




SUSTAINABILITY REPORT 2023

Y. OHISHI

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How to use this report



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- Clicking on "Disclosure Location" in a content index will take you to the desired page or external link.

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.

(P.000~000) **P.000-000**

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

Editorial Policy

The Sustainability Report 2023 reports on the NOF Group's approach to the environment (E), society (S), and governance (G) and its initiatives in fiscal 2022. 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	Fiscal 2022 (From April 1, 2022 to March 31, 2023) *Includes some activities, etc. after April 2023	
Covered organizations	NOF CORPORATION and its subsidiaries and affiliated companies (the following are indicated and covered in this report)	
	NOF Group	NOF CORPORATION and its 25 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 13 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.
Reporting cycle	Published annually as an annual report	
Issuance	September 2023 (next report: September 2024)	
Guidelines Referenced	<ul style="list-style-type: none"> ● 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.



Organization

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NOF's Philosophy

GRI 2-6,23

NOF CORPORATION
Sustainability Report
2023

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Organization

Governance

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Important
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Finances

Environment

Society

Appendix

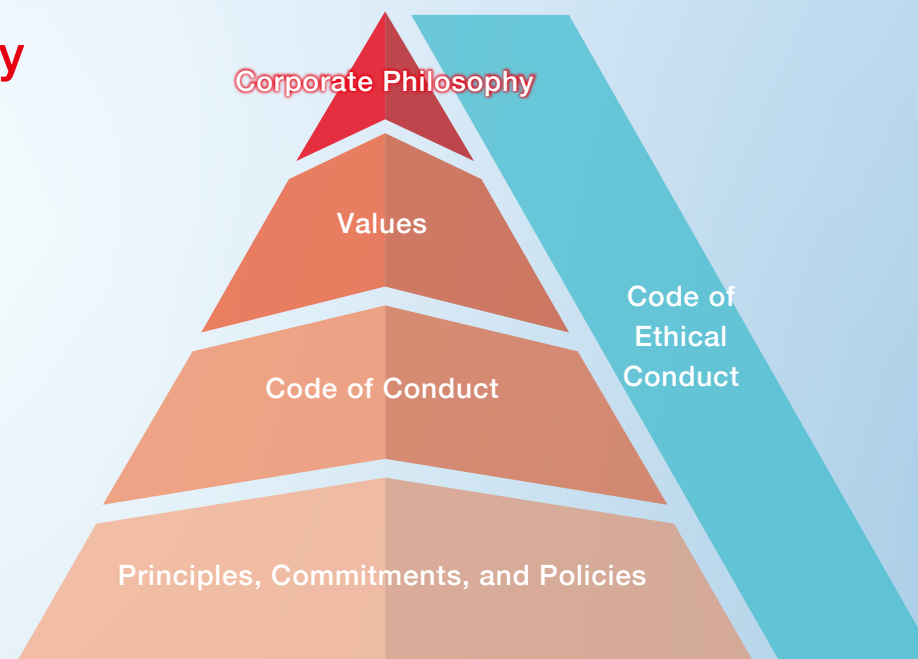
Corporate Philosophy

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 Biotechnology to 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.

New Corporate Philosophy and Guiding Framework



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

We have newly established three Values that the NOF Group prioritizes when putting 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

We have newly established our Code of Conduct to represent 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 cutting-edge technologies 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.



Revision of the Corporate Philosophy and Guiding Framework: Management rooted in the growth of people during turbulently changing times

Our previous Corporate Philosophy was established in 1992. It was partially revised in 2002, and subsequently served as a guideline for the management activities of the NOF Group for the following 20 years. It was a philosophy to be proud of, and was widely familiar both inside and outside the company, refined throughout our history, and continuously passed down. However, more than 20 years have passed since the 2002 revision, and the business environment and social conditions surrounding the NOF Group are facing two major changes.

First, as a global trend, it has become the responsibility of companies to conduct activities in accordance with goals that respond to international frameworks for resolving climate change, human rights issues, and other such challenges. The Sustainable Development Goals (SDGs), which were adopted as voluntary goals by the United Nations General Assembly in 2015, are not

limited to the national and governmental level, and have become widely recognized as a corporate social responsibility. Furthermore, setting specific action goals for greenhouse gas reduction to become carbon neutral by 2050 as well as respect for human rights in the supply chain have become essential for the sustainable growth of business.

The second change is further technological innovation. Technology has been continuously progressing through now, but fields such as the IoT, AI, and quantum computing are evolving to have more impact on society and business infrastructure than ever before. Technology, which is becoming social infrastructure, is driving ever-evolving innovations in various fields such as medicine and biotechnology, electric vehicles (EV), and fifth-generation mobile communication systems (5G). The creation of new value in this next era requires that we keep pace with rapidly developing technology while refining our own technologies

as well as taking on the challenge of developing new technologies and products.

In addition to the above two changes, we must appropriately face a society in which “uncertainty is the norm.” To this end, it is essential to have management that is rooted in the growth of people, the foundation that supports the company. We thus decided to revise our Corporate Philosophy and Guiding Framework.

Our new Corporate Philosophy and Guiding Framework will illuminate where we stand and serve as a “compass” for the future growth of our business together with society. For the mutual growth of our employees and the NOF Group, we will place our Corporate Philosophy and Guiding Framework at the center of our business management and organizational operations, and encourage that action be taken.



since 1937

Established as a general
oleochemical company
Diversification of business
in response to change



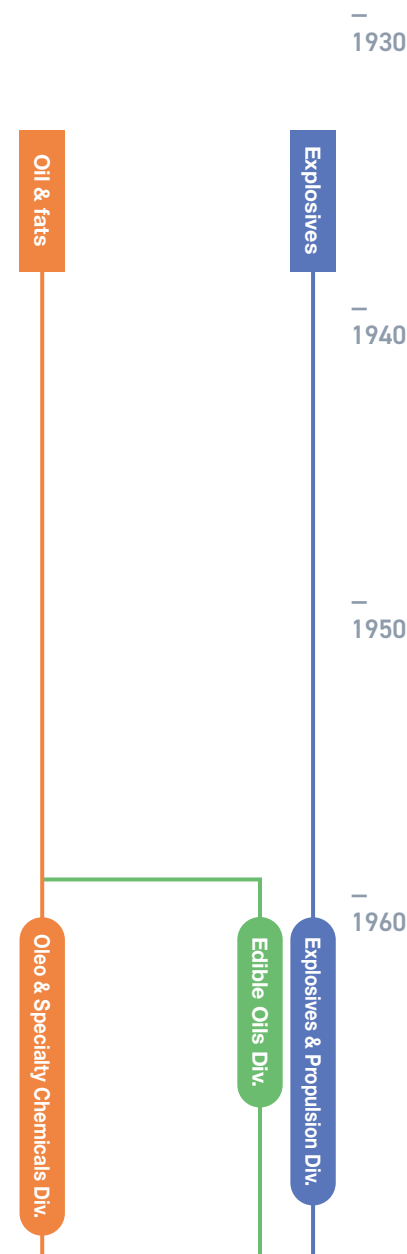
1937 - 1969

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 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 replaced 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 processed 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 processed 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.



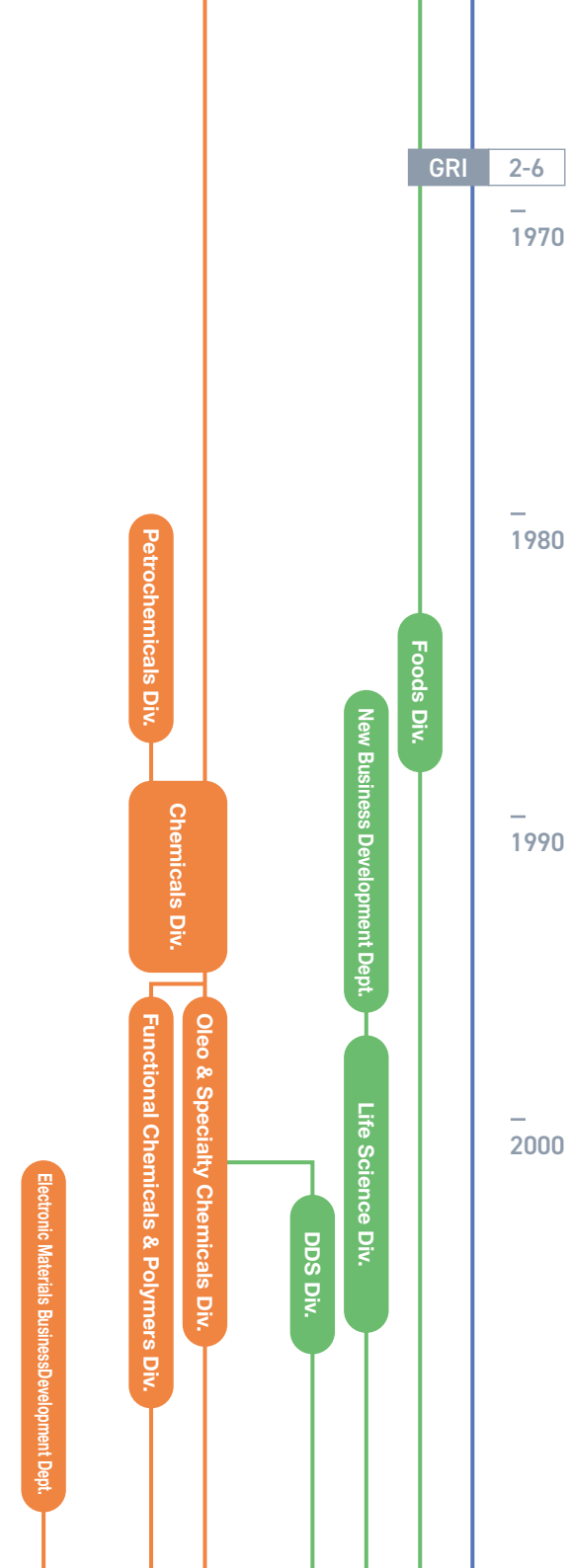
1970 - 2006

Focusing on the pharmaceutical industry, centered on biotechnology Focusing 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, the Daishi Plant was completed as a new production base for processed edible oil, 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 - 2023

**Global expansion with five forms of business that generate the NOF brand
Promoting innovation toward a sustainable society**

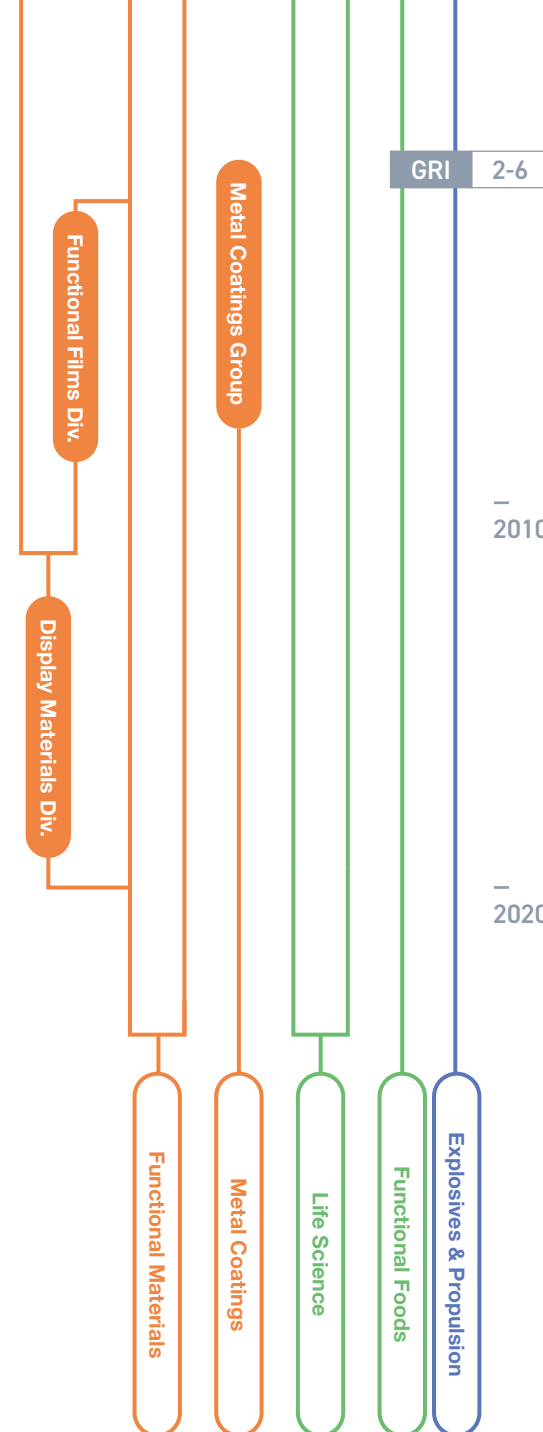
In October 2007, the 70th anniversary of our founding, the company name was changed from Nippon Oil and Fats to Nichiyu (NOF in English) with the aim of further expanding our business areas. In addition to the four core businesses of oleo & specialty chemicals, functional chemicals & polymers, explosives & 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 attract-

ing 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, our plan is to expand the manufacturing facilities at our Kawasaki Works in 2021 and 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 13 consolidated subsidiaries in Japan as well as 12 bases in nine countries overseas toward achieving NOF VISION 2030.





Business bases

Developing global business through our domestic and overseas bases

The NOF Group has 13 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.

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. /

America

NOF AMERICA CORPORATION /
NOF METAL COATINGS NORTH AMERICA INC.

NOF METAL COATINGS SOUTH AMERICA IND. E COM.LTDA.





Business bases

Research laboratories

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

Domestic consolidated subsidiaries

- NICHIYU TRADING CO., LTD. / NICHIYU LOGISTICS CO., LTD. / Nichiyu Kogyo Co., Ltd. / YUKA SANGYO CO., LTD. / NiGK Corporation / HOKKAIDO NOF CORPORATION / Showa Kinzoku Kogyo Co., Ltd. / Nippon Koki Co., Ltd. / Nippo Kogyo Co., Ltd. / JAPEX Corp. / CACTUS Co., Ltd. / NOF METAL COATINGS ASIA PACIFIC CO., LTD. / NIKKA COATING CO., LTD.

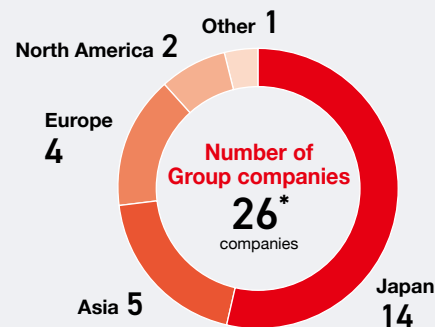
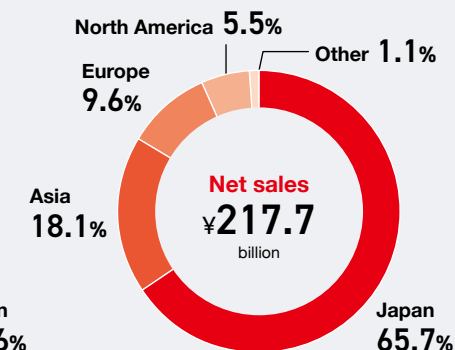
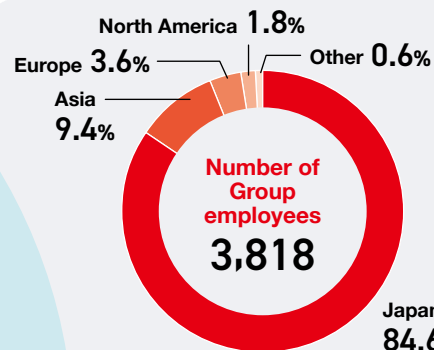
Japan

Head Office, branch offices, regional offices, sales offices

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

Plants

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



*NOF + consolidated subsidiaries
(As of March, 2023)



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 86 years since our founding. We support our customers' manufacturing with our technical capabilities and response capabilities.

Strength 1

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.070-083



Strength 2

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.

 ▶ Business bases P.012-013



Strength 3

Advanced technology development

We are engaged in development at the research facilities of our 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.

