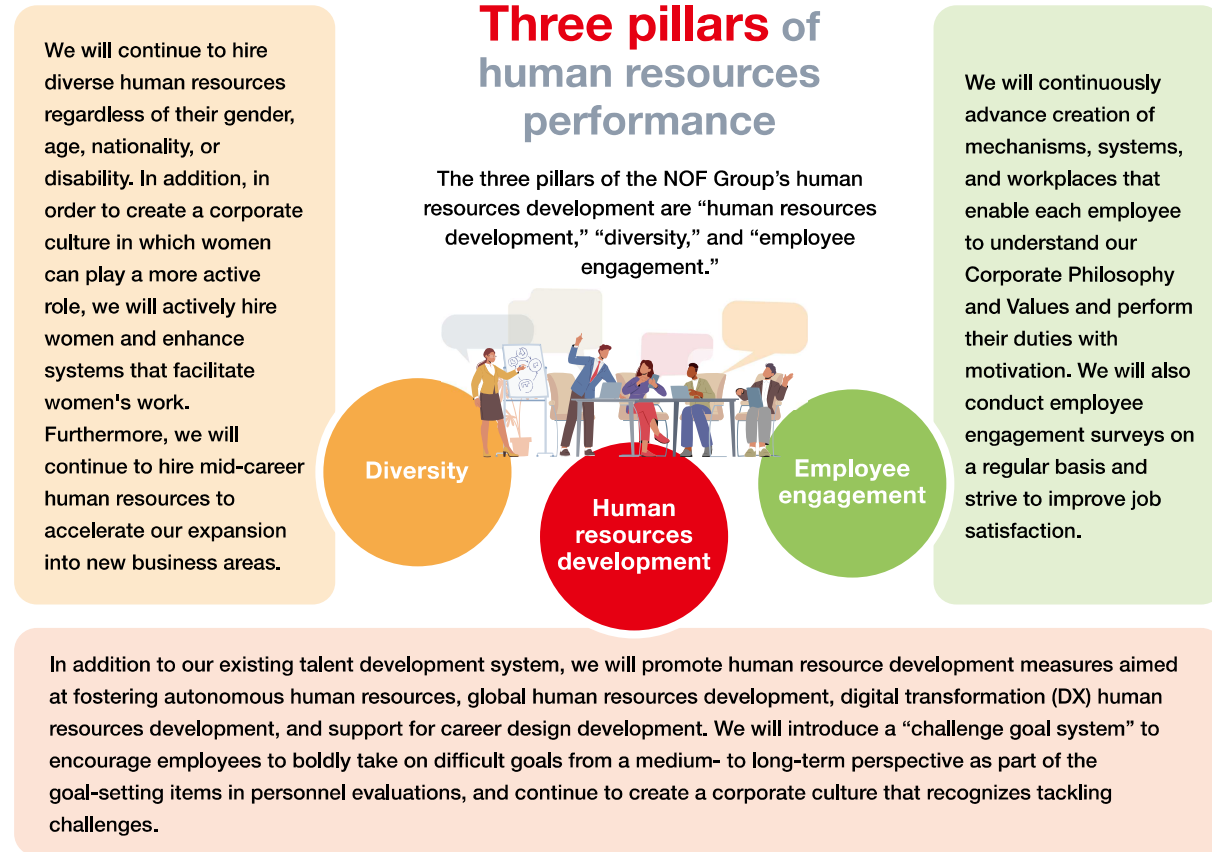




Response to human capital

Our fundamental view

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.



Through these activities for the three pillars, the NOF Group will contribute to people and society as a corporate group that creates new value through the power of chemistry.

Taking on the challenge of creating new value

Three values of “Challenges,” “Fairness,” and “Harmony” We hope to weave values appropriate to the new era with the power of chemistry together with our customers by leveraging our organizational culture in which employees themselves embody these values and act in accordance with them.

Amidst the rapidly changing and increasingly uncertain business environment, in order to face various social issues, be perceptive of the progress of innovative technologies, and take on the challenge of creating new value, last year we discussed anew our mission and path forward and established our new Corporate Philosophy and values to uphold. Based on the belief that human resources development is the foundation of management, we will continue to provide generous support for the growth aspirations of our employees and enhance the potential of our human resources by expanding diversity and improving employee engagement, while also taking into account the perspective of human capital management.

