1	0.0	5.9	7.7	1.2	0.0
Emissions of PRTR Act-controlled substances	[tons]	4.2	2.9	0.0	0.2	0.0	0.9

Item	Unit	Nichiyu Kogyo Co., Ltd.	NOF METAL COATINGS ASIA PACIFIC CO., LTD.	NIKKA COATING	NICHYU LOGISTICS CO., LTD.	Other Domestic total	Overseas total
Production volume	[thousand tons]	1.8	2.9	3.3	-	1.0	30.3
Total energy input	[thousand GJ]	6.6	7.1	12.5	6.3	4.9	339.3
Total substance input	[thousand tons]	1.7	2.4	-	-	-	30.3
Raw materials	[thousand tons]	1.6	1.8	-	-	-	30.3
Containers and packing materials	[thousand tons]	0.1	0.6	-	-	-	0.0
Water resource input	[thousand m ³]	32.4	9.0	1.0	-	-	1,873.6
Greenhouse gas emissions	[thousand tons of CO ₂]	0.3	0.0	0.5	0.4	0.2	24.7
SOx emissions	[tons]	0.00	0.00	0.00	-	-	1.75
NOx emissions	[tons]	0.50	0.00	0.00	-	-	3.80
COD emissions	[tons]	0.1	0.0	0.0	-	-	118.6
Waste quantity from plants	[tons]	47.9	167.6	62.2	-	-	3,241.7
Internally recycled quantity	[tons]	0.0	0.0	0.0	-	-	0.0
Externally recycled amount	[tons]	47.9	167.6	49.0	-	-	764.5
Final disposal quantity by landfill	[tons]	0.0	0.0	0.0	-	-	547.5
Emissions of PRTR Act-controlled substances	[tons]	0.0	0.0	29.8	-	-	-



PRTR Data | Fiscal 2023 Emissions of PRTR Act-Controlled Substances

GRI 305-7

Domestic Group

(Unit: kg / year)

Cabinet order No.	Substance	Emissions into atmosphere	Emissions into water	Emissions into soil	Total emissions	Transfer quantity	Recycling quantity
8	Methyl acrylate	21	0	0	21	142,280	0
68	1,2-epoxypropane	4,150	0	0	4,150	0	0
80	Xylene	2,733	0	0	2,733	1,285	60
83	Cumene	15,029	0	0	15,029	0	137,964
123	3-chloropropene	4,383	0	0	4,383	9,050	0
124	1- (2-chlorobenzyl) -3- (1-methyl-1-phenylethyl) urea	5,071	0	0	5,071	0	0
127	Chloroform	1,587	0	0	1,587	28,980	3,331
128	Normal hexane	19,755	0	0	19,755	0	0
186	Dichloromethane	38,326	0	0	38,326	59,985	13,640
262	Tetrachloroethylene	1,639	0	0	1,639	3,262	0
281	Trichlorethylene	1,509	0	0	1,509	952	0
300	Toluene	42,818	0	0	42,818	75,055	562
392	Hexane	15,533	0	0	15,533	46,234	49
400	Benzene	174	0	0	174	5,492	0
436	alpha-Methylstyrene	317	0	0	317	8,325	57,485
602	Perchloric acid and its ammonium, potassium, sodium, magnesium, and lithium salts	142	0	0	142	3,619	0
674	Tetrahydrofuran	9,288	0	0	9,288	80	17,820
692	Mixture of 2,4,4-trimethylpent-1-ene and 2,4,4-trimethylpent-2-ene	115	0	0	115	10,967	0
-	Other substances (108 materials)	4,176	282	0	4,458	51,726	1,319
Total		166,766	283	0	167,048	447,292	232,230



PRTR Data | Fiscal 2023 Emissions of PRTR Act-Controlled Substances

GRI 305-7

NOF

(Unit: kg / year)

Cabinet order No.	Substance	Emissions into atmosphere	Emissions into water	Emissions into soil	Total emissions	Transfer quantity	Recycling quantity
8	Methyl acrylate	21	0	0	21	142,280	0
68	1,2-epoxypropane	4,150	0	0	4,150	0	0
83	Cumene	15,029	0	0	15,029	0	137,964
123	3-chloropropene	4,383	0	0	4,383	9,050	0
124	1- (2-chlorobenzyl) -3- (1-methyl-1-phenylethyl) urea	5,071	0	0	5,071	0	0
127	Chloroform	1,587	0	0	1,587	28,980	3,331
128	Normal hexane	19,755	0	0	19,755	0	0
186	Dichloromethane	8,242	0	0	8,242	59,937	140
300	Toluene	41,971	0	0	41,971	74,592	145
308	Nickel	0	0	0	0	1,040	0
392	Hexane	15,509	0	0	15,509	46,234	49
400	Benzene	174	0	0	174	5,492	0
407	Poly (oxyethylene)=alkyl ether (limited to alkyl group with C numbers of 12 to 15 and mixtures thereof)	0	0	0	0	3,959	0
436	alpha-Methylstyrene	317	0	0	317	8,325	57,485
602	Perchloric acid and its ammonium, potassium, sodium, magnesium, and lithium salts	0	0	0	0	3,619	0
674	Tetrahydrofuran	9,288	0	0	9,288	80	17,820
692	Mixture of 2,4,4-trimethylpent-1-ene and 2,4,4-trimethylpent-2-ene	115	0	0	115	10,967	0
712	Tert-Butyl 2-ethylperoxyhexanoate	0	0	0	0	6,398	0
736	Acetic anhydride	0	0	0	0	32,995	0
-	Other substances (82 materials)	3,284	282	0	3,566	3,523	990
	Total	128,894	283	0	129,177	437,471	217,925