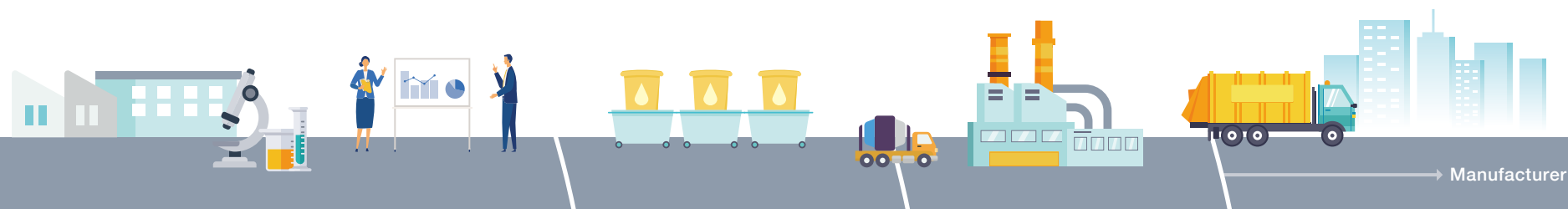
 Integrated Report ▶ P.044-047



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 and make efforts for quality improvement throughout the entire value chain.



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.

Integrated Report ▶ P.044-047

[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.044-047

Procurement

Stable securing of raw materials with our BCP in mind

We strive for stable procurement under our business continuity plan. 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.

▶ Chemical safety P.105-106

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.

▶ Chemical safety P.105-106

Delivery

Safety-conscious logistics with low environmental impact

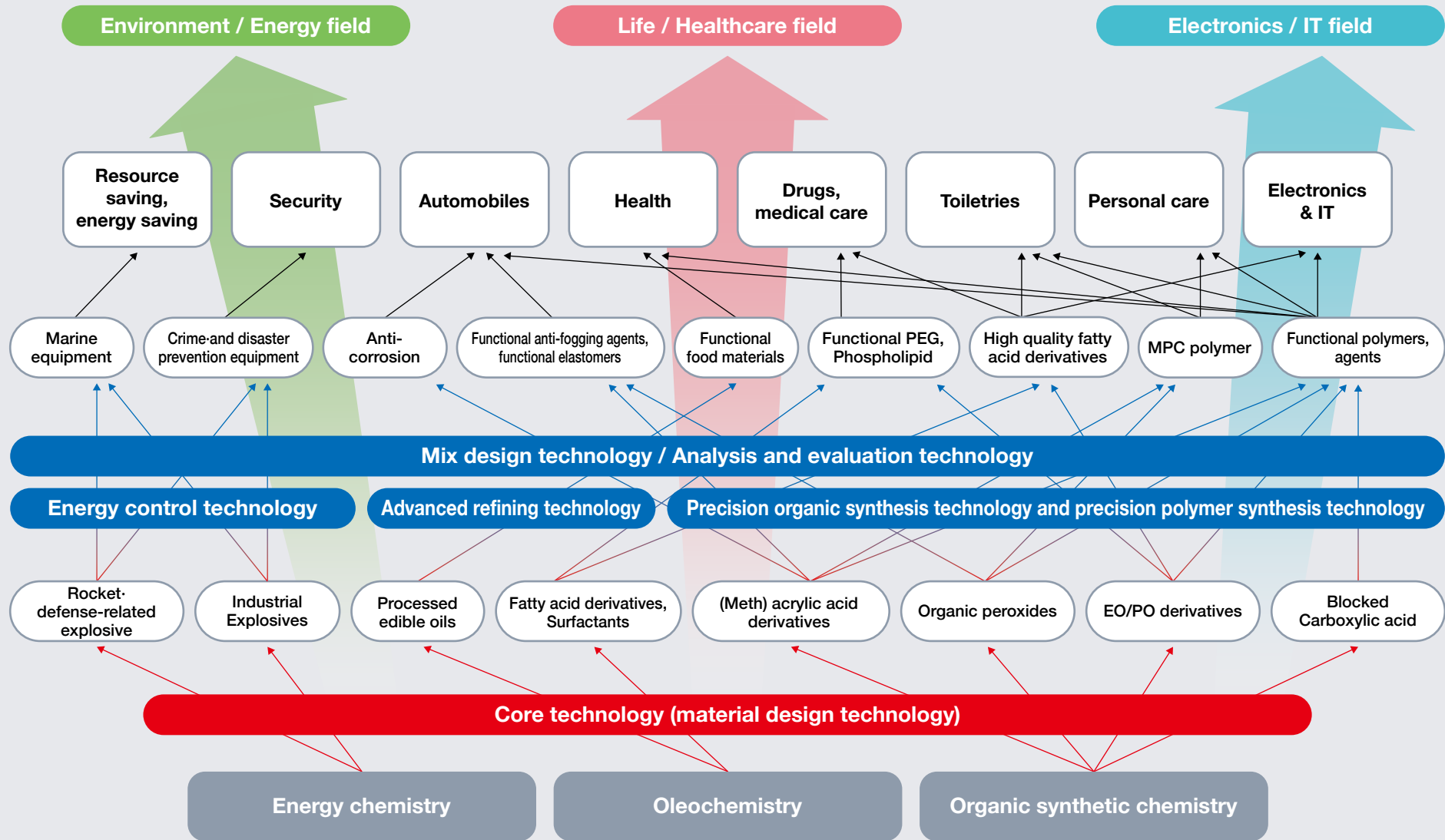
To ensure safe delivery of our products, we use safety data sheets (SDS) and GHS labels to thoroughly manage hazard information. In addition, we are promoting modal shifts and joint deliveries to reduce greenhouse gas emissions.

▶ Chemical safety P.105-106



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

Explosives & Propulsion

Oil & fats
Fatty acids, glycerin



Detergent / Cosmetic soap

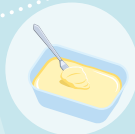
Start of business
from raw material fish oil
to oil and fat processing



Dynamite



Candles



Margarine / Shortening

Diversification of oils
and fats business



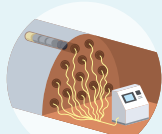
Equipment
(gun ammunition)



Tires / Rubber products



Bread



Electric detonators



Synthetic detergent /
Neutral detergent
for kitchens

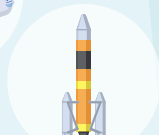


Confections /
High-end confections

Expansion of product lineup



Emulsion
explosives



Rockets



Refrigerators / Air conditioners

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

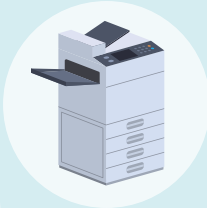
GRI 2-6

Rapid expansion into the petrochemical industry

Becoming a chemical manufacturer with cutting-edge technology



Security device



Photocopiers



Automobiles



Frozen foods



Pills



Eye drops



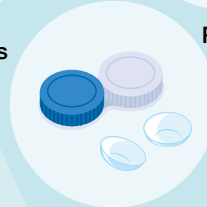
Homes / Buildings



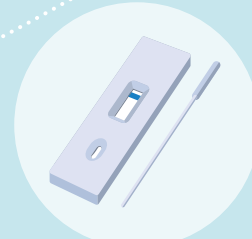
Ships (yachts and boats)



Cosmetics



Contact lenses



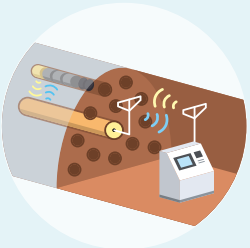
Diagnostic pharmaceuticals



Proteins / Supplements



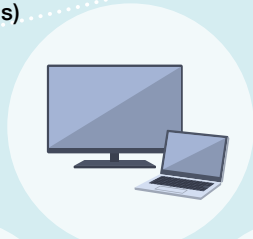
Vaccine formulation



Wireless electronic detonators



High-voltage wires



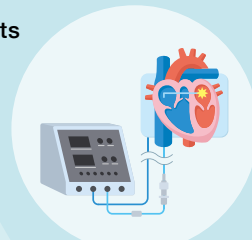
Large-screen TVs / PCs



Biodegradable lubricants



Tablets / Smartphones



Medical devices

Explosives & Propulsion

Functional Chemicals

Medicine, medical care, and health

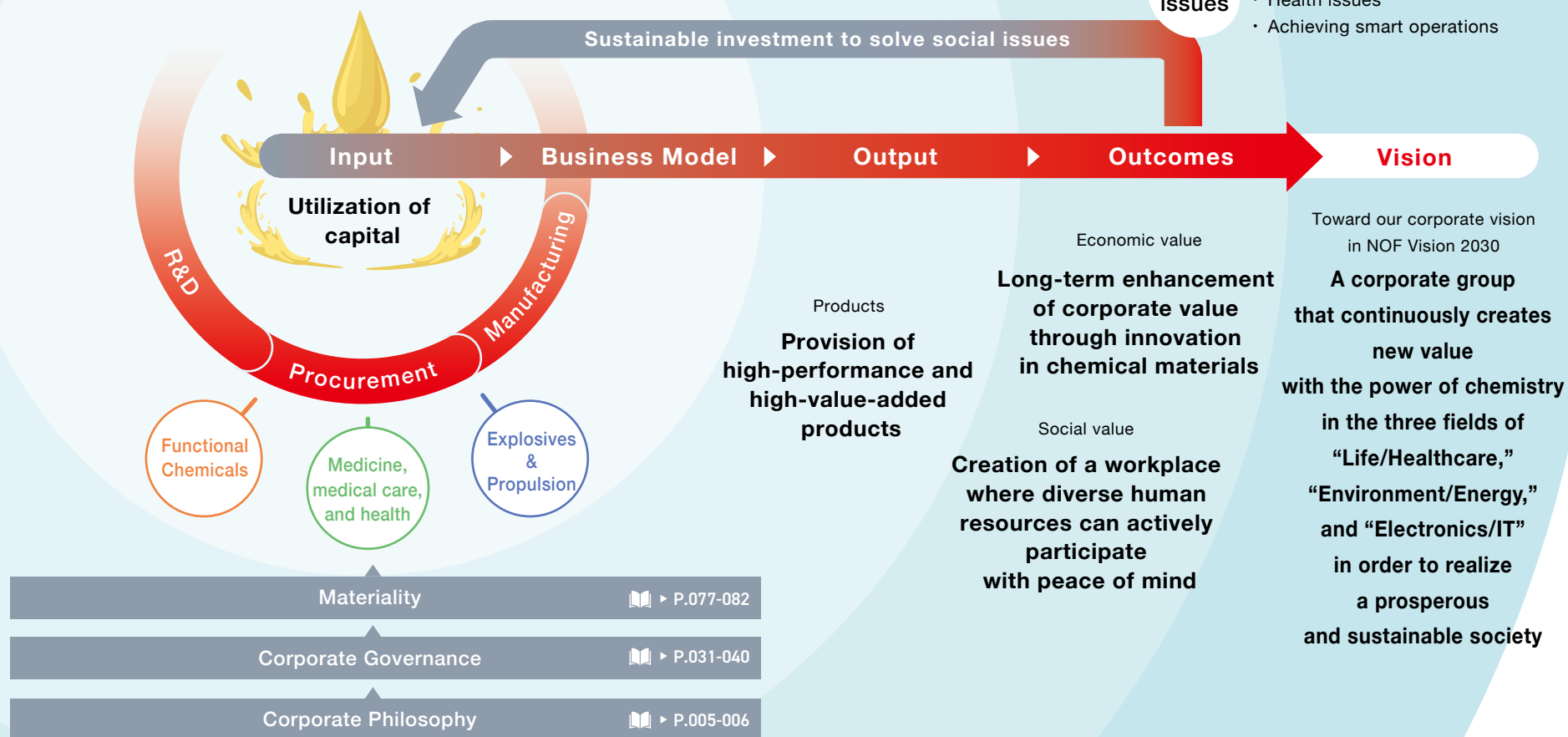


Value Creation Process

GRI 2-6,7,8

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 2-6,7,8

NOF Group



Input

Financial capital

- R&I (Rating and Investment Information, Inc.) **A+** (Long-term rating)

Human capital

- Number of employees **3,818**
(NOF 1,762)

Manufacturing capital

- Facility investment ... **¥11.7 billion**
- Manufacturing sites ... **20 sites**
(includes 4 NOF sites)

Intellectual capital

- R&D spending **¥6.6 billion**
- Patents held **1,225** (NOF)
- Patent attorneyst **2**

Social capital

- Number of suppliers **1,100** companies (NOF)
- Commissioned research to universities and research institutes

Natural capital

- Raw materials ... **236** thousand tons
- Total energy input ... **3.112** million GJ
- Volume of water used ... **2.077** million m³
*Water input – water discharged
(FY2022 Results)

Three strengths developed through now

- Diverse management**
- Global expansion**
- Advanced technology development**

▶ NOF's Strengths P.014



Development of five forms of business in three segments

Functional Chemicals Segment

- Functional Materials business
- Metal Coatings business

Pharmaceuticals, Medical, and Health Segment

- Life Science business
- Functional Foods business

Explosives & Propulsion Segment

- Explosives & Propulsion business

▶ Integrated Report ▶ P.070-083

Product lineup for a wide range of industries

Functional Chemicals products

- Fatty acids
- Fatty acid derivatives
- Surfactants
- Ethylene oxide/propylene oxide derivatives
- Organic peroxides
- Petrochemical products (polybutene, etc.)
- Functional polymers
- Electronic materials (LCD materials, etc.)
- Special anti-corrosion agents

Pharmaceuticals, Medical, and Health products

- Raw materials for DDS drug formulations (activated PEG, functional lipids, surfactants for drugs)
- Biocompatible materials (MPC polymers, MPC monomers)
- Processed edible oils, Functional food materials
- Healthcare foods products

Explosives & Propulsion Products

- Industrial explosives
- Space rocket products
- Defense products
- Functional products

Financial capital

- Operating income ... **¥40.6 billion**
- Dividends ... **¥108**/share (NOF)

Human capital

- Percentage of female employees **14.2%** (NOF)
- Percentage of employees with disabilities ... **2.46%** (NOF)

Manufacturing capital

- Improving productivity

Intellectual capital

- Number of patent applications **175** (NOF)

Social capital

- Countries sold to ... **55** countries
- Industry-government-academia joint research **80**

Natural capital

- GHG emissions **7.4%** reduction (FY2022 results)
- **9.4%** reduction (FY2022 results)

Domestic Group

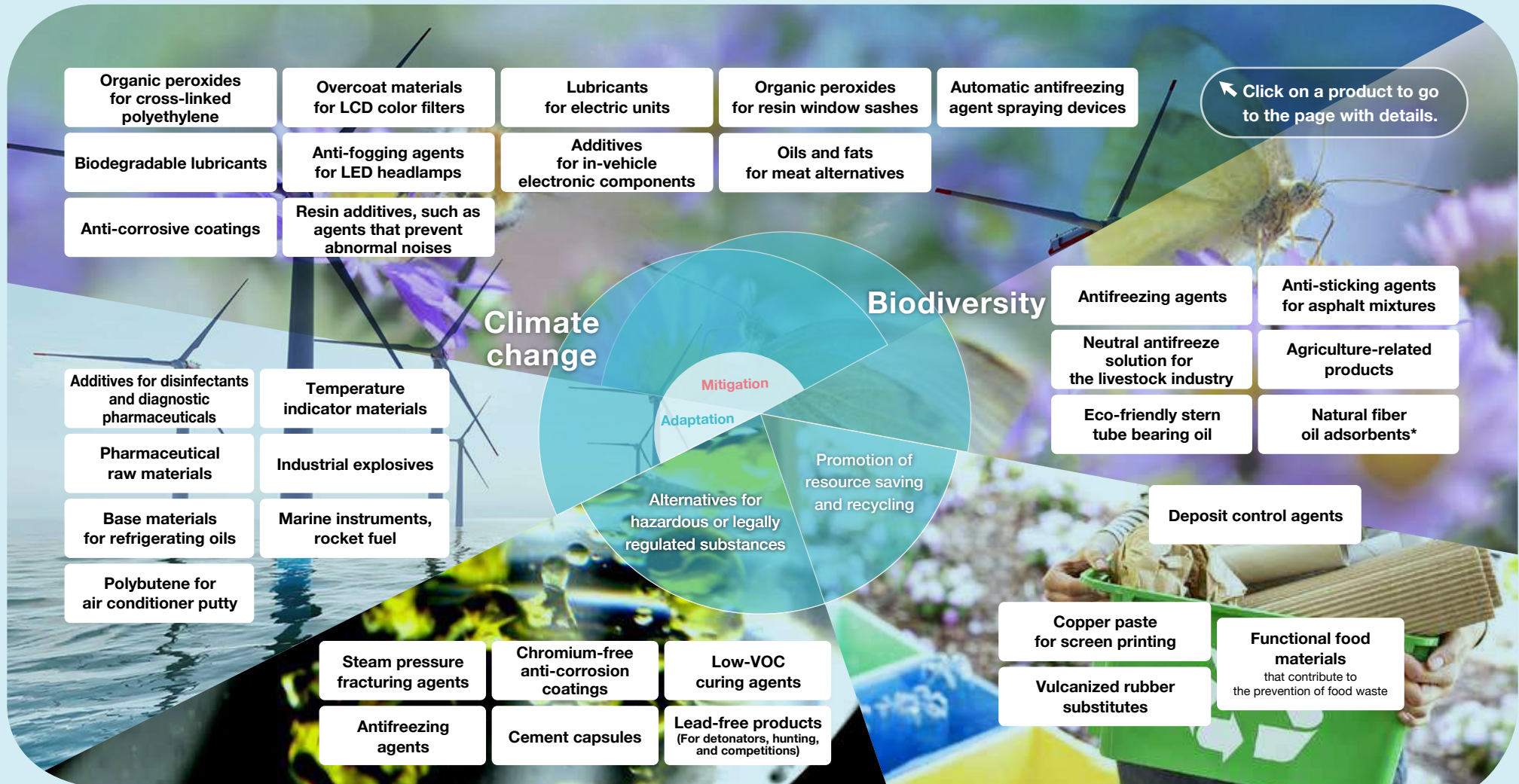
*Compared with FY2021

We in the NOF Group are always asking ourselves, “How can we utilize our technology in order to reduce our environmental loads to the possible minimum?” and are earnestly meeting many different requests from diverse fields.

