

Presentation Material

Initiatives for Sustainability Issues

November 17, 2023



NOF CORPORATION

Agenda

1. Sustainability Issues

- Provide new values to realize a prosperous and sustainable society
- Promote responsible care activities
- Strengthen the business foundation

2. Governance Structure

3. Stakeholder Engagement

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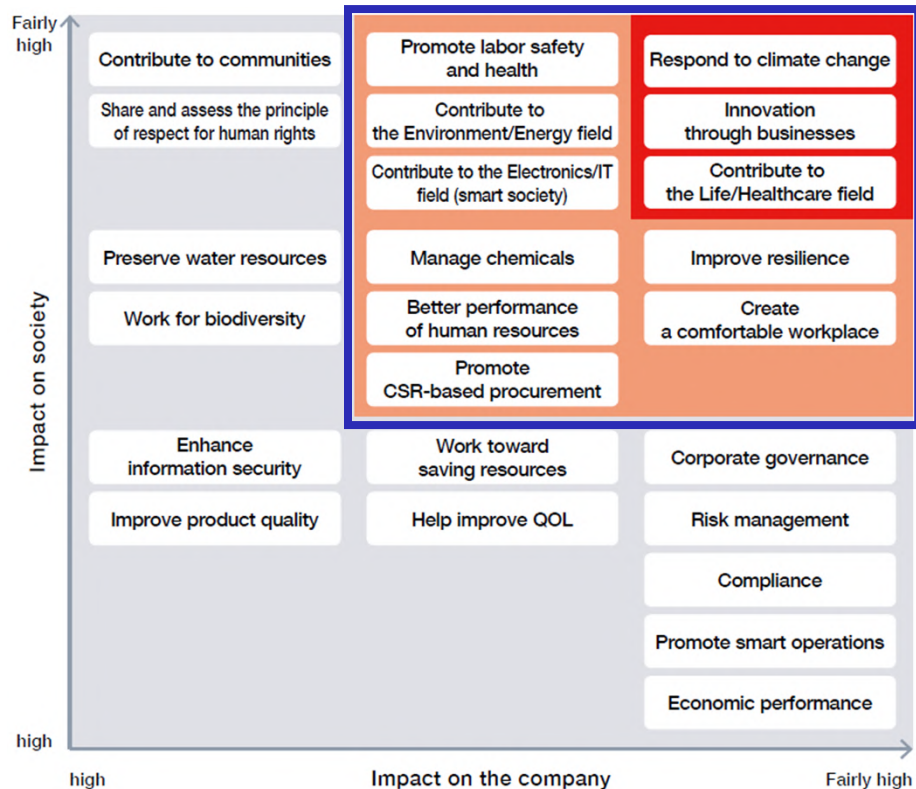
2. Governance Structure

3. Stakeholder Engagement

Materiality Identification

Materiality matrix

11 important issues(materiality issues)



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



Promote responsible care activities



Strengthen the business foundation

Materiality category①

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.

Provide new values to realize a prosperous and sustainable society

Promotion of R&D in our **three prioritized business fields**
(Environment/Energy, Life/Healthcare, and Electronics/IT)



•Global Warming



•Quality of Life



•Information Society

Provide Values

•Eco-friendly products

Biodegradable lubricants, Anti-corrosion coatings for bolts, Stern tube bearing oil, Antifogging agents for LED headlamps, Agents that prevent abnormal noises

•Pharmaceutical and Medical-related products

Monodispersed PEGs, Ionizable lipids for nucleic acid delivery, Biocompatible materials

•Cosmetics related products

Cosmetic raw materials(biocompatible materials, natural bioavailable substances), ODM(wealth of expertise in interface control technology and mix design technology)

•Products Related to Electronic Components

Highly photosensitive materials, Additives for electronic components, Curing agents for low-dielectric materials

Provide new values to realize a prosperous and sustainable society

**“NOF call for commissioned industry-academia research”
for open innovation through co-creation with external parties**



In the health food field,
four technologies were
selected after an open
call for three themes

Life/Healthcare field

Acquire technologies that can contribute to solving issues related to people's health