Operating Officers
General Manager, HR &
General Affairs Department

**Akihisa
Maeda**





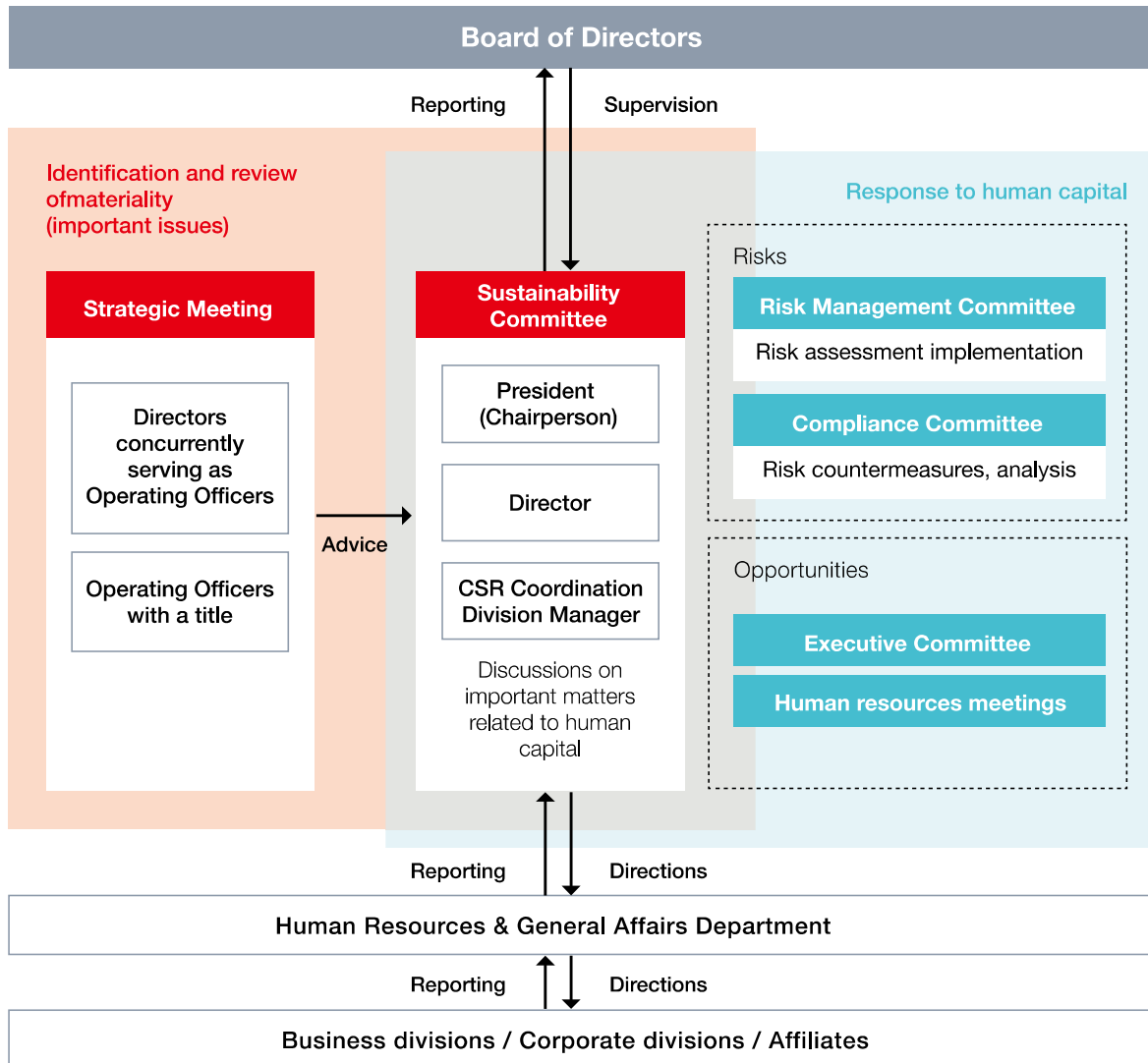
Response to human capital | Governance for human capital

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. This is then reported to the Board of Directors. 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.