 Response to climate change (TCFD) |  P.088-099

 Biodiversity conservation |  P.110-115

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



*Sold by sales agents



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 electric units
- Anti-corrosive coatings
- Overcoat materials for LCD color filters
- Resin additives, such as agents that prevent abnormal noises
- Anti-fogging agents for LED headlamps



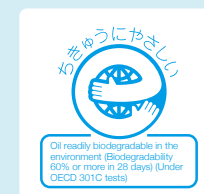
Electric vehicles (EVs) contribute to climate change mitigation because they generate less greenhouse gas emissions than gasoline-powered vehicles. In addition, compared to gasoline-powered vehicles, EVs are expected to require more electronic components (passive components), electric units, screws to hold the components in place, 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
Product: 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 wind turbine blades and gears 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.

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 water resources

Functional Foods business

- Oils and fats for meat alternatives



Plant-derived meat alternatives such as soy meat hamburgers are attracting attention from the perspective of increasing environmental awareness and health consciousness, including reducing greenhouse gases from livestock and excrement and securing water resources. Our oils and fats for meat alternatives contribute to improving the flavor and texture of these meat alternatives.

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 biodiversity, climate change mitigation, and environmental conservation

Explosives & Propulsion business | HOKKAIDO NOF CORPORATION

- 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. It 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 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. Eco-friendly base materials for refrigerating oils enhance co-solubility with HFC refrigerants and improve its 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 climate change adaptation (air conditioners / refrigerators)

Functional Materials business

- Base materials for refrigerating oils
- 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 polybutene for putty used for air conditioners, which fills in gaps in outer walls, provides positive contributions in this area.

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 | NiGK Corporation

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



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.

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

MILLUBE® ST-100U	Mineral oil	Eco-friendly lubricants supplied by competitors	
		Company A	Company B
After 30 days	After 30 days	After 7 days	After 5 days
No rust or corrosion	No rust or corrosion	Visible rust, corrosion	Visible rust, corrosion

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 regulations 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 | HOKKAIDO NOF CORPORATION

- 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.

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)

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

NEODRINK® is a nutritional supplement for maintaining 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.

Functional Materials business



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

Products that contribute to environmental conservation

- Anti-sticking agents for asphalt mixtures | Functional Materials business

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.



ASPHARAB® not used | ASPHARAB® used



Eco Mark Certification Number: 12110001 / 09110001
Name of utilizing contractor: NOF CORPORATION
Product: ASPHARAB® series ASPHASOL® series

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

Products that contribute to the utilization of recycled paper

- Deposit control agent

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.

Functional Materials business
YUKA SANGYO CO., LTD.



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

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

Products that contribute to recycling

- 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.

Functional Materials business



Products made recyclable by the use of NOFALLOY® TZ series

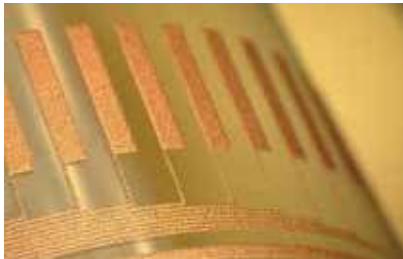
Climate change **Biodiversity** **Promotion of resource saving and recycling** **Alternatives for hazardous or legally regulated substances**

Products that contribute to efficient resources utilization

- 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.

Functional Materials business



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

- 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.

Functional Materials business



* Volatile Organic Compounds

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

Metal Coatings business

NOF METAL COATINGS ASIA PACIFIC CO., LTD.

- **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 and RoHS directives, GEOMET® treatment parts are used by automakers across the world.



Parts treated with GEOMET® anti-corrosive coating


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

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
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Products that contribute to reducing environmental impact

Explosives & Propulsion business

NiGK Corporation

- **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.



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 are gentle on the surrounding environment

Explosives & Propulsion business

Nippon Koki Co., Ltd.

- **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.





Governance

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- 031 Organizational Setup for Corporate Governance
- 033 Governance in the Sustainability Report
- 034 Officers
- 036 Outside Directors
- 037 Board of Directors
- 039 Officer Compensation System

041 RC Management

- 041 Promotion System
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044 Quality Assurance

- 044 QMS
- 046 Approach to Pharmaceutical-related Business



Corporate Governance

Organizational Setup for Corporate Governance

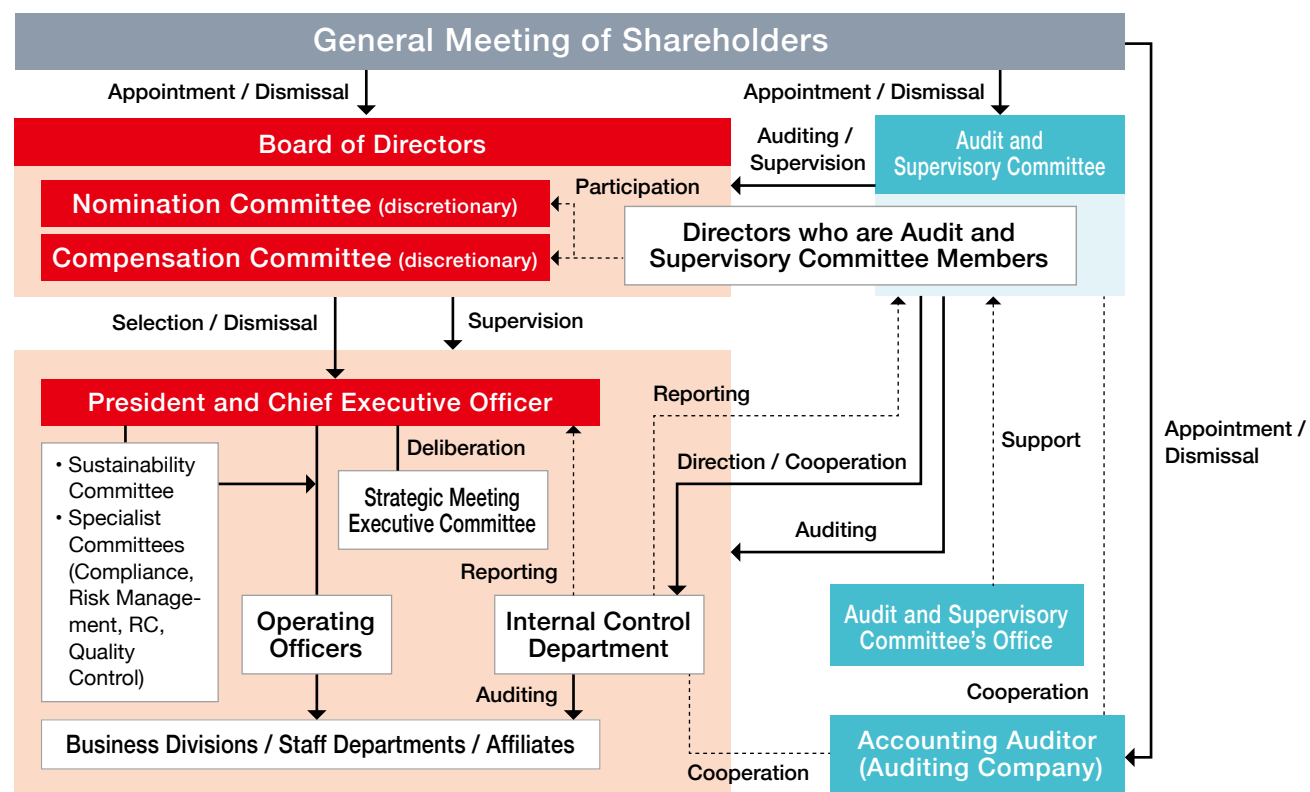
GRI 2-9,10,12,13,17

With a view to architecting a management setup that can appropriately respond to changes in the business environment, NOF introduced the operating officer system in 2000. 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. In 2021, we shifted to being a company with an Audit and Supervisory Committee and appointed five independent Outside Directors (including Audit and Supervisory Committee members). This move was motivated by our determination to further strengthen the supervisory function of the Board of Directors by assigning voting rights for Board of Directors meetings to Directors who are Audit and Supervisory Committee members and to increase management efficiency and further improve corporate governance by facilitating agile decision-making. The Board of Directors, consisting of ten members including five 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. To supplement these meetings, NOF from time to time receives advice from such experts as lawyers and certified public accountants regarding business management and daily execution of business for reference in making judgment on business affairs.

Corporate governance diagram





Development of 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. 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 an Ethics 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 and audits by Audit and Supervisory Committee

Internal audits are performed by the Internal Control Department, which is an organization reporting directly to the President. The Audit and Supervisory Committee has in place a system for auditing and supervising the business execution of Directors through effective cooperation with the Internal Audit Department, etc. and by having the Committee members, primarily standing Audit and Supervisory Committee members, actively participate in Executive Committee meetings and various

other meetings.

The Audit and Supervisory Committee, the Accounting Auditor, and the Internal Control Department exchange information by sharing their respective audit plans and audit results, etc., and strive to mutually cooperate through methods such as assembling periodically. In addition, Audit and Supervisory Committee members engage in appropriate coordination with the relevant organs by attending the meetings of the competent committees on CSR and risk management, sitting in on internal audits conducted by the internal auditing organs of each committee, and receiving and exchanging opinions on the audit result reports of the internal audit organs of each committee.

Nomination Committee / Compensation Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Nomination Committee and Compensation Committee, which are voluntary advisory committees to the Board of Directors, have been established.

The Nomination Committee, in consultation with the Board of Directors, deliberates and reports to the Board of Directors on matters such as the election and dismissal of Directors (excluding Audit and Supervisory Committee members), as well as the selection and dismissal of Representative

Directors and the succession plan.

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. Both committees are chaired by an independent Outside Director, and consist of five independent Outside Directors and two Internal Directors. This ensures the committees' independence and objectivity.

Specialist Committees

The Risk Management Committee, the Compliance Committee, the RC Committee, and the Quality Control Committee analyze management risks, consider countermeasures, and report to the Board of Directors. The Sustainability Committee conducts integrated assessment of 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.



Sustainability approach and initiatives (role of the highest governance body)

The NOF Group’s sustainability approach and initiatives are as follows.

Governance and risk management for sustainability in general

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.

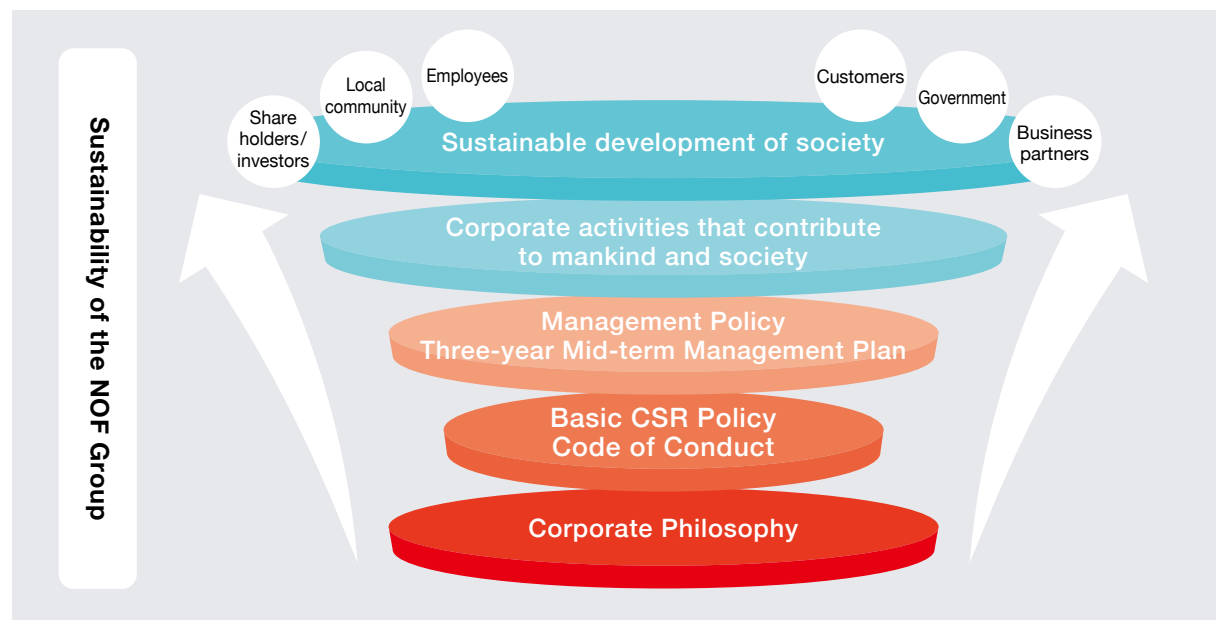
Opportunities are discussed by the Executive Management Committee and the Priority Business

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 CSR

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

CSR promotion framework







	Name	Position	Years in current position	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
Directors	1 Takeo Miyaji	Representative Director, Executive Chairman	12 years	●		●		●	●
	2 Koji Sawamura	Representative Director, President and CEO	-	●	●	●	●		
	3 Manabu Saito	Director and Executive Operating Officer	-	●		●		●	●
	4 Kazuyoshi Yamauchi	Director and Executive Operating Officer	2 years	●	●		●	●	
Outside	5 Shingo Unami	Outside Director	2 years	●				●	●
	6 Izumi Hayashi	Outside Director	2 years				●	●	
Audit and Supervisory Committee member	7 Masanobu Miyo	Audit and Supervisory Committee Member Directors	3 years	●		●	●		
	8 Kunimitsu Ito	Audit and Supervisory Committee Member Outside Director	3 years				●		●
	9 Yuriko Sagara	Audit and Supervisory Committee Member Outside Director	2 years				●	●	
	10 Keiichi Miura	Audit and Supervisory Committee Member Outside Director	2 years	●	●			●	

*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 100th Annual General Meeting of Shareholders.