【Themes】

- ① Useful materials for health food
- ② Technologies for improving the functionality, production efficiency, and advanced utilization of useful materials for health food
- ③ Cultured materials aimed at addressing the protein crisis



In the electronics field,
four technologies were
selected after an open
call for nine themes

Electronics/IT field

Acquire technologies that can contribute to the enhancement of the functionality of electronic materials

【 Themes 】

- ① Ultra high-speed communications
- ② Next-generation displays
- ③ New power generation methods
- ④ Power semiconductor materials used in consumer appliances and electronics for Evs
- ⑤ Autonomous control sensing for automatic driving, robots, and drones
- ⑥ Higher performance motors
- ⑦ Rechargeable batteries
- ⑧ Biological data acquisition
- ⑨ Semiconductors for PCs, smartphones, home appliances, and electronic equipment

Selected organizations



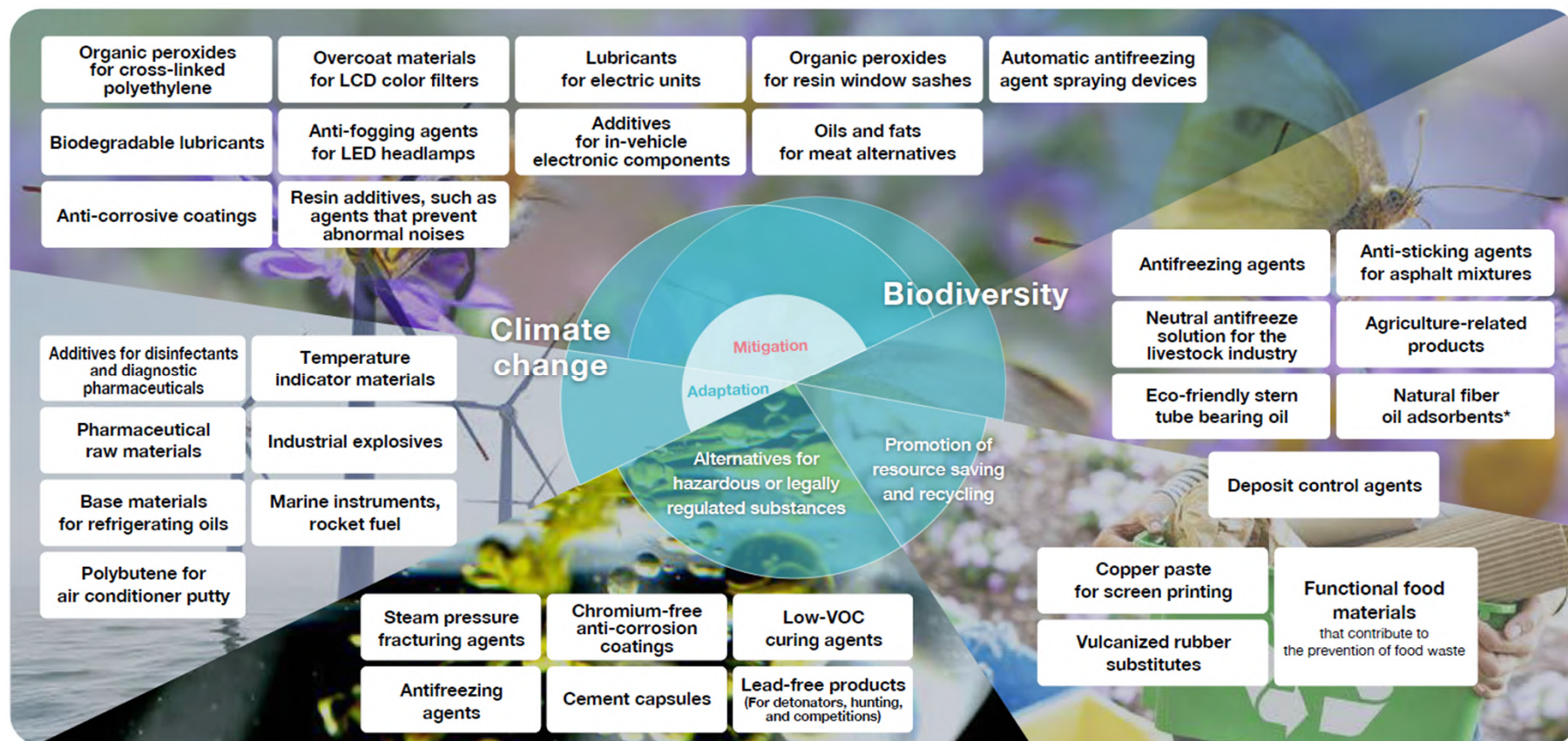
Selected organizations



Eco-Friendly Products

In response to global issues such as climate change and biodiversity, we are creating a variety of eco-friendly products