Response to human capital 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 Compliance Committee implements risk countermeasures and analysis. A system has been put in place in which the results of deliberations are reported to the Board of Directors at least twice a year for supervision.

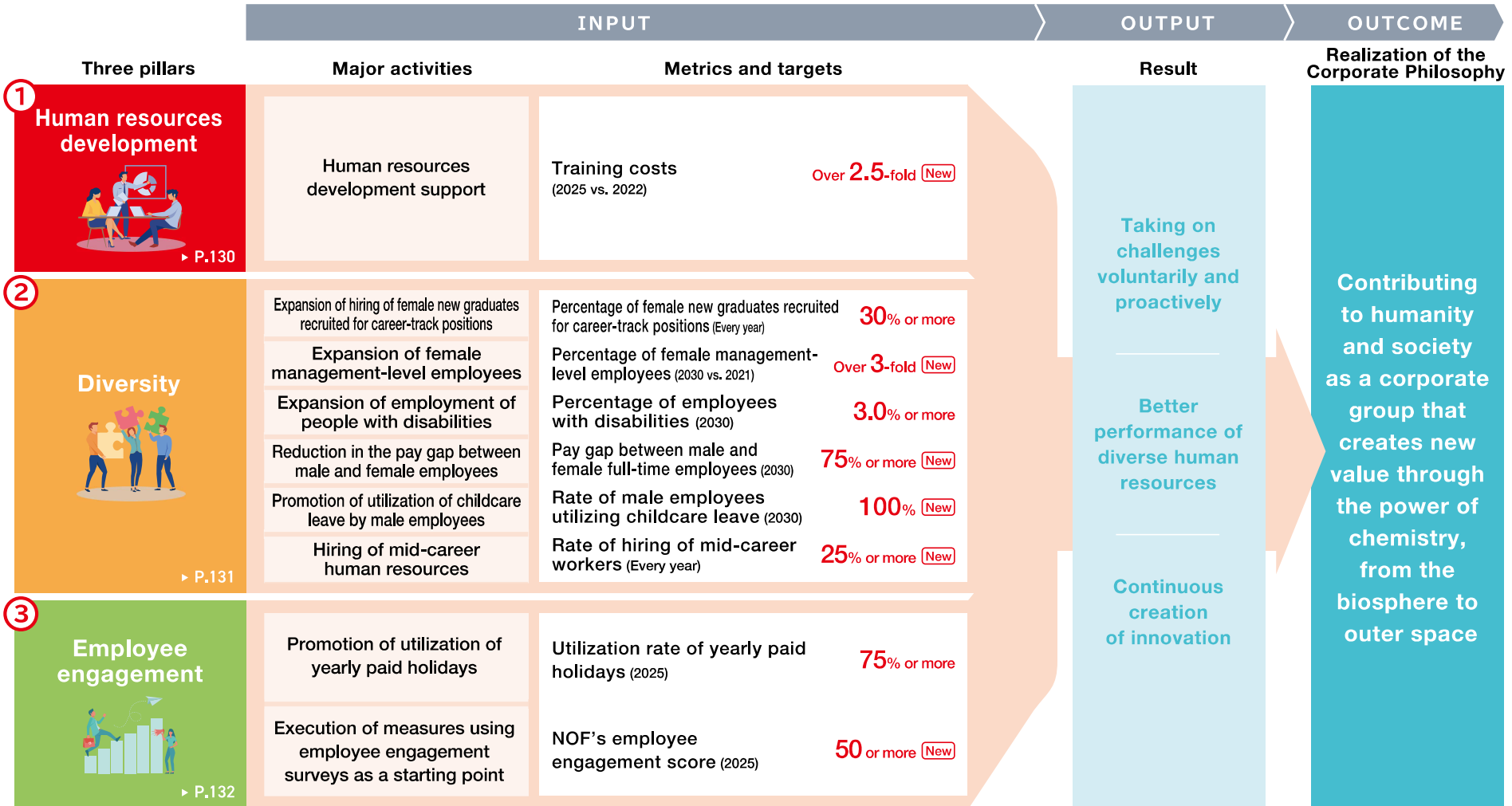
Governance structure for response to human capital





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

NOF





Response to human capital

Strategy for Human Capital / Metrics and Targets [Theme (1): Human Resources Development]

GRI 404-2

Human resources development



Faced with a business environment where uncertainty is the norm, it is necessary to continuously create innovation even in such an environment. To do so, it is more important than ever before to utilize human resources as important capital to support corporate performance. The driving force behind sustainable growth for the company will be providing employees, regardless of their age or career stage, with opportunities to constantly learn new knowledge and skills and encouraging them to take on new challenges through enhancement of training at the organizational level and regarding specific issues as well as expansion of support for self-education/development. Furthermore, in order to keep up with the speed of technological advancement, we will not only conduct in-house development of employees, but also hire diverse human resources with the aim of developing our human resources who take on challenges.