Outside Director

Name	Audit and Supervisory Committee	Independent Director/Auditor	Reasons for Election	Reason for selection as an independent director/auditor
Shingo Unami		●	Mr. Shingo Unami has abundant experience and advanced insight in the financial industry as well as extensive knowledge of corporate management. He provides appropriate opinions on overall management from a fair and objective standpoint. He serves as chairman of the Compensation Committee and as a member of the Nomination Committee, and works on in deliberations in the Sustainability Committee. The Company expects that he can continue to play a role going forward in advising management and supervising business execution from a professional perspective, including HR and labor matters and financial accounting.	Mr. Unami formerly had an executive role in Mizuho Trust & Banking Co., Ltd., with which the Company engages in transactions. However, as of the fiscal year ended March 31, 2023, the Company's total loans from this financial institution account for 1.3% of the Company's total assets, which is a low percentage. Furthermore, the Company is not dependent on any particular financial institution. For these reasons, the influence of the business relationship between Mizuho Trust & Banking Co., Ltd. and the Company is not equivalent to that of the relationship with a subsidiary or an affiliate, the standard for consideration as a "major business partner" with regard to the decision-making of the Company's business execution. For the above reasons, the Company has deemed that there is no risk of Mr. Unami having a conflict of interest with general shareholders, and has designated him as an Independent Officer.
Izumi Hayashi		●	Ms. Izumi Hayashi is well versed in corporate legal affairs and has advanced knowledge of intellectual property and corporate compliance. She has served as an Outside Director. She is chairwoman of the Nomination Committee, is a member of the Compensation Committee, and engages in deliberations in the Sustainability Committee. The Company expects that she can continue to play a role going forward in advising management and appropriately supervising business execution from a global and professional perspective, including legal and risk management.	Ms. Hayashi meets the Tokyo Stock Exchange's requirements for independent officers and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." The Company has registered her as an Independent Officer with the Tokyo Stock Exchange as defined by the exchange. Ms. Hayashi is a partner of Sakurazaka Law Offices, but there are no consulting or other relationships involving commissioning of legal services between the Company and this office. The Company has no history of payments to this firm in the past three years. For the above reasons, the Company has deemed that there is no risk of Ms. Hayashi having a conflict of interest with general shareholders, and has designated her as an Independent Officer.
Kunimitsu Ito	●	●	Mr. Kunimitsu Ito is a certified public accountant and tax accountant with deep insight on accounting and taxation. He serves as a member of the Nomination Committee and the Compensation Committee, and also engages in deliberation in the Sustainability Committee. Although he has never been involved in corporate management except as an outside officer, for the reasons above, the Company deems 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. Therefore, the Company has elected him.	Mr. Ito meets the Tokyo Stock Exchange's requirements for independent officers and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." The Company has registered her as an Independent Officer with the Tokyo Stock Exchange as defined by the exchange. Mr. Ito is the representative of ITO ACCOUNTING FIRM, but there are no consulting or other relationships involving commissioning of accounting and tax services between the Company and this firm. The Company has no history of payments to this firm. For the above reasons, the Company has deemed that there is no risk of Ms. Hayashi having a conflict of interest with general shareholders, and has designated her as an Independent Officer.
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 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, the Company deems that she will continue to fulfill her duties as an appropriate auditor and supervisor of business execution.	Ms. Sagara meets the Tokyo Stock Exchange's requirements for independent officers and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." The Company has registered her as an Independent Officer with the Tokyo Stock Exchange as defined by the exchange. Ms. Sagara is a partner of Nakamura & Partners, but there is no consulting relationship between the Company and this office. The Company has paid an average of approximately ¥100,000 to this office each year over the past three years. For the above reasons, the Company has deemed that there is no risk of Ms. Hayashi having a conflict of interest with general shareholders, and has designated her as an Independent Officer.
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, having served in positions such as outside director in the chemicals industry. He is a member of the Nomination Committee and Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. For the reasons above, the Company deemed that he can continue to perform his duties such as appropriate auditing and supervision of business execution. Therefore, the Company has elected him.	Mr. Miura meets the Tokyo Stock Exchange's requirements for independent officers and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." The Company has registered her as an Independent Officer with the Tokyo Stock Exchange as defined by the exchange. Mr. Miura formerly had an executive role in TAIHEIYO CEMENT CORPORATION, but there are no transactional relationships between the Company and this company. For the above reasons, the Company has deemed that there is no risk of Mr. Miura having a conflict of interest with general shareholders, and has designated him as an Independent Officer.



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 whether to continue holding it on an annual basis. As a result of its review, NOF sold some of its cross-shareholdings in FY2022 to reduce its holdings. 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 Directors once a year, in principle.

Since fiscal 2016, NOF has implemented an effectiveness evaluation every year. In fiscal 2022, the Company employed a questionnaire form crafted by an external institution, and implemented the 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 and May of 2023. The results of the fiscal 2022 effectiveness evaluation and points of improvement for the future are as follows.

Summary of results for fiscal 2022 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. Through this, it was confirmed that the Board of Directors is generally operating appropriately, with Outside Directors freely and openly expressing

their opinions based on 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.

Among the challenges identified in the fiscal 2021 effectiveness evaluation, improvements were seen in the top management succession plan, such as semi-annual checks and discussions on the progress of the training process by the Nomination Committee. With regard to initiatives for constructive dialogue with shareholders, the Board of Directors held in-depth discussions after receiving reports from the divisions with jurisdiction over the matter.

Points of improvement for the future

It was confirmed that we will continue to further enhance our overall governance structure, including the top management succession plan.

Question matters in the questionnaire (30 total questions)

- Roles and functions of the Board of Directors (5 questions)
- Scale and composition of the Board of Directors (4 questions)
- Operation of the Board of Directors (5 questions)
- Cooperation with auditing institutions, etc. (4 questions)
- Relationship with Outside Directors (3 questions)
- Relationship with shareholders and investors (3 questions)
- Future direction of the Board of Directors' function (1 question)
- Degree of Improvement (1 question)
- Open-ended section (4 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.
Performance-linked compensation	Bonuses 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 for Directors (excluding Audit and Supervisory Committee members and Outside Directors) in the next term.
	Stock compensation 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."). 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. 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., is deliberated by the Compensation Committee and then resolved by the Board of Directors.

Calculation methods of stock compensation

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 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 *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 target for consolidated operating income in the Mid-term Management Plan during the fiscal year under review

The planned target for consolidated operating income in the 2022 Mid-Term Management Plan is ¥29.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥40.6 billion, representing a 140.08% achievement level in the fiscal year, calculated according to the level of growth in the period of the 2022 Mid-Term Management Plan. The Compensation Committee verifies the number of points awarded based on the defined calculation method in each term.



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, with an independent Outside Director serving 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	Bonuses	Stock compensation	
Directors (Excluding Audit and Supervisory Committee members and Outside Directors)	204	118	68	16	4
Audit and Supervisory Committee members (excluding Outside Directors)	24	24	–	–	1
Outside Officers	45	45	–	–	5

* 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).

* 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 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 aforementioned 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, NOF 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 compa-

nies 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.

The Five Components of Safety

The NOF Group classifies its RC activities into “Five Core Components” including 1) environmental safety, 2) labor safety, 3) plant safety, 4) product safety and 5) transportation safety, and according to this classification each works sets priority items, which are practiced in specific activities. In addition, “dialogue with society” has been added to the Five Core Components as a theme of activities.



Management Policy Regarding Responsible Care

NOF 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 September 2001)

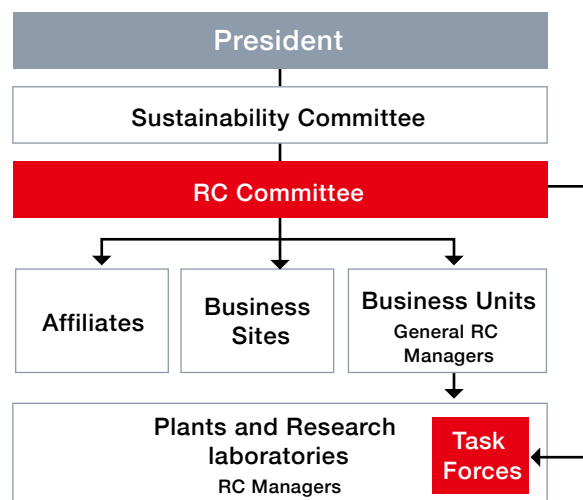


RC promoting organization

The RC Committee, chaired by the general manager of the Corporate Technical Division (concurrently director and executive operating officer), has 14 other members (business division managers, corporate division managers, and managers of works).

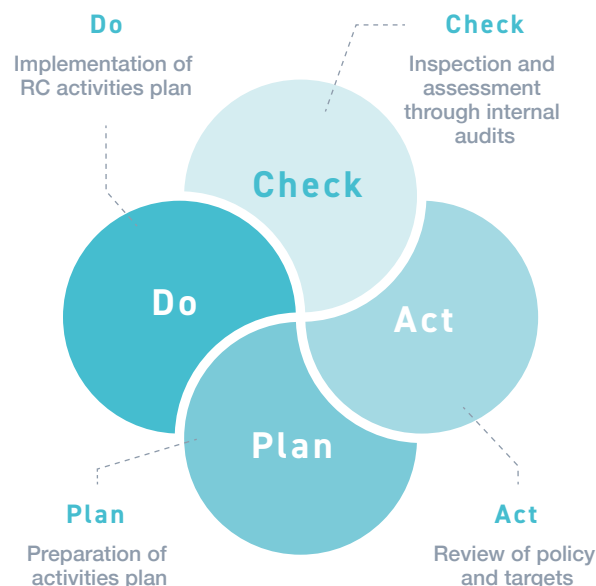
The RC Committee, whose decisions are immediately made thoroughly known as the policy of the NOF Group, has an executive function as a body to which authority is delegated by the President. A general RC manager is appointed to each business division, and an RC manager to each plant or research laboratory, to ensure concrete representation of environmental targets.

RC promoting organization diagram



Flowchart of RC activities

RC activities are conducted by keeping the cycle of CAPDo (Check-Act-Plan-Do) turning without interruption.



If any item needs improvements, the progress is assessed at the time of the next auditing, a half year afterwards, and completion is checked.



Status of internal auditing

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

We have been conducting RC auditing of all NOF plants 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 2022, the impact of the COVID-19 pandemic has decreased, and we are conducting planned audits of the entire NOF Group, including overseas businesses, as it was 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 “spiral up” the five safety activities of each works.

Priority themes in recent years are listed on the right.

Implementation status of internal auditing

Term	Priority theme in audit
1st half, FY2018	Details of measures for past labor accidents, reconfirmation of actions for prevention
2nd half, FY2018	Confirmation of measures to enhance understanding of rules and manuals
1st half, FY2019	Confirmation of the status of maintenance and management for environmental facilities and the status of SDS management
2st half, FY2019	Confirmation of safety upon delivering hazardous materials and the status of management of specific chemical substances
1st half, FY2020	Confirmation of the preparedness for earthquakes and tsunami, confirmation of PCB waste disposal
2st half, FY2020	Confirmation of safety measures for movable objects and monitoring of legal and regulatory changes
1st half, FY2021	Confirmation of proper use of hoses, Ordinance on Prevention of Organic Solvent Poisoning and Ordinance on Prevention of Dangers Due to Specified Chemical Substances
2st half, FY2021	Confirmation of appropriate protective equipment decisions and usage control status, as well as energy management status
1st half, FY2022	With regard to the revision of the PRTR Act, confirmation of safety of portable equipment, and CO ₂ reduction measures
2st half, FY2022	Confirmation of implementation of safety assessment and progress of CO ₂ reduction measures



Our fundamental view

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

Organizational setup

In April 2019, NOF established the Quality Control Committee to supervise quality management and continue to secure the trust of society. In April 2023, the Quality Management Department was established in the Corporate Technical Division to

maintain and improve the quality control level of the entire Group.

NOF’s quality assurance system is managed based on a quality management system for each business.

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.



Development status of QMS^{*1}

NOF is building up the optimal QMS for each product line. The Daishi Plant acquired certificates under FSSC 22000^{*2} (Food Safety Management System) in January 2019, in addition to ISO 9001. In addition, the DDS plant is managed in accordance with ICH-Q7 (active pharmaceutical ingredients GMP guidelines). 12 Group companies have acquired external certifications equivalent to ISO 9001.

Rate of acquisition of QMS certification from competent outside bodies (based on production results)

FY2022 **98.6%**

*1 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.
 *2 Acronym for Food Safety System Certification 22000. It comprises individual specifications established for each food industry as Prerequisite Programs (PRP) based on ISO22000 (Food Safety Management System) and original FSSC22000 standards as additional requirements. Through food defense and management including management of allergens, more reliable food safety management can be ensured. (A certification scheme recognized by non-profit organization GFSI)

NOF

Works and plants	Quality management systems	Inquiries
Kawasaki Works Chidori Plant	ISO 9001	https://www.nof.co.jp/company/plant/
Daishi Plant	FSSC 22000 (Food Safety Management System)	
DDS plant	ICH-Q7 (active pharmaceutical ingredients GMP guidelines)	
Aichi Works Taketoyo Plant	JIS Q 9100	
Kinuura Plant	ISO 9001	
Amagasaki Plant (Functional Materials Division)	ISO 9001	
(Life Science Division)	ICH-Q7 (active pharmaceutical ingredients GMP guidelines)	
Oita Plant	ISO 9001	

Group companies

Name	Quality management systems	Inquiries
Nippon Koki Co., Ltd. Shirakawa Plant	ISO 9001	https://www.nippon-koki.co.jp
NIKK Corporation	ISO 9001	https://www.nichigi.co.jp
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	ISO 9001	https://www.nofmetalcoatings.com/asia-pacific/
Showa Kinzoku Kogyo Co., Ltd.	ISO 9001	https://www.shokin.co.jp/
YUKA SANGYO CO., LTD. Yamato Plant	ISO 9001	https://www.yuka-sangyo.co.jp/index.html
NIKKA COATING	ISO 9001	http://nikkacoating.com/company/
Changshu NOF Chemical Co., Ltd.	ISO 9001	https://www.nof-cs.com.cn/
PT.NOF MAS CHEMICAL INDUSTRIES	ISO 9001	https://www.nof.co.jp/company/group-companies
NOF METAL COATINGS NORTH AMERICA INC.	ISO 9001	https://www.nofmetalcoatings.com/north-america/
NOF METAL COATINGS EUROPE S.A.	ISO 9001	https://www.nof.co.jp/company/group-companies
NOF METAL COATINGS KOREA CO.,LTD.	IATF 16949	https://www.nofmetalcoatings.com/korea/en/
NOF METAL COATINGS SOUTH AMERICA IND.E COM.LTDA.	ISO 9001	https://www.nofmetalcoatings.com/south-america/



Approach to pharmaceutical-related business

NOF currently handles pharmaceutical-related products and has obtained the various business licenses listed below. In order to properly carry out these licensed business operations (hereinafter referred to as “pharmaceutical-related operations”), the Pharmaceutical Management Task Force has been established under the Quality Management Committee to maintain and improve the quality management level of pharmaceutical products.

Licensing status of pharmaceutical-related business

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

Basic Policy on Pharmaceutical-Related Business

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.

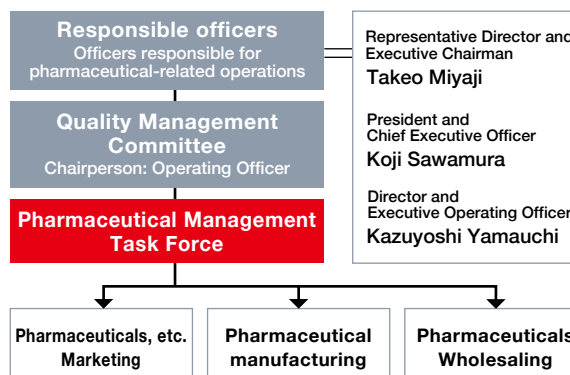
Officers and others responsible for pharmaceutical-related operations

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.

Pharmaceutical management system

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

Pharmaceutical management system



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.

Internal information sharing

NOF has established an internal network to promptly confirm and evaluate customer inquiries and complaints about our products, and then take necessary corrective actions. We take customer feedback seriously.

Contact point for inquiries

Quality Management Department, Corporate Technical Division, NOF CORPORATION
Address: 20-3 Ebisu 4-chome, Shibuya-ku, Tokyo 150- 6012, Japan
Hours: 9 AM to 5:30 PM (Monday through Friday)
Tel: 03-5424-6670 **Fax:** 03-6837-5354
Email: Please make inquiries using the NOF website inquiry form



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Create new value
by combining innovation
and the future.

President and Chief Executive Officer

Koji Sawamura



Message from the President

Thank you very much for your interest in the Sustainability Report 2023 of the NOF Group.

The NOF Group has a Corporate Philosophy that states that we are a corporate group that creates new value through the power of chemistry, from the biosphere to outer space, and contributes to mankind and society. The Group is engaged in multifaceted business operations offering innovative products in our three prioritized business fields of “Life/Healthcare,” “Environment/Energy,” and “Electronics/IT.”

The COVID-19 pandemic has generally subsided, marking a major turning point on a global scale. The major changes brought about by the pandemic have had a profound impact on people's lives and the state of society. Learning from this occurrence and based on the establishment of new values and technological advances, we have formulated our New Mid-term Management Plan NOF VISION 2030 as our strategic policy for the future. The NOF Group aims to make a leap forward as a global company through innovative approaches and proactive reforms. We will provide products and services that meet new needs while fully leveraging the possibilities offered by technological advances and responding swiftly to market changes. We will promote business activities that emphasize sustainability and social responsibility in order to meet the demands of society while keeping up with changing values.

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 changes with sincerity, endeavor to create new value with the power of and chemistry, and continue to meet the expectations of all of our stakeholders, with the aim of achieving a secure and affluent society. We shall be grateful if you would give your further support to the NOF Group and express your candid opinions.



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Reflections on the 2022 Mid-term Management Plan

We achieved our numbers-based plan for FY2025 three years ahead of schedule.