Technologies related to climate change and biodiversity among NOF's clean tech-related products



※Sold by sales agents

Materiality category②

Promote responsible care activities

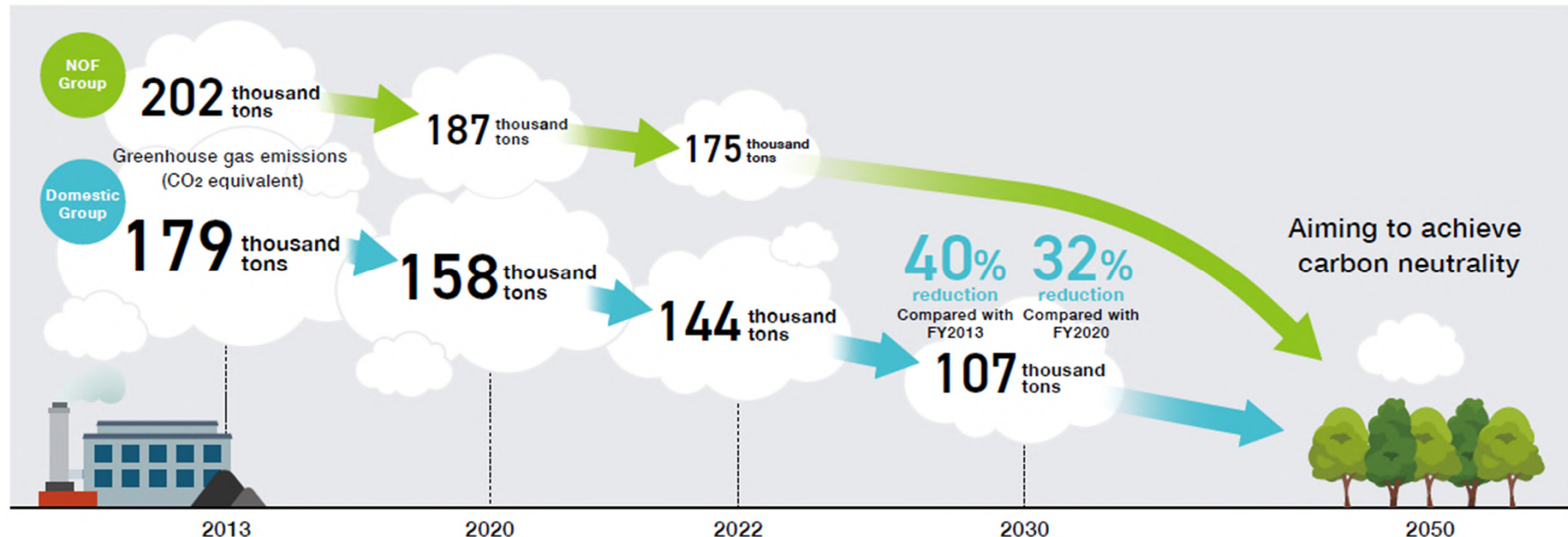


By securing the environment, safety, and health in all processes, from product development and Manufacture to disposal, we will aim to be a corporate group that is trusted by the whole of society.

Response to Climate Change

Roadmap toward reducing greenhouse gas emissions

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



Phase1 | Horizontal rollout of existing energy conservation

- Energy conservation improvement activities such as waste heat recovery
- Upgrading to high-efficiency equipment
- Introduction of solar power generation (Daishi Plant)

Phase2 | Conversion to renewable energy

- Consideration of introducing Internal Carbon Pricing
- Electrification of non-electrified equipment
- Review of production process
- Alternative energy conversion
- Purchase of electricity certified to come from non-fossil fuel sources (Kawasaki Works has already introduced the system since FY2022.)