Training costs NOF



1	2	3
Promotion of employees' autonomous growth	Promotion of development of DX human resources	Promotion of development of global human resources
<p>Strengthening development of autonomous human resources</p> <p>We will consider establishing new training at the organizational level and regarding specific issues to foster a mindset in employees that encourages the actions necessary for business expansion and personal growth.</p>	<p>Support for career design development</p> <p>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.</p>	<p>We will consider establishment of new DX human resources training.</p> <p>We will consider revision of overseas study programs and related overseas educational systems, as well as development of global human resources.</p>



Response to human capital

Strategy for Human Capital / Metrics and Targets [Theme (2): Diversity]

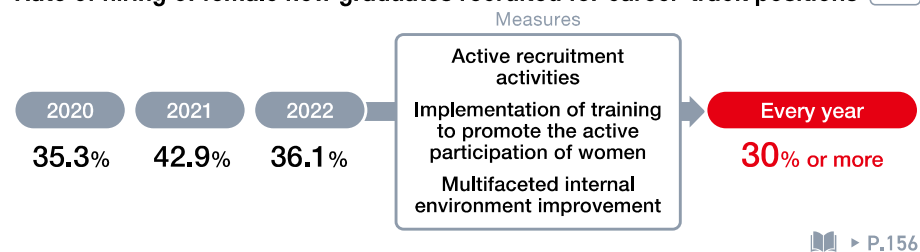
GRI 2-7/401-3/405-1,2

Diversity

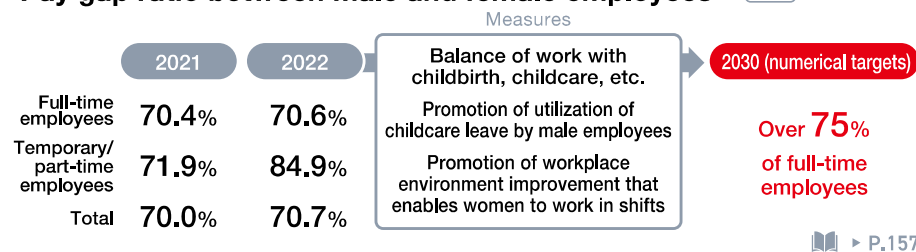


The NOF Group believes that human resources are the source of corporate growth, and designates one of its materiality items as “better performance of human resources.” We promote diversity and inclusion based on the belief that acceptance and respect for diversity will promote the creation of innovation. We aim to be an organization where employees with diverse values can voluntarily and proactively take on all challenges with a sense of purpose, and where employees with talent and motivation are appropriately evaluated and can play an active role.

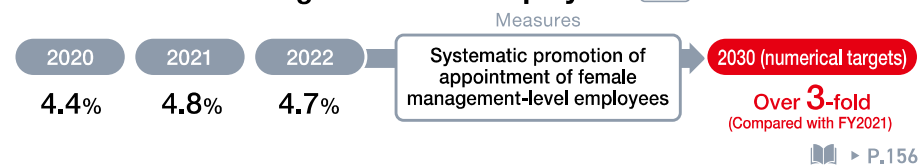
Rate of hiring of female new graduates recruited for career-track positions NOF



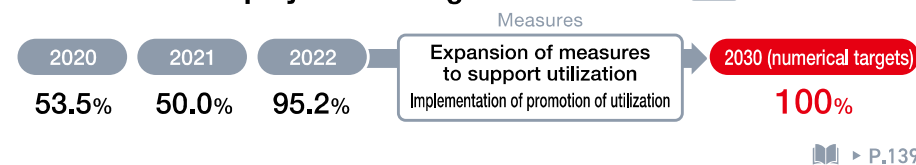
Pay gap ratio between male and female employees*1 NOF