In FY2022, net sales were ¥217.7 billion, operating income was ¥40.6 billion, ratio of operating income to net sales was 18.7%, ROA was 14.4%, and ROE was 14.8%. These were all record highs. Sales in the Functional Chemicals segment increased by ¥18.0 billion over the previous year, supported by sales price revisions in response to surging raw material and fuel prices as well as firm demand. Sales in the Life Science segment increased by ¥7.2 billion over the previous year, which was mainly due to growth in sales of raw materials for DDS drug formulations. In addition, the Explosives & Propulsion segment was flat year-on-year. In terms of profit, the increase in sales, especially in the Life Science segment, led Avto a ¥5.0 billion year-on-year increase in operating income, which was the highest ever.

The reasons for our achievement of the NOF VISION 2025 numbers-based plan three years ahead of schedule included growth in the DDS business as planned, as well as contributions from

demand related to COVID-19, particularly demand for vaccines. Another reason was the effect of our efforts to strengthen the earnings bases of less profitable businesses in the Strengthening Foundation stage. Specifically, in the Functional Chemicals segment, we implemented price revisions to improve profitability, mainly for products that had become commoditized. We also withdrew from the functional films business, which had been severely unprofitable. In addition, we strongly improved efficiency by investing in labor-saving measures as well as reviewing production and sales items, and promoted sales price optimization to strengthen our earnings bases. In the midst of a rapidly changing business environment, we were able to strengthen the earnings bases of businesses with low profitability and bolster profitability, which we believe was a factor in achieving the overall numbers-based plan ahead of schedule.

New Mid-term Management Plan NOF VISION 2030

Setting the NOF Group's corporate vision for FY2030 for the next leap forward

The NOF Group has set its corporate vision for

FY2030 to be “a corporate group that continuously creates new value with the power of chemistry in the three business fields of ‘Life/Healthcare,’ ‘Environment/Energy,’ and ‘Electronics/IT’ in order to realize a prosperous and sustainable society.” We have set our operating income target at ¥60.0 billion for FY2030, and based on our record of earnings growth achieved over the past six years, we aim to become a corporate group that continuously creates new value.

We have newly formulated NOF VISION 2030 in order to achieve our corporate vision for FY2030. In order to achieve our corporate vision, we have positioned the 2025 Mid-term Management Plan, which started in FY2023, as Stage II: Expanding Profit. We have also positioned the 2028 Mid-term Management Plan as Stage III: Business Domain Expansion. We will conduct business operations toward further growth, aiming for operating income of ¥46.0 billion in FY2025 and ¥60.0 billion in FY2030.

Revision of the Corporate Philosophy and Guiding Framework, and start of efforts pursuing new growth

Looking at the business environment today, we are facing two major changes. The first is that companies are now recognized as having the responsibility



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ity to take actions to solve social issues such as climate change and human rights issues. Achieving carbon neutrality by 2050 and respecting human rights in the supply chain are essential for business growth. The other change is technological innovation. Advances in IoT, AI, quantum computing, and other technologies are having a significant impact on society and business, and technologies in areas such as the pharmaceutical and biotech fields, electric vehicles, and 5G are evolving rapidly. In order to create new value, we must be perceptive of technological advances and take on the challenge of developing new technologies and products.

In addition to the above two changes, in an environment where we must appropriately face the various changes in a society in which "uncertainty is the norm," we have revised our Corporate Philosophy and Guiding Framework based on the



determination that it will become increasingly important for management to be grounded in the growth of people, the foundation that supports the company.

We have compiled the principles and guidelines that we have valued throughout our long history into a Corporate Philosophy and Guiding Framework that we stand by today, focusing on the present and the future. We have summarized our mission and vision in our Corporate Philosophy, and have established three values that we prioritize in order to put our Corporate Philosophy into practice. We have established our Code of Conduct to represent an attitude to put actual action into practice based on the Corporate Philosophy and our Values.

Reform of the entire company into a robust organizational structure that strongly advances toward our corporate vision for FY2030

In conjunction with our new start, we implemented organizational restructuring as of April 1 this year. The reorganization of the business divisions was aimed at providing new value to customers to meet changing market needs in the three prioritized business fields of Life/Healthcare, Environ-

ment/Energy, and Electronics/IT, and there was also reorganization to upgrade and optimize the functions of corporate divisions in order to strengthen our ability to respond to changes in the business environment and other factors.

In the Functional Chemicals segment, the former Oleo & Speciality Chemicals Division and former Functional Chemicals & Polymers Division were merged to form the Functional Materials Division, which will cultivate new demand in growth fields by strengthening our capabilities to make proposals through sales integration. In the Pharmaceuticals, Medical and Health segment, the former DDS Development Division and former Life Science Products Division were merged to form the new Life Science Division, which will strengthen the quality assurance system for biocompatible materials and accelerate development in the medical field. In addition, the Functional Foods Division has a new Japanese name, and will shift to function-based business domains. This segment will be renamed from the former Life Science segment beginning in the fiscal year ending March 31, 2024 in order to more clearly communicate the nature of its business. The integration of these divisions is intended to strengthen competitiveness in our three prioritized business fields. We will accelerate new product development and new market development by solidifying the creation of business synergies.



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For corporate divisions, the Legal Department, the Corporate Communications Department, and the Corporate Technical Division were newly established to further enhance reliability related to compliance and quality management, as well as to strengthen our external communication abilities. In particular, the Corporate Communications Department will actively communicate with stakeholders.

Through these changes in our organization system, we will strongly advance toward our corporate vision for FY2030.

We set a strategic investment framework of ¥70.0 billion in Stage II of NOF Vision 2030 (2025 Mid-term Management Plan)

In the 2025 Mid-term Management Plan, we set “Practice and Breakthrough” as our management policy for the three years of the Plan, aiming to realize our corporate vision for FY2030 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 pillars, and make “breakthroughs”

toward our corporate vision for FY2030.

In order to realize our corporate vision for 2030, there are two important items that must be steadily implemented in the 2025 Mid-term Management Plan. The first is to ensure that we reap the results that we have cultivated under the 2022 Mid-term Management Plan. The second is to ambitiously sow the seeds of a new plan for the 2028 Mid-term Management Plan, while keeping an eye on future prospects. To ensure the realization of these goals, we have established a strategic investment framework of ¥70.0 billion, which is separate from the existing framework. Combined with existing investments, this will bring the total amount of investment to over ¥110.0 billion.

The following are descriptions of the strategic investments comprising facility investment, research and development, and human investment.

Facility investment

Facility investment under the 2025 Mid-term Management Plan is planned to be about three times the size of the investment under the 2022 Mid-term Management Plan. We will focus on strengthening our manufacturing facilities for raw materials for DDS drug formulations, and about 50% of the ¥69.5 billion in total facility investment will be used to strengthen facilities in the Pharma-

ceuticals, Medical, and Health segment. In the Functional Chemicals segment, about 35% of the total will be allocated to construction and reinforcement of manufacturing facilities in fields where demand continues to grow, such as cosmetics materials and anti-fog agents.

Of the total facility investment, ¥47.9 billion is expected to be related to manufacturing facilities, which includes a flexible investment framework including M&As. M&As are basically considered from the perspectives of improving services to customers, generating synergies with our existing businesses, and entering new business domains, rather than pursuing scale. In addition, in order to increase productivity, we will advance investment for improving operational efficiencies by promoting automation and labor-saving, and for increasing the use of data in production and sales.

In terms of investment for environmental response, we will promote investment in energy conservation and efficiency improvement of manufacturing facilities to address the regulatory control of CFCs and to reduce CO₂ emissions.

Research and development investment

Total R&D investment under the 2025 Mid-term Management Plan is planned to be ¥25.6 billion,



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an increase of about 40% over the actual investment during the 2022 Mid-term Management Plan period. In addition, in order to achieve business expansion under the next Medium-term Management Plan, we will more than double the number of R&D personnel involved in corporate research in FY2025 compared to FY2022. We plan to increase the overall number of R&D personnel in FY2025 by about 20% compared to FY2022. In order to create new businesses, we will promote the exploration of promising themes through external co-creation, open applications, and public bidding invitations, as well as promote R&D through measures such as MI environment improvement and human resources development. We will also continue to actively participate in open innovation to promote collaboration among industry, academia, and government. To promote R&D aimed at creating new businesses, we launched industry-academia collaborative projects in FY2021 and are recruiting partners. In FY2023, we have begun sponsored research on themes adopted in the fields of materials for electronics and materials for health food. During the period of the 2025 Mid-term Management Plan, we will continue public bidding invitations for wider areas of industry-academia sponsored research.

Human investment

With regard to human capital, we will develop measures to promote diversity and employee engagement as new important pillars. Based on the basic philosophy that “A company is its people,” we will implement active investment in human capital that encourages the development of our human resources.

As measures to create a diverse workforce with high work engagement, we will provide support for building career design for employees to help them plan their own career development, establish a new training program to develop digital transformation (DX) human resources, and expand training programs to foster global human resources. Furthermore, as a measure to motivate and utilize diverse human resources, we raised the retirement age to 65 years ahead of others. In addition, we will upgrade and renovate our employee welfare facilities.

Numerical targets of the 2025 Mid-term Management Plan

In FY2025, we plan to achieve operating income of ¥46.0 billion, a ratio of operating income to net sales of at least 18%, ROA of at least 13%, and

ROE of at least 12%. We will implement various measures to realize our vision for FY2025. We expect growth in each segment toward the Group-wide net sales of ¥255.0 billion in FY2025. Although consolidated operating income and the ratio of operating income to net sales for FY2023 will be lower year-on-year due to increased expenses for strategic investments and other factors, we expect each segment to grow to a level exceeding that of FY2022 in FY2025.

Financial strategy

Strategic investments and existing investments will be made within the limits of our cumulative total cash flow from operating activities during the period of the 2025 Mid-term Management Plan and our cash reserves, including funds from the sale of cross-shareholdings. We will advance sale of cross-shareholdings with the goal of achieving a ratio of cross-shareholdings to net assets of 15% or less. As for our policy on shareholder returns, we will strive to maintain and improve shareholder returns while maintaining a balance with strategic investments, with an awareness of improving capital efficiency. We will maintain a total return ratio of about 50% as our target level for FY2025, and will pay dividends based on the maintenance of stable profit returns. We will also purchase and



Message from the President

GRI 2-22

retire treasury stock as necessary.

Initiatives for sustainability issues

In order to strategically address global social issues, all directors, including those from outside the company, consider responses to these issues by participating in the Sustainability Committee, which I chair. In addition, this fiscal year, we incorporated ESG indicators into our executive compensation system. This will enhance the effectiveness of our ESG-related initiatives and strengthen corporate governance.

With regard to climate change, we will take on the challenge of innovation for decarbonization. In the previous fiscal year, we started R&D for the effective utilization of biomass-derived raw materials and unused exhaust heat through industry-academia collaborative projects. We will continue to focus on this. The NOF Group also offers a variety of products for fields related to the mitigation of global warming. We will contribute to mitigating global warming by providing products such as dispersants for electronic components and lubricants for electric units for electric vehicles, as well as biodegradable hydraulic oil and anti-corrosives for wind power generation.

A company is its people

The most important component of corporate growth is human resources. We will reaffirm the spirit of “A company is its people,” recognize the importance of communication among all employees, and constantly strive for open organizational operations so that each employee can work independently with a clear sense of purpose and responsibility, and feel a sense of fulfillment and satisfaction from work.

Looking ahead to FY2030

The 2025 Mid-term Management Plan, with fiscal 2023 as its first year, faces a difficult business environment, including no outlook on the impact of the Ukraine crisis, soaring raw material and fuel prices, semiconductor supply shortages, and supply chain disruptions. However, we will monitor changes and steadily advance Stage II: Expanding Profit of NOF VISION 2030.

In an ever-changing society, corporate social responsibility (CSR) is a never-changing important issue. Being a part of efforts to achieve the SDGs and contributing to realizing a sustainable society is not only our duty as a corporate citizen but also a challenge to be tackled. It is vital to have the mindset of trying to achieve greater wealth of society as a whole while trying to increase earnings for ourselves as a company. The NOF Group will steadily implement its CSR initiatives and continue to contribute to the realization of a sustainable society.





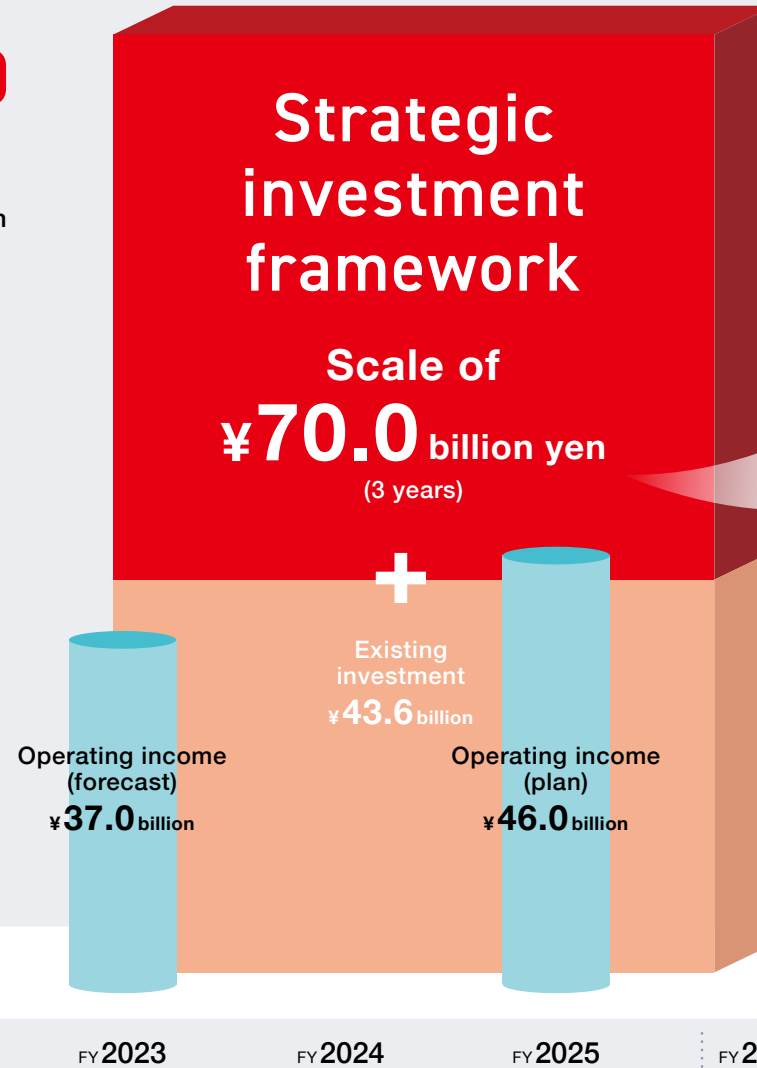
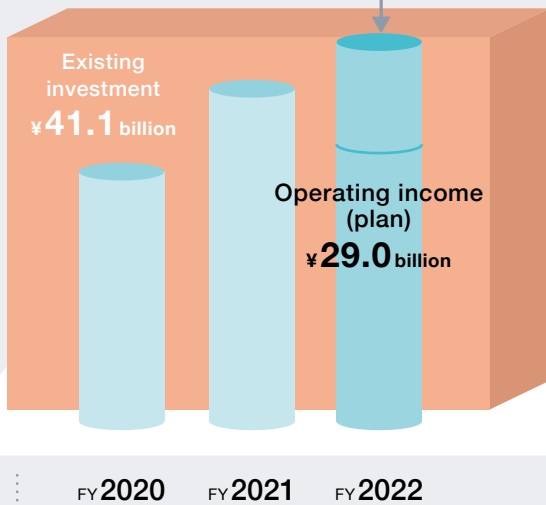
New Mid-term Management Plan

GRI 2-22

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 FY2030, 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.