[Environmental investment plan of 2.1 billion yen in the 2025 mid-term plan]

Phase3 | Consideration of new processes and technologies

- Transition to low energy-consumption processes
- Utilization of new energy (hydrogen and ammonia)

Efforts to achieve carbon neutrality

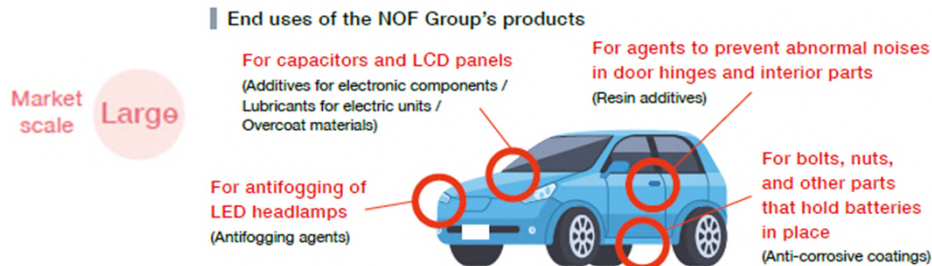
Response to Climate Change

Products that contribute to the reduction of greenhouse gases to **mitigate** the progression of climate change

Electric vehicles

[Functional Materials business·Metal Coatings business]

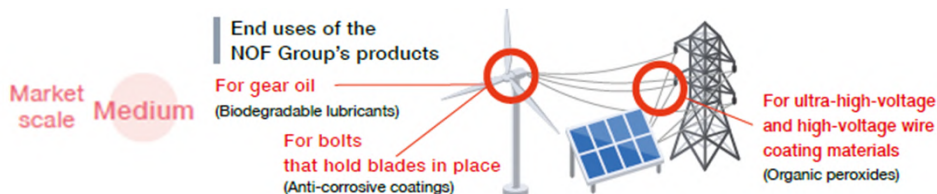
- **Anti-corrosive coatings** for bolts that hold parts in place
- **Additives for electronic components**
- **Resin additives**, such as agents that prevent abnormal noises caused by resins rubbing against each other



Wind power / Solar power

[Functional Materials business·Metal Coatings business]

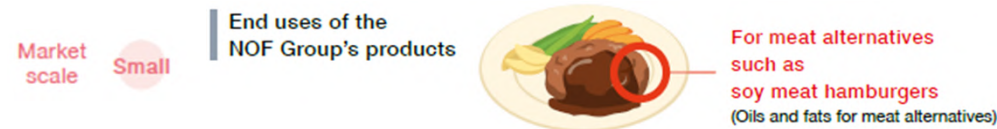
- **Anti-corrosive coatings** for bolts used in wind turbine blades and **biodegradable lubricant** required for gear lubrication
- **Organic peroxides** for cross-linked polyethylene, which is used as a coating material for ultra-high-voltage and high-voltage electric wires



Meat alternatives

[Functional Foods business]

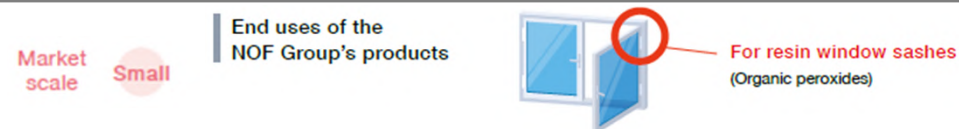
- **Meat alternative oils and fats** help improve the flavor and texture of plant-derived meat alternatives



Resin window sashes

[Functional Materials business]

- **Organic peroxides** contribute to insulation of energy-efficient homes



Market scale·····over 30 billion yen per year (large),
less than 30 billion yen and over 3 billion yen (medium),
less than 3 billion yen (small)