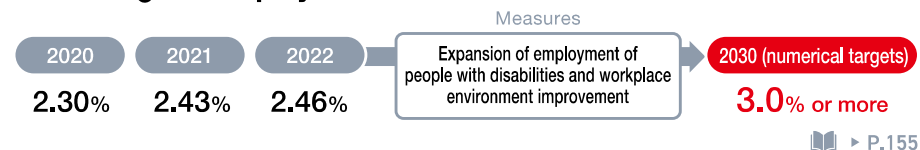
Rate of female management-level employees NOF



Rate of male employees utilizing childcare leave NOF



Percentage of employees with disabilities NOF



Rate of hiring of mid-career workers*2 NOF



*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 (%) = (Mid-career workers hired from April 1 to March 31) / (Total of new graduate hires and mid-career workers hired from April 1 to March 31) x 100

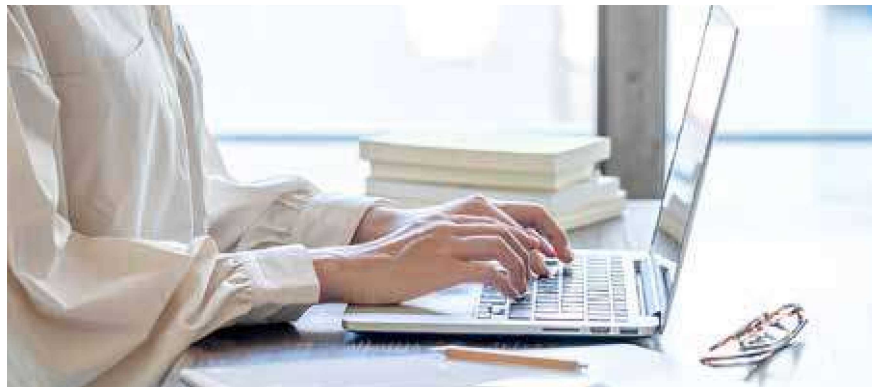
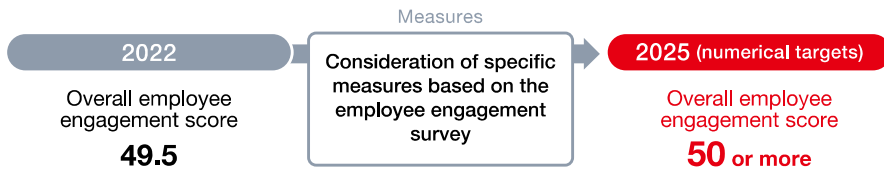


Employee engagement



Based on the philosophy that “a company is its people,” the NOF Group believes that the driving force for creating new innovation and corporate growth is having each and every employee perform their duties with motivation and understanding of our Corporate Philosophy and values. As one of our efforts to achieve this, we aim to improve employee engagement and create comfortable workplaces from various perspectives, including diversity and inclusion, talent development, work-life balance, health management, occupational health and safety, and labor-management relations. In addition, NOF has conducted employee engagement surveys since fiscal 2022 to ascertain employee engagement and the results of past initiatives. The employee engagement survey identifies our overall engagement score based on engagement related to work and duties (creativity, relationship building, and meaning-making) and engagement related to the company and organization (work content, human relations, and organizational systems). We are working to improve employee engagement by taking various measures to create comfortable workplaces.

Overall employee engagement score NOF

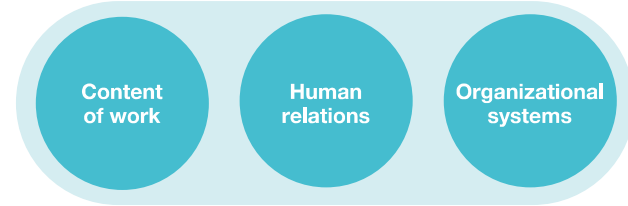


Employee engagement survey measured items

Status of engagement related to work and duties



Status of employee engagement related to the company and organization



Other measured items

- Satisfaction with personnel salary system and talent development
- Requests for systems and policies related to work styles
- Compliance-related items



The NOF Group is taking the following measures to address major risks related to human capital.