Achieved operating income plan ahead of schedule **¥40.6 billion (actual)**



Business expansion

Operating income

Net sales (plan) **¥300.0 billion**

Operating income (plan) **¥60.0 billion**

FY2026 FY2027 FY2028 FY2030

Stage I

Stage II

Stage III



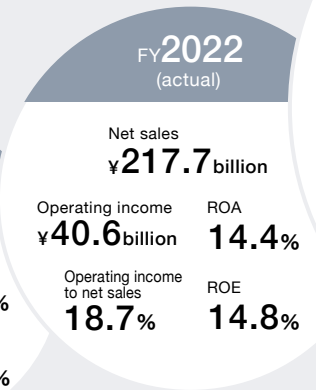
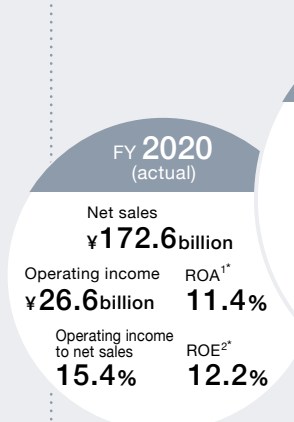
New Mid-term Management Plan

GRI 2-22

2022 Mid-term Management Plan

Strengthening Foundation

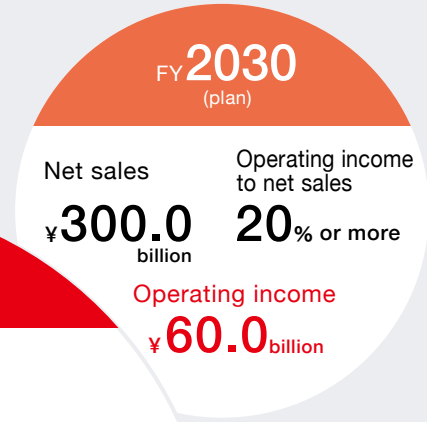
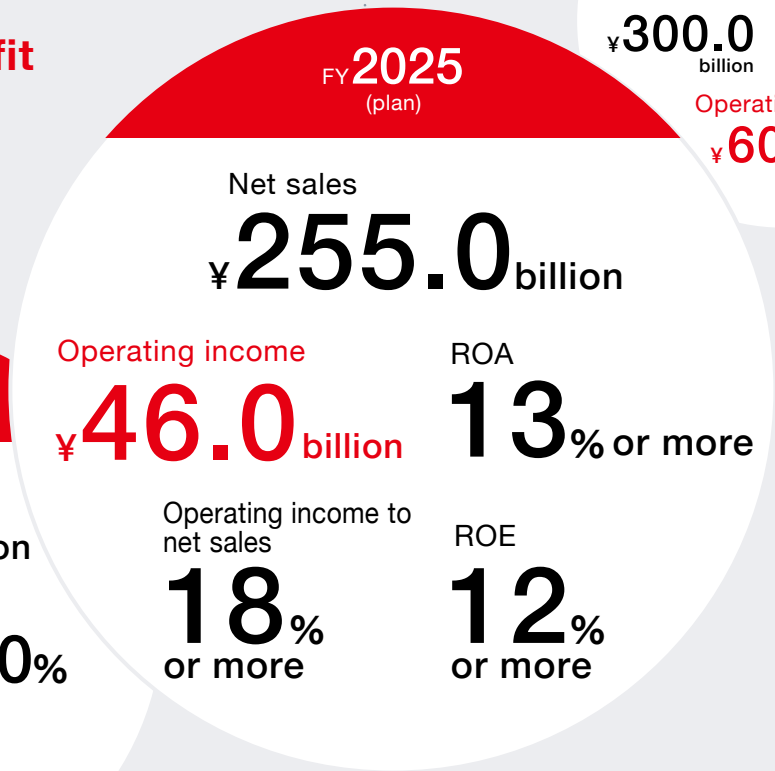
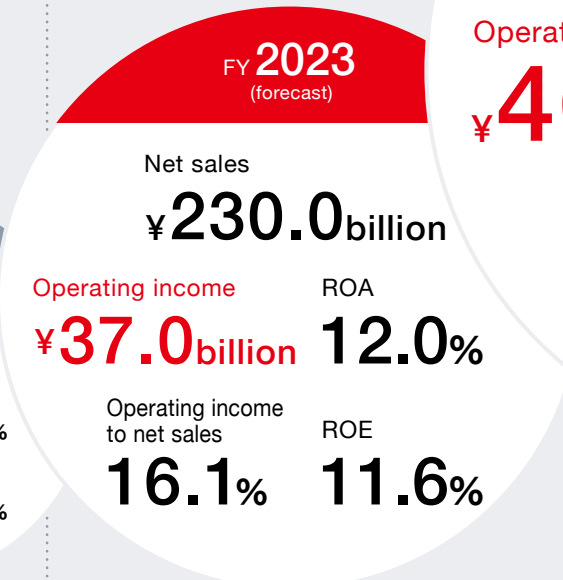
Basic policy
“Challenge and Co-create”



2025 Mid-term Management Plan

Expanding Profit

Basic policy
“Practice and Breakthrough”



2028 Mid-term Management Plan

Business Domain Expansion

Advancement into new business domains

*1 Return on assets

*2 Return on equity



Stage II

2025 Mid-term Management Plan

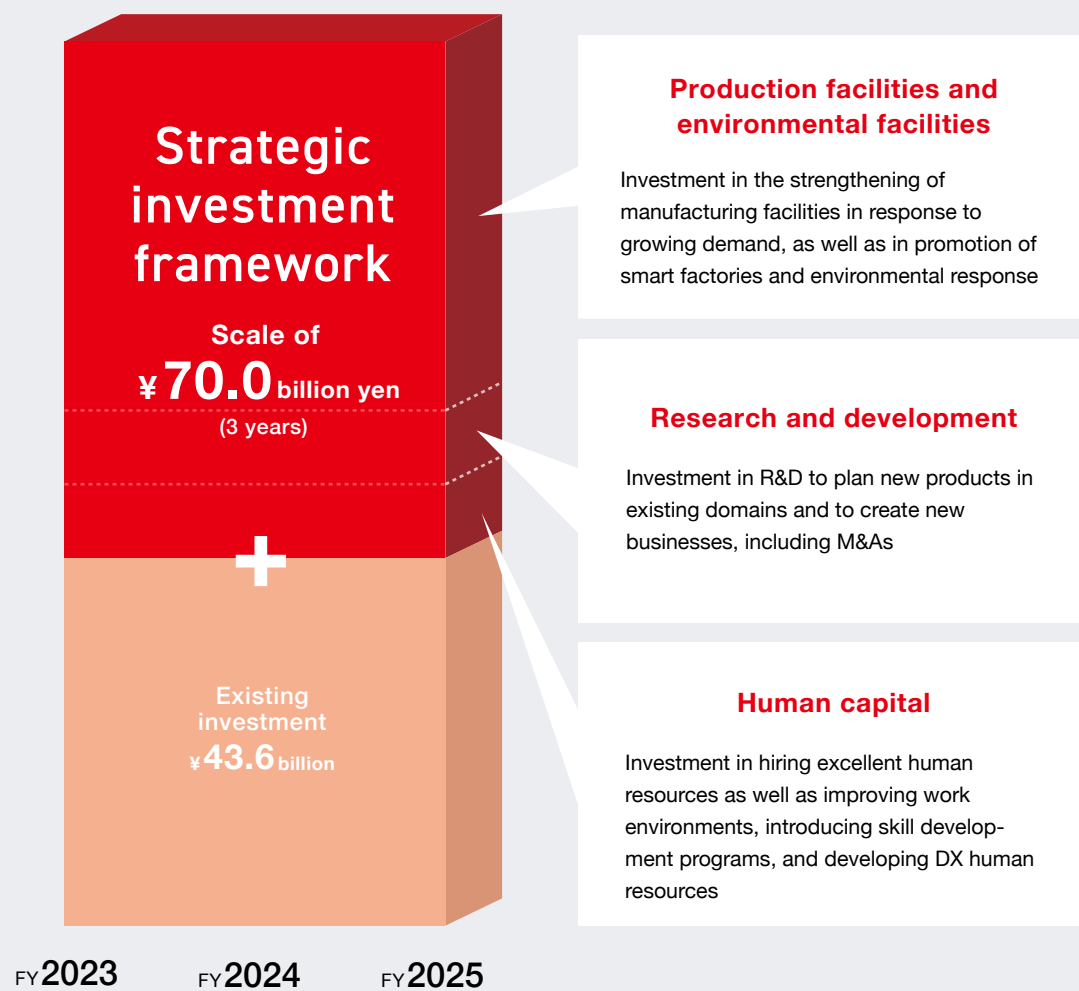
Expanding Profit

Strategic investment for earnings base expansion /
business domain expansion

Basic policy

“Practice and Breakthrough”

Having completed the three years of Stage I: Strengthening Foundation, the three years from FY2023 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 in FY2025. 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 themes: (1) “production and environment” facility investment, (2) research and development, and (3) human investment, and will be funded through self-financing as well as funds from the sale of cross-shareholdings. We will actively make investments for further growth, aiming not only to achieve the goals of the Medium-term Management Plan for FY2025, but also to achieve operating income of ¥60.0 billion in FY2030.



FY 2023 FY 2024 FY 2025



Strategic investment in production facilities and environmental facilities

¥50.0 billion

Promotion of automation and labor-saving and contributions to CO₂ emissions reduction

In addition to existing facility investments, we will promote new and strengthened manufacturing facilities in fields where demand is expected to grow, such as raw materials for DDS drug formulations, cosmetics materials, and anti-fog agents. We are planning for facility investment that is about three times the amount during the 2022 Mid-term Management Plan period through investments in productivity improvement and environmental response.



Improving productivity

- **Improvement of operational efficiencies by promoting automation and labor-saving**
 - Utilization of RPA and AI-OCR, and introduction of production schedulers
 - Introduction of automatic filling machines
- **Expansion of data utilization in production and sales**
 - Promotion of smart factories (new DDS plants)
 - Introduction of marketing support tools, chemical substance management, and facility maintenance management systems



Environmental response

- **Addressing the regulatory control of CFCs at manufacturing facilities**
 - Change CFCs to natural refrigerants
- **Energy conservation and higher efficiency at manufacturing facilities**
 - Electrification of equipment that utilizes steam
 - Conversion of boiler fuel and improvement of boiler efficiency

Main facility investment

- Establishment of new manufacturing facilities for raw materials for drugs (PEG modifiers) **Aichi Works**
- Establishment of manufacturing facilities for SS lipids **Aichi Works**
- Strengthening of manufacturing facilities for cosmetics materials **Aichi Works**
- Strengthening of manufacturing facilities for anti-fog agents **Aichi Works**
- Strengthening of manufacturing facilities for fatty acid derivatives **Amagasaki Plant**



Strategic investment for research and development

¥8.7 billion

Promotion of open innovation through collaboration among industry, academia, and government, including external co-creation, open applications, and public bidding invitations

In order to create new businesses, we will explore promising themes with future potential both internally and externally, and promote R&D through environment improvement and human resources development. We will also promote active participation in open innovation through collaboration among industry, academia and government, and strive to expand our R&D areas.



- Exploration of promising themes through external co-creation, open applications, public bidding invitations, etc.
- Acceleration of the development of new businesses through enhancement of the system for R&D
- Introduction of a database system and analysis software
- Streamlining of R&D by developing the MI* environment and fostering human resources
- Promotion of collaboration among industry, academia, and government utilizing open laboratories and government projects

*MI ... Acronym for Materials Informatics. Utilization of digital technologies such as big data and AI in process-based manufacturing industries such as the chemicals industry.



[FY2023]

● Commencement of sponsored research on themes adopted in two fields

① Materials for electronics

Advanced technology such as materials for high-speed communications, materials for semiconductors, and materials for rechargeable batteries

② Materials for health food

Useful materials for health food, and efficient production technologies of useful materials for health food

[2025 Mid-term Management Plan]

● Continuation of public bidding invitations for wider areas of industry-academia sponsored research



Strategic investment for human capital

¥8.6billion

Creation of a diverse workforce with high work engagement

Human capital is becoming increasingly important in business management. We aim to create a diverse organization by continuously securing human resources who are positive about their jobs and highly motivated to work, and by developing employees who can serve as DX personnel and global human resources.



- **Promotion of employees' autonomous growth**
 - Strengthening of development of autonomous human resources and support for career design development
- **Promotion of DX human resource development**
 - Acceleration of further development by enhancing training programs
- **Promotion of development of global human resources**
 - Revision of overseas study programs and related overseas educational systems
 - Development of global human resources
- **Organizational revitalization through diverse human resources**
 - Raising of the retirement age to 65
- **Upgrading and renovation of employee welfare facilities**
 - Upgrading and renovation of company housing in the Kanto area and a dormitory in Kansai area

▶ Response to human capital P.127-135

Organization restructuring for quick and accurate decision making

We reorganized from seven to five businesses to achieve more synergy and provide higher value in response to customer needs and requests.

In addition, in order to respond to diverse social demands, we reviewed the organization of corporate divisions to strengthen their functions and clarify their roles and responsibilities.





New organization system

Optimizing business divisions and strengthening the functions of corporate divisions

There is a greater need than ever before to disclose non-financial information to stakeholders, especially institutional investors, on matters such as the functioning of the board of directors, response to climate change, and investment in human capital. In addition, business management must respond to a wide range of social demands, including the promotion of DX, strengthening of cybersecurity measures, respect for human rights, and compliance. Against this backdrop, we have reorganized our business divisions and promoted the creation of an organization in which corporate divisions can further demonstrate their expertise.

POINT

- **Establishment of the Corporate Communications Department**
Consolidates IR, CSR, and PR activities, and strengthens two-way communication with stakeholders.
- **Establishment of the Legal Department to enhance compliance**
Consolidates specialized operations based on laws and regulations, strengthens the management system and enhances its functions, and ensures compliance with laws and regulations.
- **Establishment of the Corporate Technical Division to strengthen our quality management system**
Consolidates company-wide management of chemicals related to promotion of RC activities as well as pharmaceutical management work, and strengthens the quality management system.
- **Launch of the Functional Materials Division and Life Science Division**
In order to provide optimal services to customers, the existing oleo & speciality chemicals business and functional chemicals & polymers business have been newly organized as the Functional Materials Division, and the DDS business and Life Science businesses have been newly organized as the Life Science Division.
- **Launch of the Functional Foods Division**
The food business has been newly organized as the Functional Foods Division to promote the development of high value-added products with more specialized functionality.



『Corporate Communications Department』

Enhancement of internal and external communication through appropriate dialogue with stakeholders

The NOF Group aims to actively engage in two-way communication with stakeholders. As the first step toward achieving this, we have established the Corporate Communications Department. Amidst the need for appropriate information disclosure and highly transparent management, we will focus on improving communication channels. We will take feedback from all stakeholders seriously and reflect it in our future corporate activities in order to aim for sustainable growth.

To date, we have kept in mind a high sense of ethics and consciousness about quality as we have built trusting relationships with our customers, investors, business partners, local communities, and other stakeholders. We will continue to value these relationships as we work to further improve our corporate communications.

Operating Officer
General Manager,
Corporate Communications
Department

Hideru Furukawa





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 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 business									●				●				●
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 workplace					●			●		●							
Better performance of human resources				●	●			●									
Promotion of CSR procurement																●	●
Resilience enhancement											●	●					
Promote responsible care activities																	
Response to climate change							●						●	●			●
Management of chemicals		●				●							●		●	●	●
Labor safety		●						●									



Our fundamental view

1. The NOF Group comprehensively identifies various management risks surrounding its business, and conducts risk assessment based on the impact and frequency of each factor in order to identify risks that need to be addressed as a priority.
2. 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. 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 Control Committee analyze management risks, consider countermeasures, and report to the Board of Directors. The Board of Directors conducts integrated assessment of 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. The risks are

deliberated at the Board of Directors as necessary.

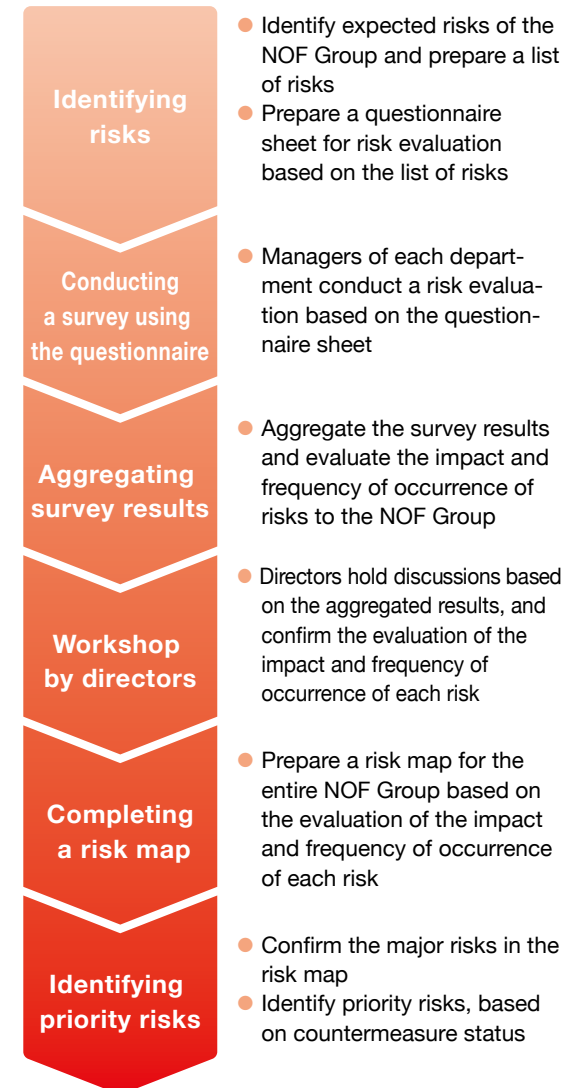
We manage and monitor Group companies in accordance with the rules on the management of Group companies, and offer advice, as necessary; while any important matters that are deemed to materially impact our subsidiaries' assets or profit and loss are approved by the NOF Board of Directors or the Executive Committee.