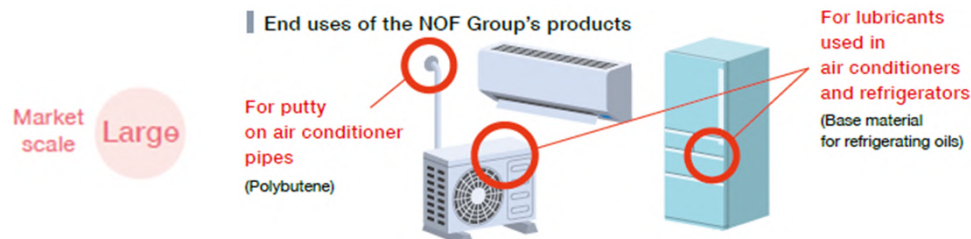
Response to Climate Change

Products that contribute to **adaptation** by reducing the impact of climate change

Air conditioners / Refrigerators

[Functional Materials business]

- **Base material for refrigerating oils** for alternative CFC refrigerants



Diagnostic pharmaceuticals / Pharmaceutical raw materials

[Functional Materials business·Life Science business]

- **Disinfectants and additives for diagnostic pharmaceuticals** to combat infectious diseases
- **Pharmaceutical raw materials** for diseases and disorders



Environmental information /

Disaster prevention and mitigation products

[Explosives & Propulsion business]

- **Marine instruments and rocket fuel** for earth-wide surveys
- **Industrial explosives** involving procurement of rocks and soil from mountainous areas



Market scale:·····over 30 billion yen per year (large),
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less than 3 billion yen (small)

Materiality category③

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.

Response to Human Capital

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.

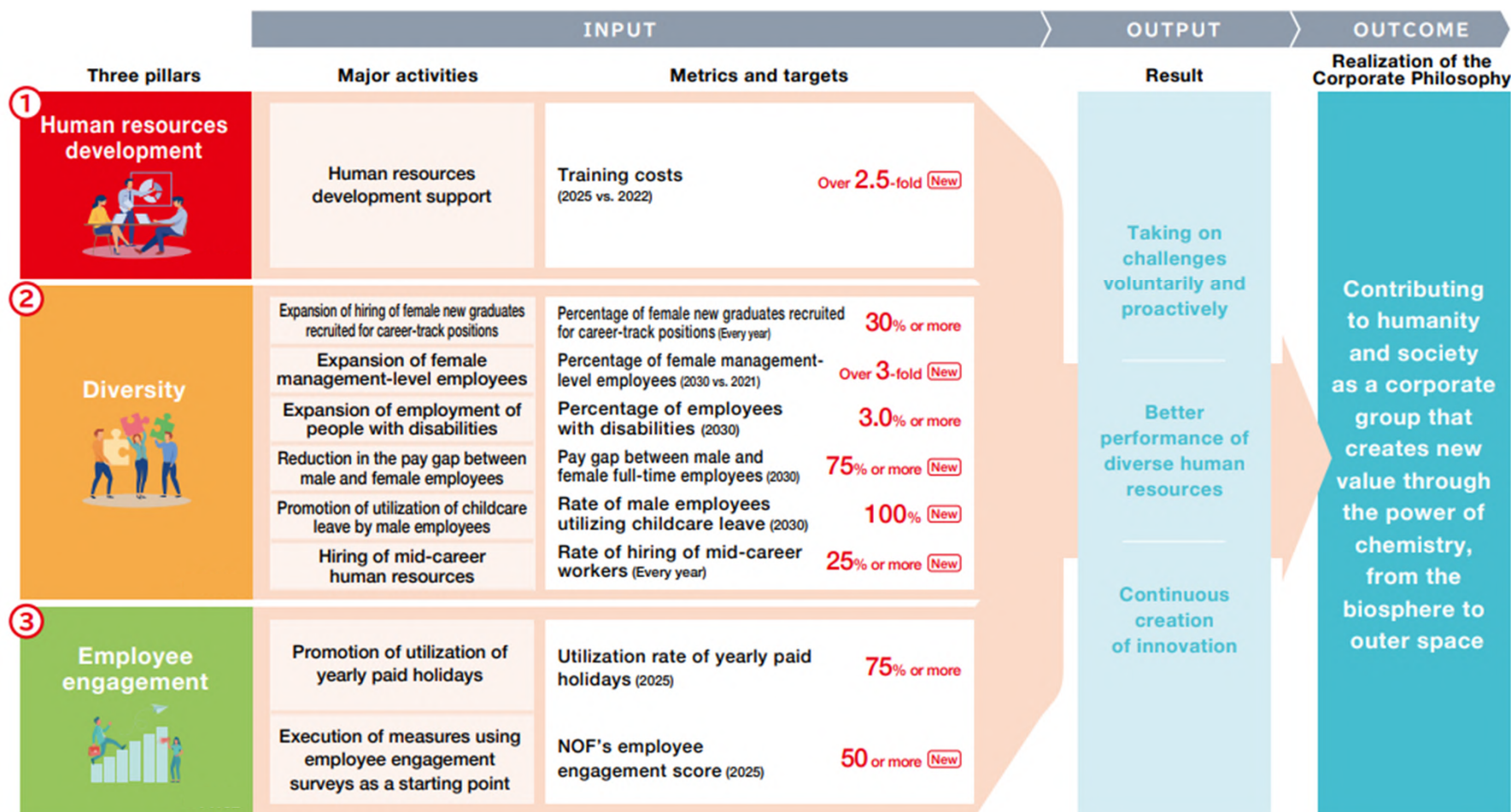
Three pillars of human resources performance