GRI Standards Content Index | 2: General Disclosures

Statement regarding use	The NOF Group has reported the information cited in this GRI content index for the period [April 1, 2023 to March 31, 2024] with reference to the GRI Standards.
Utilized GRI 1 disclosure items	GRI 1: Foundation 2021

	Disclosures	Sustainability Report 2024 or other disclosure sections outside of this document
GRI 2 General Disclosures 2021	1 The organization and its reporting practices	
	2-1 Organizational details	NOF website [Corporate Information] Corporate Overview https://www.nof.co.jp/english/company/outline.html Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-2 Entities included in the organization's sustainability reporting	Sustainability Rseport [Editorial Policy] ...P.003~004 [Business Bases] ...P.012~013 NOF website Business Locations https://www.nof.co.jp/english/company/plant Group Companies https://www.nof.co.jp/english/company/group-companies Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-3 Reporting period, frequency and contact point	Sustainability Rseport [Editorial Policy] ...P.003~004 ...Back cover
	2-4 Restatements of information	There were no major revisions.
	2-5 External assurance	—
	2 Activities and workers	
	2-6 Activities, value chain and other business relationships	Sustainability Rseport [NOF's Philosophy] ...P.006~007 [NOF's story] ...P.008~011 [NOF's Strengths] ...P.014 [Business Model] ...P.015 [Technologies and Materials of the NOF Group] ...P.016 [Everyday Products Created from NOF's Products] ...P.017~018 [Value Creation Process] ...P.019~020 Integrated Report [Mid-term Management Plan] Prioritized Business Fields ...P.082~083 [NOF's Business Strategies] ...P.092~105 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements



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	2-10 Nomination and selection of the highest governance body	Sustainability Rseport [Corporate Governance] Organizational Setup for Corporate Governance ...P.034~036 Governance in the Sustainability Report ...P.037 Officers / Outside Directors (Diversity, Independence, Skills and Competencies)...P.038~040 Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf Securities Report https://www.nof.co.jp/english/ir/library/financial-statements	
	2-11 Chair of the highest governance body	Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf Securities Report https://www.nof.co.jp/english/ir/library/financial-statements	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Rseport [Corporate Governance] Organizational Setup for Corporate Governance ...P.034~036 Governance in the Sustainability Report ...P.037 [Corrective Process Against Negative Impacts] ...P.072~082 [Responses to Climate Change (TCFD)] Disclosure in Line with TCFD Recommendations: Governance ...P.108 Disclosure in Line with TCFD Recommendations: Risk Management ...P.114 [Creation of Workplaces Where Human Resources Can Thrive and Comfortably Work] Securing Diverse Human Resources, Governance Related to Human Resources Development ...P.162 Risks and Opportunities ...P.167 Risk Management for Human Capital ...P.168 Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf Securities Report https://www.nof.co.jp/english/ir/library/financial-statements	



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	2-16 Communication of critical concerns	Sustainability Rseport [Quality Management] Risks and Opportunities ...P.053 [Corrective Process Against Negative Impacts] Risk Management ...P.072~076 Compliance ...P.078 [Water and Wastewater] ...P.125~126 [Emissions Into the Atmosphere] Air Pollution Control ...P.128 [Supplier Environmental Assessment] Promotion of CSR-Based Procurement ...P.148~151 [Human Rights] Risks and Opportunities ...P.155 Responses to Priority Risks ...P.156 [Creation of Workplaces Where Human Resources Can Thrive and Comfortably Work] Risks and Opportunities ...P.167 [Occupational Safety and Health] Risks and Opportunities ...P.180 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements	
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GRI 407 Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Rseport	[Human Rights] Policy ...P.154 CSR questionnaire ...P.159 [Supplier Environmental Assessment] CSR Procurement Guidelines ...P.149 Not Applicable



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GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Rseport [Supplier Environmental Assessment] CSR Procurement Guidelines ...P.149 [Human Rights] Policy ...P.154 CSR questionnaire ...P.159 Not Applicable
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GRI 411 Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable
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GRI 417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Sustainability Rseport [Products that Contribute to the Environment] ...P.023~032 [Chemical Safety] Customer Safety ...P.135 [Customer Safety and Health] ...P.200 [Marketing and Labeling] ...P.201
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Governance

Recommendation: Disclose the organization's governance around climate-related risks and opportunities.

	Recommended disclosure content	Relevant Section in Data Book (or Disclosure outside this report)
a)	The Board of Directors' oversight system for climate-related risks and opportunities	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Governance ...P.108
b)	Management's role in assessing and managing climate-related risks and opportunities	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Governance ...P.108 Disclosure in line with TCFD recommendations: Risk management ...P.114

Strategy

Recommendation: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

	Recommended disclosure content	Relevant Section in Data Book (or Disclosure outside this report)
a)	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Strategy ...P.109
b)	Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Strategy ...P.110
c)	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Strategy ...P.111~113

Risk Management

Recommendation: Disclose how the organization identifies, assesses, and manages climate-related risks.

	Recommended disclosure content	Relevant Section in Data Book (or Disclosure outside this report)
a)	Organization's processes for identifying and assessing climate-related risks	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Governance ...P.108 Disclosure in line with TCFD recommendations: Risk management ...P.114
b)	Organization's processes for managing climate-related risks	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Risk management ...P.114
c)	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Risk management ...P.114

Metrics and Targets

Recommendation: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

	Recommended disclosure content	Relevant Section in Data Book (or Disclosure outside this report)
a)	Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Metrics and targets ...P.115~116
b)	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Sustainability Report [Responses to Climate Change] Status of Greenhouse Gas Reduction Efforts/ Emissions ...P.117~121
c)	Targets used by the organization to manage climate-related risks and opportunities and performance against targets	Sustainability Report [Responses to Climate Change] Disclosure in line with TCFD recommendations: Metrics and targets ...P.115~116

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