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

Risks

Labor shortages New

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 New

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

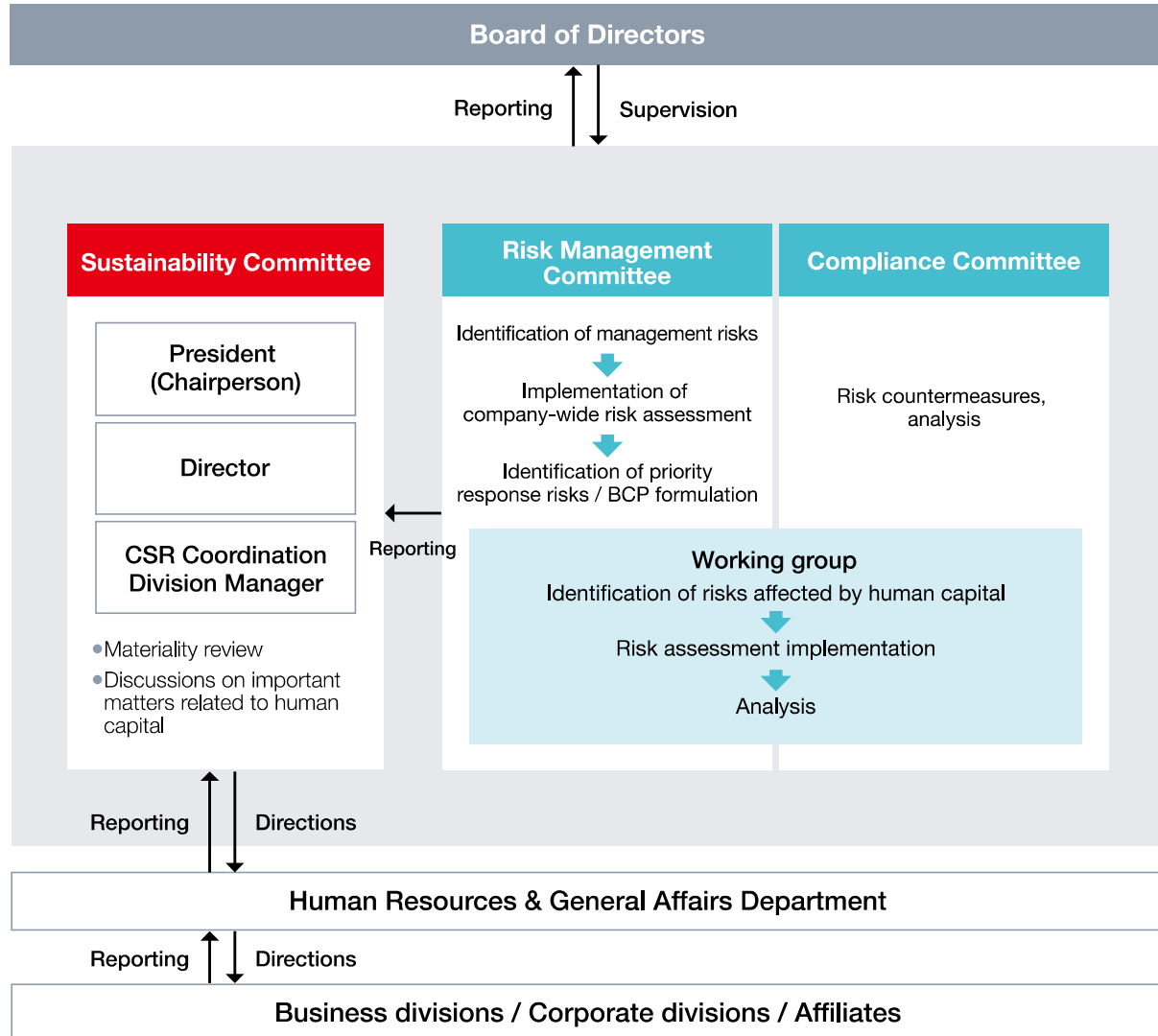


Response to human capital | Risk management for human capital

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, a working group consisting of members selected from the Risk Management Committee and the Compliance Committee plays the central role in identifying the risks affected by human capital 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 human capital risk countermeasures.

Diagram showing risk management for human capital





Response to human capital | Initiatives for human capital

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