Response to Human Capital

We create diverse human resources that takes on the challenge of creating new value.

Major activities and Metrics/Targets



Response to Human Capital

Measures to address major risks related to human capital

Risks

Labor shortages



**Active recruitment activities
(Securing human resources)**

Prevention of mismatches and proactive disclosure of information on recruitment

- ⇒ Proactive disclosure of information on recruitment
- ⇒ Enhancement of recruitment information, such as introductions of business activities and job descriptions, through the use of the website
- ⇒ Holding company information sessions for each job category
- ⇒ Implementation of internships that accept high school students

Risks

Rise in turnover rates



**Comfortable workplaces
(Utilization of
the job return system)**

Creation of an environment where employees can continue to work with peace of mind

- ⇒ Expansion of various systems related to childcare and nursing care
- ⇒ Provision of information on support for balancing work with childcare and nursing care using a handbook
- ⇒ Promotion of dialogue between supervisors and subordinates through a self-reporting system, etc.
- ⇒ Creation of an environment where employees can continue to work with peace of mind, such as by conducting stress checks and establishing counseling services
- ⇒ Utilization of career opportunities through rehiring (job return) of retired employees

Risks

Delays in fostering human resources



**Steady promotion of
human resources
development measures**

Constant provision of opportunities to learn new knowledge and skills

- ⇒ Promotion of human resource development measures by expanding our unique talent development system, which is systematized into “training at the organizational level,” “training regarding specific issues,” and “self-education/development.”
- ⇒ Provision of opportunities for employees to constantly learn new knowledge and skills regardless of their age or career stage
- ⇒ Development of global human resources through overseas training and educational systems
- ⇒ Development of DX human resources