Confirming "major risks" and identifying "priority risks"

The NOF Group works to comprehensively identify management risks surrounding the Group, considering the characteristics of each business as well as external environments, including political, economic and social changes. In addition, we evaluate the impact and the frequency of occurrence of each identified risk on Group management, confirming major risks and taking appropriate measures against risks identified as "priority risks," which necessitate enhanced resilience.

Moreover, for other risks, each committee evaluates the current response, sorts it into categories such as "retained" and "reduced," and considers additional countermeasures as necessary.

Flow of risk assessment



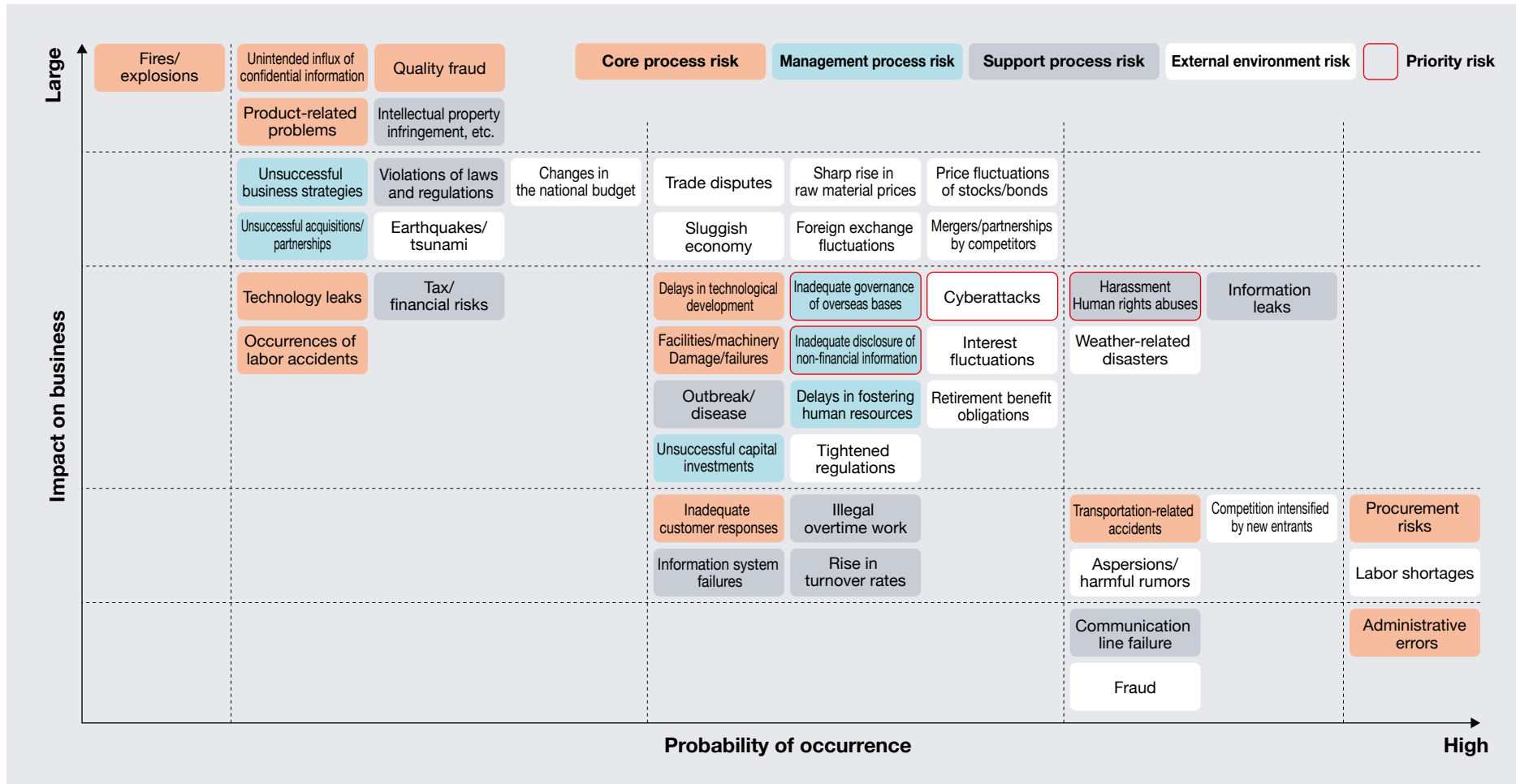


Corrective process against negative impacts | Risk management

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 major risks and status of countermeasures (excerpt)

Major risk	Risk description	Ongoing countermeasures (excerpt)
Earthquakes/tsunami	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) Implement internal audits and training regarding the BCP
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
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 condition, etc.; conduct business audits
Cyberattacks 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"> Establish the information security management rules and appoint a person responsible for information security management, etc. Develop a defense system against illicit access and implement safety measures at rational levels
Fires/explosions	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"> Formulate emergency response manuals and implement trainings Implement joint disaster prevention drills and dialogue activities with local municipalities
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
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
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
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 an external contact point with attorneys
Delays in fostering human resources	Possible stall in development of human resources who will be responsible for the growth of the NOF Group, due to a failure of medium- and long-term human resource development plans	<ul style="list-style-type: none"> Promote rank-specific trainings for next-generation human resources for specific issues Promote/foster international human resources and human resource rotation
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



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.

Information security management

(1) Management of trade secrets and protection of personal information

Recognizing the importance of information as one of our vital management resources to business

activities and the indispensability of active strengthening of corporate competitiveness by active utilization of information and firm establishment of information security to steady business management, NOF has set forth the Information Security Policy as a basic principle for promoting effective utilization and protection of information. At the same time, recognizing protection of personal information as its obvious social responsibility, NOF has formulated and announced the Privacy Policy.

Under such policies, NOF has set forth specific measures for enhancing the levels of confidentiality, completeness, and utility of information and specific ways of handling personal information in its internal rules, including information security management rules, personal information protection rules, and information system-related sets of provisions, a confidential information handling manual, and an information equipment handling manual, and is ensuring their thorough understanding by the staff.

(2) Management setup

In the organizational aspect, the Information Security Management Subcommittee is set up,

and under its chairperson, who has overall supervising responsibility for information security management, persons responsible for document information security management, electronic information and information system security management, and addressing complaints regarding personal information, as well as a person responsible for management at each level of organizational unit, are appointed to administer the implementation of specific measures. Against illicit access from outside and other risk factors including loss, destruction, and alteration, safety measures are taken at appropriate and rational levels. In addition, NOF continually reviews through internal auditing setups and measures pertaining to information security management and protection of personal information to improve them wherever necessary.

* The BCP (acronym for Business Continuity Plan) 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

Our fundamental view

NOF and its subsidiaries have 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's code of conduct is formally spelled out as the NOF Code of Ethical Conduct, based on the NOF Basic CSR Policy, and the Compliance Committee is established to ensure thorough adherence to the code.

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.

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, consultation 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 twice every year. The Committee also meets as required when a compliance issues arises, identifies issues, and analyzes countermeasures. The results are reported to the Board of Directors and deliberated as necessary.

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.



- Japanese
- English
- German
- French
- Dutch
- Italian
- Portuguese
- Chinese (simplified)
- Indonesian
- Vietnamese
- Korean

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 U.S.A., 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.



Corrective process against negative impacts | Compliance

GRI 2-12,25,27/205-2,3/206-1

Compliance-related training

The NOF Group regularly holds compliance-related training sessions for employees.

In fiscal 2022, we continued compliance training for new employees and mid-career hires, 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.



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.



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

President and Chief Executive Officer of NOF Corporation **Takeo Miyaji**

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.

Definition

(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

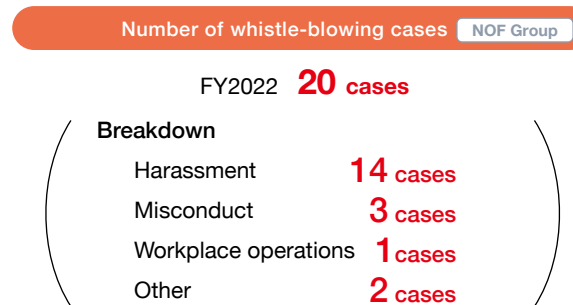
GRI 2-26

Whistle-blowing system

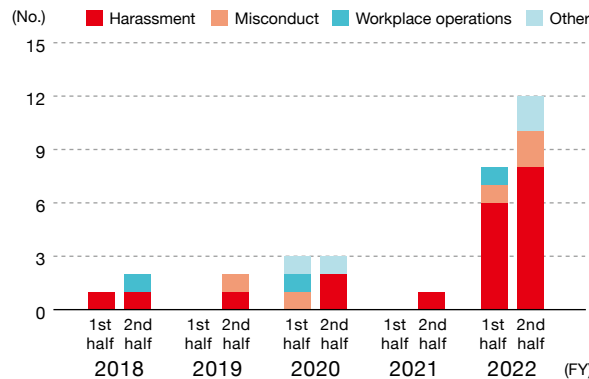
Consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese have been set up at external third-party institutions as contact points for whistle-blowing / consultation in overseas countries where NOF's business bases are located. Employees can contact the 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 worldwide on a regular basis.

In FY2022, there were 20 cases of reports or consultations, which were mainly about harassment, which was a significant increase compared to before. This is presumed to have been a result of the revision of our internal rules in response to the amendment of the Whistleblower Protection Act in June 2022, as well as careful explanation of the aim of the amended act (search for whistleblowers, prohibition of disadvantageous treatment, etc.) and making the whistleblower contact points widely known. 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.



5-year changes in whistle-blowing



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.



Membership in associations

GRI 2-28

Membership in associations

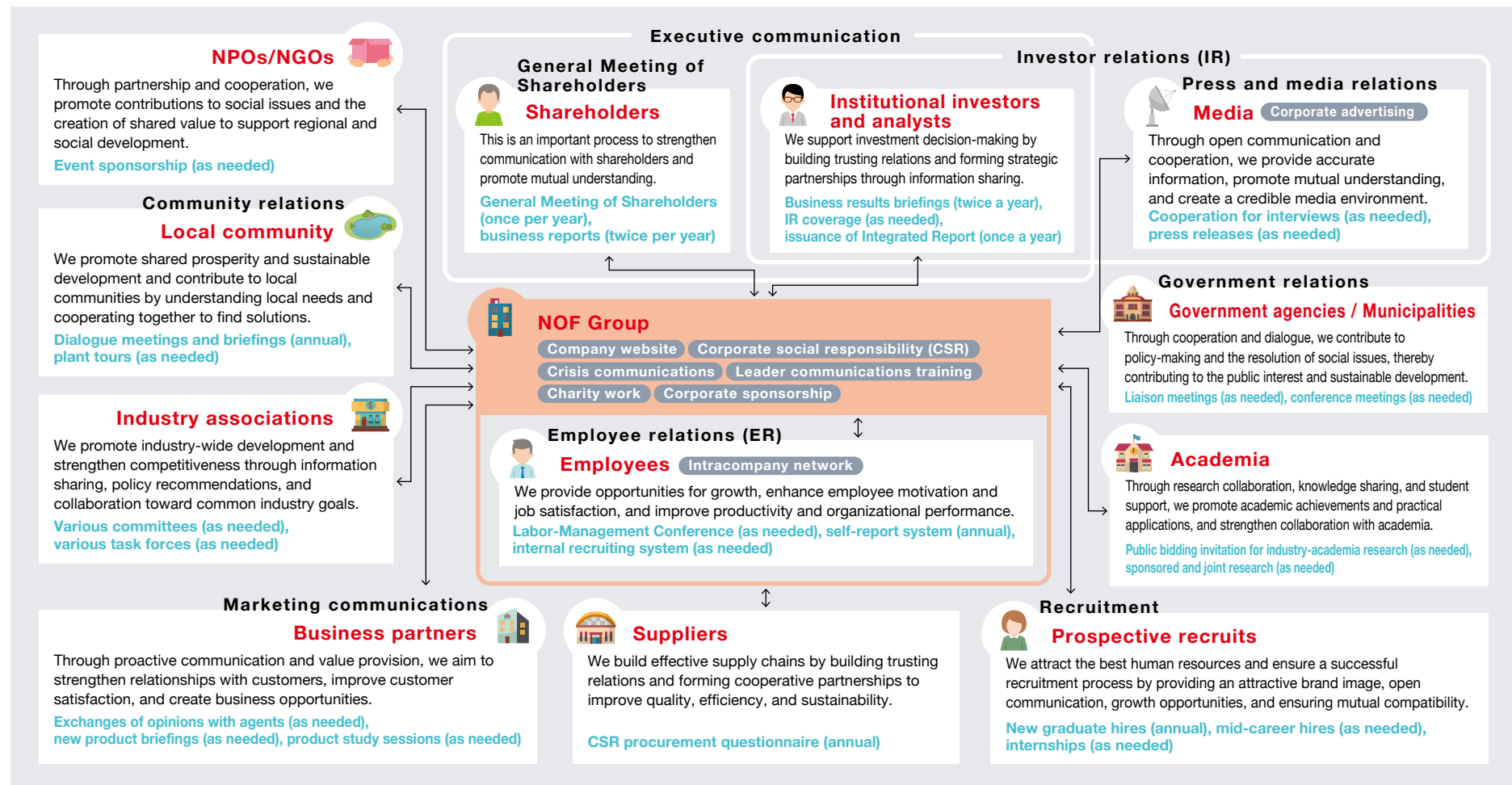
Name	Administration division/department
Japan Chemical Industry Association	Human Resources & General Affairs Department, Corporate Technical Division, Functional Materials Division
Japan Marine Oil Association	Purchasing Department
Japan Cosmetics Suppliers Association	Functional Materials Division
Keidanren Initiative for Biodiversity Conservation	Corporate Technical Division
Japan Surfactant Industry Association	Functional Materials Division
Japan Explosives Industry Association	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	Purchasing Department, Functional Foods Division

Name	Administration division/department
Japan Inorganic Chemical Industry Association	Functional Materials Division
Japan Organic Peroxide Association	Functional Materials Division
Japan Environmental Management Association for Industry	Corporate Technical Division
Keidanren (Japan Business Federation)	Human Resources & General Affairs 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 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 three weeks prior to the meeting. In addition, we strive to provide information promptly by disclosing both Japanese and English versions as digital information four weeks 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 will be renamed as the Sustainability Report to enhance 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 2022, the NOF Group held 228 meetings for institutional investors and analysts.

Information dissemination

The NOF Group proactively releases information on its new products and technology. In fiscal 2022, in addition to our 45 news releases, we responded actively to mass media coverage, which resulted in 57 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 site

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.

Can be accessed from NOF's Corporate Information page.

NOF Corporate Information
www.nof.co.jp/company

Top page of "Naruhodo NOF!"
www.nof.co.jp/contents/about/

*This page is only available in Japanese.