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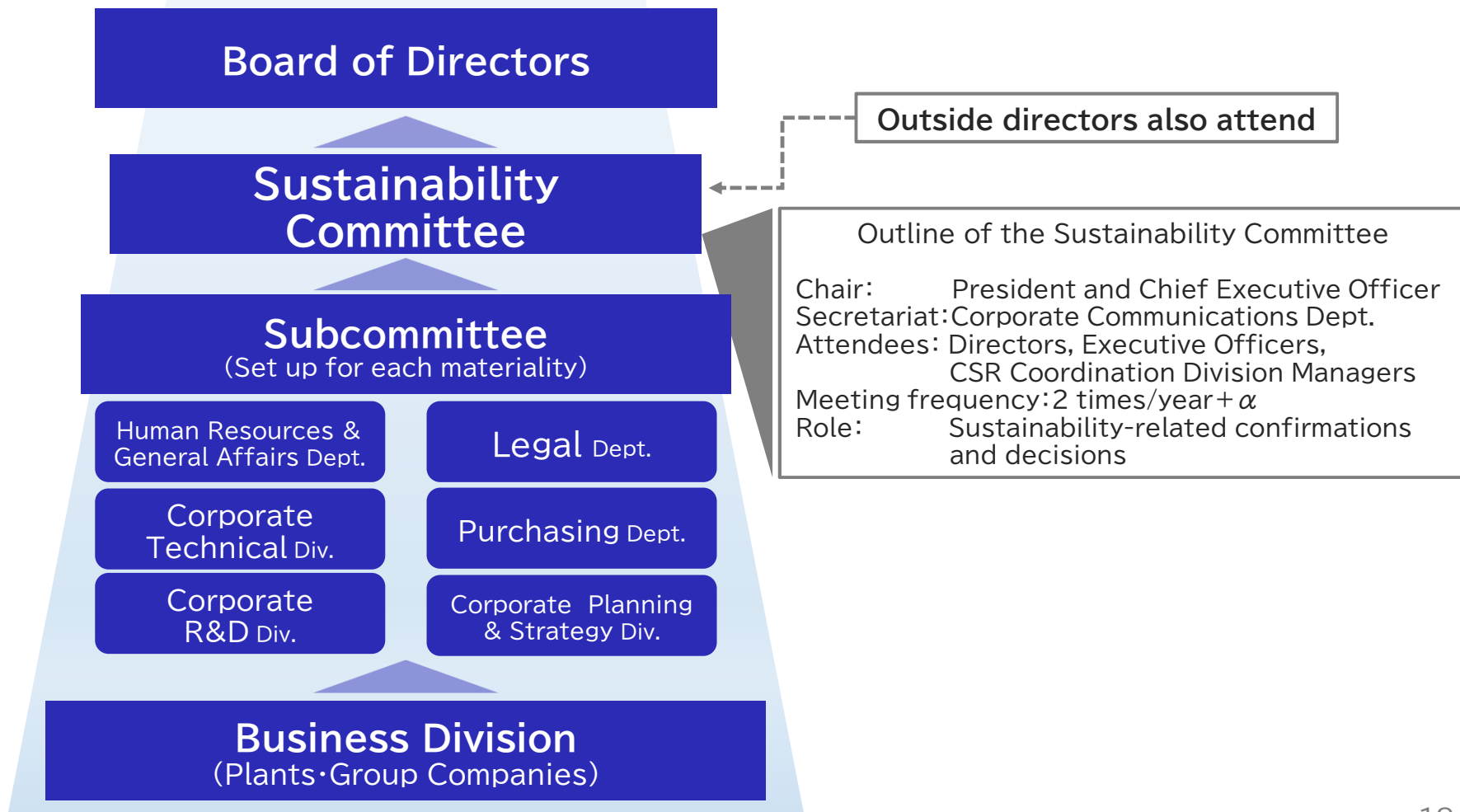
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Governance Structure

- ◆ Confirmation of sustainability-related matters by the Sustainability Committee
- ◆ Materiality approved by the Board of Directors
- ◆ Promote activities through subcommittees set up for each materiality
(Internal departments collaborate and promote)
- ◆ Introduced ESG indicator-linked compensation for Directors and Operating officers
(excluding Audit and Supervisory Committee members and Outside Directors)



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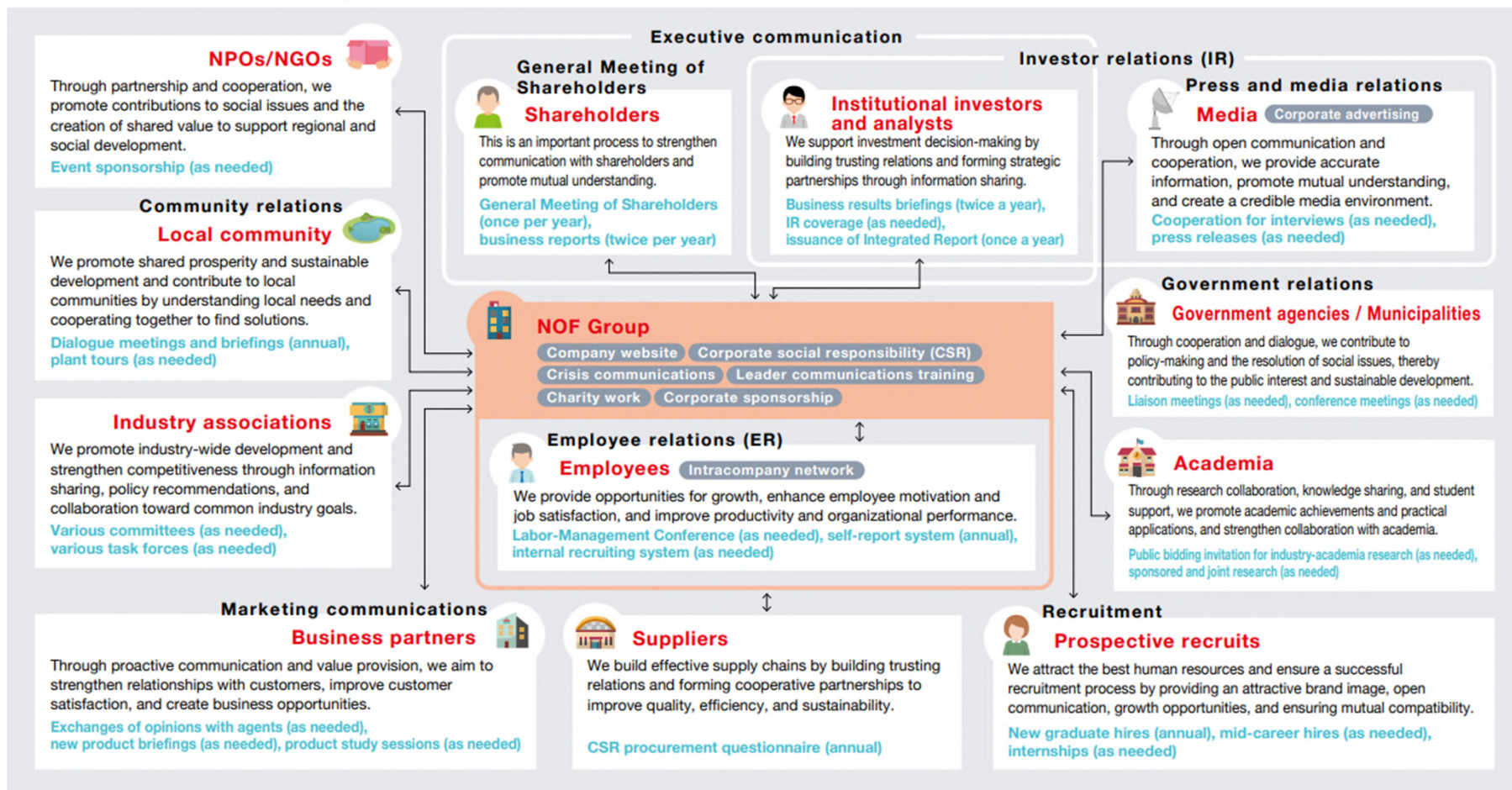
3. Stakeholder Engagement

Stakeholder Engagement

Two-way communication with stakeholder

- Improve the quality of our products and services and thus ensure the value and credibility of the company
- Create innovation and new business opportunities

Relationship diagram between NOF and stakeholders



Social Contribution Activities

Work for Biodiversity

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.

All plants



Recycling of plastic waste

Company-wide



Going paperless

Amagasaki



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

Aichi



Taketoyo community tree planting festival (seedling purchase and sponsorship)



Weeding of the Designated Invasive Alien Species “lanceleaf tickseed”

Oita



Modal shifting

Bibai



Activities to protect Japanese swamp lantern clusters (HOKKAIDO NOF CORPORATION)

Kawagoe



Solar panels (NiGK Corporation)

Head Office



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



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 and JaIME

Kawasaki



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



Food waste reduction (functional foods)



Modal shift, 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.)

Social Contribution Activities

Support for people with disabilities

NOF is committed to supporting people with disabilities as part of its social responsibilities

NOF has supported the activities of para-athletes and artists with disabilities since fiscal 2023

Para-sports



Photo: Hiroki Nishioka



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.

Paralym Art



NOF will use art by Paralym Art artists for the covers of its Integrated Report and internal magazine.

This initiative will promote 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.

Internal magazine
(Autumn 2023)



Integrated Report
(2023)



Sustainability Report
(2023)



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- The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.
- Please be aware that decisions regarding investments are the responsibility of the users themselves.
- Please note that, in this material, amounts less than ¥100 million have been rounded off.

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