Important Issues

077 Materiality

077 Identification Process

080 KPIs

083 Impact on Society through 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 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

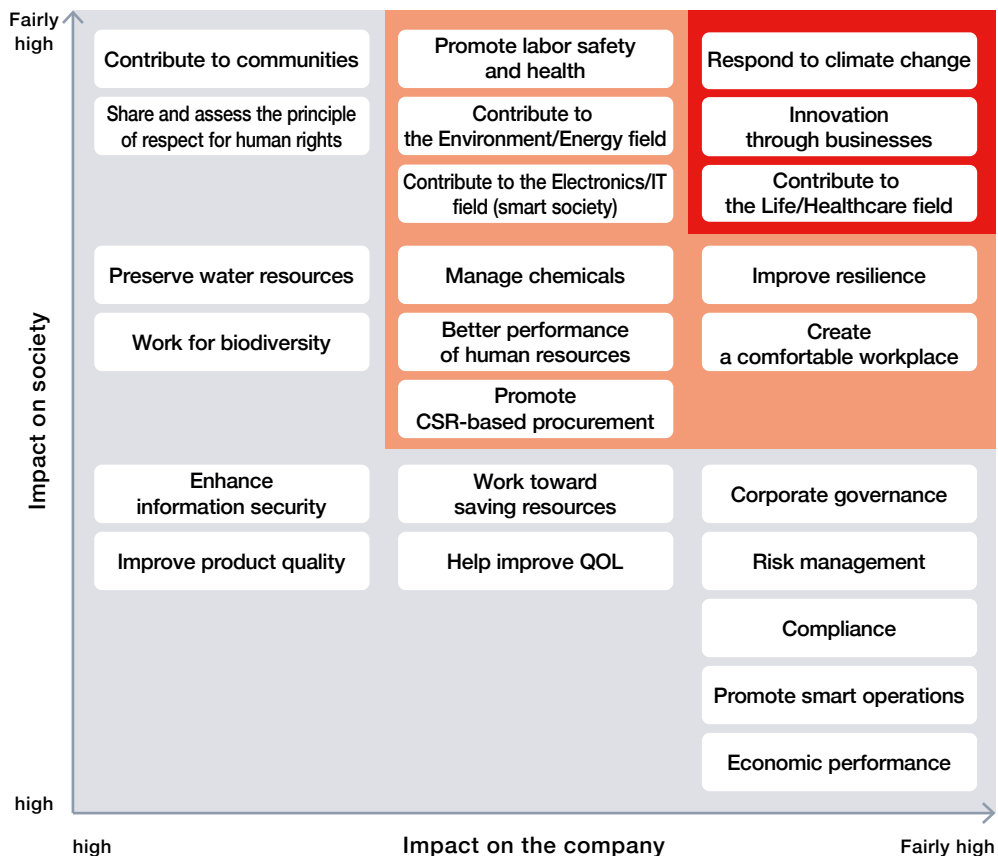
After summing up the opinions of the individual divisions that handle the promotion of CSR activities, we will hold discussions at Strategic Meetings, which comprise Operating Officers with a title, and in the Sustainability Committee chaired by the President, and select the important issues. The lead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



FY2022 review

All Directors and Operating Officers, including Outside Directors, in the Sustainability Committee, which is chaired by the President, participated in conducting the materiality review based on the FY2022 actual results for each materiality issue. Two meetings of the Committee were held to confirm the FY2022 results and set the goals for FY2023. As a result of the review, the following changes were made.

- 1 By directly referring to the materiality issues in the three prioritized business fields as “Contribute to the three prioritized business fields,” we clearly showed the relationship between our corporate vision and the 2025 Mid-Term Management Plan. As for contributions to the Electronics/IT field, due to the broad scope, we added “smart society” in parentheses to clarify the direction we are aiming for.

Three prioritized business fields	Before revision	After revision
Life/Healthcare	Contribute to medicine, medical care and health	Contribute to the Life/Healthcare field
Environment/Energy	Contribute through environmentally-friendly products (reduction of environmental burden)	Contribute to the Environment/Energy field
Electronics/IT	Contribute to smart society	Contribute to the Electronics/IT field (smart society)

- 2 As for the creation of a comfortable workplace and better performance of human resources, we set nine KPIs, compared to the three KPIs before the review.

▶ Response to human capital P.127,129

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.



▶ NOF's clean tech P.021-029
 ▶ Integrated Report ▶ P.044-047

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 P.127-135

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.



▶ Responses to Climate Change (TCFD) P.088-099
 ▶ Chemical safety P.105-106
 ▶ Biodiversity conservation P.110-115

Provide new values to realize a prosperous and sustainable society

Materiality	FY2022					FY2023			
	Goals (KPIs)	Numerical targets	Target year	Results	Details of major initiatives	Goals (KPI)	Numerical targets	Target year	Details of major initiatives
Innovation through businesses	R&D investment <small>NOF Group</small>	¥21.6 billion (3-year cumulative total)	2022	¥6.6 billion (Cumulative total: ¥18.5 billion)	<ul style="list-style-type: none"> • Call for commissioned industry-academia research • Promotion of joint research • Enhancement of R&D capabilities 	R&D investment <small>NOF Group</small>	¥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 • Intellectual property strategy formulation and strategic applications
	Number of patent applications <small>NOF</small>	450 (3-year cumulative total)	2022	175 (Cumulative total: 494)		Number of patent applications <small>NOF</small>	500 (3-year cumulative total)	2025	
Contribute to the Life/Healthcare field <small>NOF Group</small>	Net sales of high-function and high-value added products to the Life/Healthcare field	Up 5% (year-on-year)	Every year	116.6 *If the previous year is 100	<ul style="list-style-type: none"> • Supply high-function and high-value added products to the Life/Healthcare field 	Net sales of strategic products in the Life/Healthcare field	UP 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply strategic products to the Life/Healthcare field
Contribute to the Environment/Energy field <small>NOF Group</small>	Net sales of high-function and high-value added products to the Environment/Energy field	Up 5% (year-on-year)	Every year	117.2 *If the previous year is 100	<ul style="list-style-type: none"> • Supply high-function and high-value added products to the Environment/Energy field 	Net sales of strategic products in the Environment/Energy field	UP 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply strategic products to the Environment/Energy field
Contribute to the Electronics/IT field (smart society) <small>NOF Group</small>	Net sales of high-function and high-value added products to the Electronics/IT field	Up 5% (year-on-year)	Every year	120.5 *If the previous year is 100	<ul style="list-style-type: none"> • Supply high-function and high-value added products to the Electronics/IT field 	Net sales of strategic products in the Electronics/IT field	UP 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply strategic products to the Electronics/IT field

Strengthen the business foundation

Materiality	FY2022					FY2023				
	Goals (KPIs)	Numerical targets	Target year	Results	Details of major initiatives	Goals (KPI)	Numerical targets	Target year	Details of major initiatives	
Creation of comfortable workplace • employee engagement NOF	Utilization rate of yearly paid holidays	70% or more	2022	73.4%	<ul style="list-style-type: none"> Promotion of work-life balance Promotion of health-conscious management Support for childcare and nursing care 	Utilization rate of yearly paid holidays	75% or more	2025	<ul style="list-style-type: none"> Promotion of utilization of yearly paid holidays 	
	—	—	—	—	—	Overall employee engagement score	50 or more	2025	<ul style="list-style-type: none"> Execution of measures using employee engagement surveys as a starting point 	
	—	—	—	—	—	—	Training costs	Over 2.5-fold (compared with FY2022)	2025	<ul style="list-style-type: none"> Strengthening of the human resources development support system
Better performance of human resources • Human resources development • Diversity NOF	Percentage of women among career-track hires	30% or more	Every year	36.1% (Entering company in April 2023)	<ul style="list-style-type: none"> Promotion of the active participation of women 	Percentage of women among career-track hires	30% or more	Every year	<ul style="list-style-type: none"> Expansion of hiring of female new graduates recruited for career-track positions 	
	—	—	—	—	—	Rate of female management-level employees	Over 3-fold (compared with FY2021)	2030	<ul style="list-style-type: none"> Increase of the rate of female management-level employees 	
	Percentage of employees with disabilities	2.30% or more	By March 2023	2.46% (As of the end of March 2023)	<ul style="list-style-type: none"> Promotion of employment of people with disabilities 	Percentage of employees with disabilities	3.0% or more	2030	<ul style="list-style-type: none"> Promotion of employment of people with disabilities 	
	—	—	—	—	—	—	Pay gap between male and female full-time employees	75% or more	2030	<ul style="list-style-type: none"> Reduction in the pay gap between male and female employees
	—	—	—	—	—	—	Rate of male employees utilizing childcare leave	100%	2030	<ul style="list-style-type: none"> Increase of the rate of male employees utilizing childcare leave
Promotion of CSR-based procurement NOF	Coverage rate of CSR questionnaire (based on value of purchases)	70% or more	2022	84% Cumulative total over 2022	<ul style="list-style-type: none"> Implementation of the CSR questionnaire for business partners 	Coverage rate of CSR questionnaire (based on value of purchases)	85% or more	2025	<ul style="list-style-type: none"> Implementation of the CSR questionnaire for suppliers 	
	—	—	—	—	—	—	Improvement requests via interviews with target suppliers in order to firmly establish CSR-based procurement (based on number of companies)	85% or more	2025	<ul style="list-style-type: none"> Review of target suppliers and polishing of interview content
	—	—	—	—	—	—	—	—	—	—
Improvement of resilience NOF Group	BCP education and training hours	Total of 3,000 hours or more	Every year	Total of 5,200 hours	<ul style="list-style-type: none"> Revision and dissemination of the BCP manual Implementation of BCP training Confirmation of location activities through BCP audits 	BCP education and training hours	Total of 4,000 hours or more	Every year	<ul style="list-style-type: none"> Enhancement of the BCP manual Improvement of response capabilities through expanded training scenarios Inspection and confirmation of location activities through audits 	

Promote responsible care activities

Materiality	FY2022					FY2023			
	Goals (KPIs)	Numerical targets	Target year	Results	Details of major initiatives	Goals (KPI)	Numerical targets	Target year	Details of major initiatives
Responses to climate change	CO ₂ emissions <small>Domestic Group</small>	40% reduction (compared with FY2013)	2030	144,000 tons /year	<ul style="list-style-type: none"> Planning and implementation of greenhouse gas reduction measures Grasp the status of energy management Dissemination of the carbon neutrality policy Purchase of electricity certified to come from non-fossil fuel sources 	CO ₂ emissions <small>Domestic Group</small>	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 <small>NOF Group</small>	Aim for achievement	2050	20.0% reduction (compared with FY2013)		Carbon neutrality <small>NOF Group</small>	Aim for achievement	2050	
Management of chemicals	Emissions of substances subject to PRTR Act after revision in FY2021 <small>Domestic Group</small>	under 170 tons/year	Every year	148 tons/year	<ul style="list-style-type: none"> Respond to revisions in the PRTR Act and regulations, as well as planning and implementation of reduction measures Implementation of emissions forecasts following the revision Survey of statuses of other companies and NOF 	Emissions of substances subject to PRTR Act after revision in FY2021 <small>Domestic Group</small>	under 170 tons/year	Every year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes
Promotion of labor safety and health	Number of lost workday-involving accidents <small>Domestic Group</small>	0	Every year	1	<ul style="list-style-type: none"> Enhancement of sensitivity toward danger and thorough enforcement of safety actions Provision of occupational safety education and training Strengthening of hazard prediction skills Reduction of disaster risks Removal of unsafe behavior and unsafe conditions and strengthening of safety measures 	Number of lost workday-involving accidents <small>Domestic Group</small>	0	Every year	<ul style="list-style-type: none"> Enhancement of sensitivity toward danger and 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 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	Use	Disposal and recycling
Provide new values to realize a prosperous and sustainable society						
Innovation through business					●	●
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 workplace		●	●	●		
Better performance of human resources		●	●	●		
Promotion of CSR procurement	●	●				
Resilience enhancement	●	●	●	●		
Promote responsible care activities						
Response to climate change	●	●	●	●	●	●
Management of chemicals	●	●	●	●	●	●
Labor safety		●	●	●		



Finances

085 Financial Affairs

087 Environmental Accounting

088 Responses to Climate Change (TCFD)

089 Disclosure in Line with TCFD Recommendations: Governance

090 Disclosure in Line with TCFD Recommendations: Strategy

095 Disclosure in Line with TCFD Recommendations: Risk Management

096 Disclosure in Line with TCFD Recommendations: Metrics and Targets

097 Status of Greenhouse Gas Reduction Efforts/Emissions

100 Pensions and Retirement Plans

101 Procurement Practices

102 Taxes



NOF Group

(Millions of yen)

	91th fiscal year March 2014	92th fiscal year March 2015	93th fiscal year March 2016	94th fiscal year March 2017	95th fiscal year March 2018	96th fiscal year March 2019	97th fiscal year March 2020	98th fiscal year March 2021	99th fiscal year March 2022	100th fiscal year March 2023
Net sales	160,963	167,697	170,460	174,057	179,935	189,152	180,917	172,645	192,642	217,709
Ordinary profit	17,582	18,983	20,161	25,001	27,430	30,099	28,830	28,870	37,624	43,183
Profit attributable to owners of parent	9,737	11,703	13,589	17,586	19,913	22,034	21,140	23,302	26,690	33,973
Comprehensive income	13,905	21,851	10,193	24,126	25,364	19,226	11,810	31,606	28,922	33,389
Net assets	112,622	131,313	135,636	152,564	169,572	178,285	178,716	203,516	221,706	240,002
Total assets	176,700	196,865	196,293	217,127	235,874	244,533	235,248	271,536	289,630	309,438
Net assets per share (Yen)	610.54	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
Basic earnings per share (Yen)	53.10	64.74	76.41	202.27	230.96	259.29	251.72	280.49	323.77	417.02
Diluted earnings per share (Yen)	—	—	—	—	—	—	—	—	—	—
Equity-to-asset ratio (%)	63.32	66.30	68.69	69.90	71.56	72.59	75.64	74.68	76.28	77.29
Rate of return on equity (%)	9.06	9.66	10.24	12.27	12.42	12.73	11.90	12.24	12.60	14.77
Price-earnings ratio (Times)	14.07	13.78	10.44	11.69	13.62	14.54	13.63	20.64	15.50	14.80
Cash flows from operating activities	15,692	14,230	16,906	24,024	20,211	19,864	27,837	30,726	27,393	23,333
Cash flows from investing activities	△8,056	△7,894	△5,408	△5,831	△4,881	△5,540	△4,838	1,894	△8,755	△709
Cash flows from financing activities	△4,292	△4,846	△6,478	△7,512	△8,490	△10,814	△11,287	△8,042	△15,312	△16,170
Cash and cash equivalents	11,788	14,640	18,930	29,215	36,465	39,357	50,684	76,596	81,431	89,081
Number of employees (Number of persons)	3,857	3,791	3,779	3,712	3,721	3,725	3,718	3,755	3,787	3,818

* Diluted earnings per share for the fiscal year have been omitted because there were no potentially dilutive common shares.

* The Company conducted a consolidation of common stock at the ratio of 2 shares to 1 share effective October 1, 2017. 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.

* 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 has introduced the Board Benefit Trust (BBT) in the 97th fiscal year. The Company's 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 Company's 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, the Company 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.



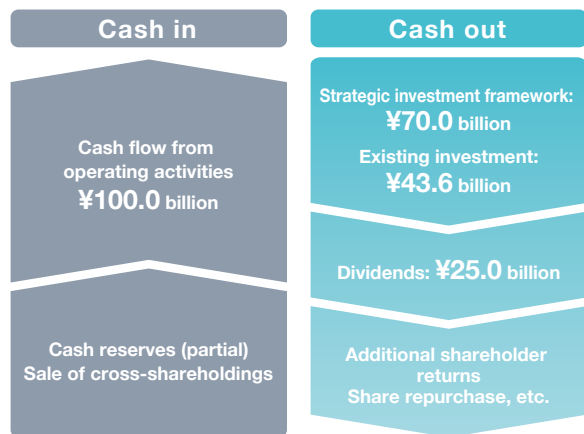
Financial Affairs

GRI 201-1

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
- Improve profit returns with the total return ratio of 50% as the target level

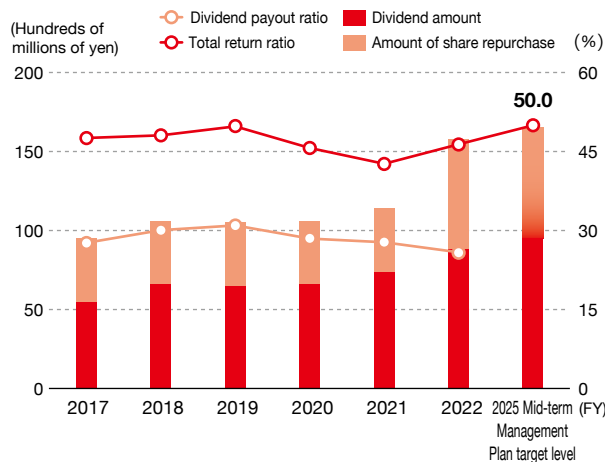
efficiency. We will advance sale of cross-shareholdings with the goal of achieving a ratio of cross-shareholdings to net assets of 15% or less.

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 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Annual dividend amount per share (Yen)	64	78	78	80	90	108

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, 2023

The year-end dividend for the fiscal year ended March 31, 2023 was ¥58 per share. This, together with the interim dividend, brings the annual dividend for the fiscal year to ¥108 per share.

For the fiscal year ending March 31, 2024, we plan to pay an annual dividend of ¥108 per share (an interim dividend of ¥54 per share and a year-end dividend of ¥54 per share).



The environmental accounting*1 of the Domestic Group in fiscal 2022 is stated below. The period covered is from April 1, 2022 through March 31, 2023.

Environmental expenses		Domestic Group	(Unit: millions of yen)	
Category	Major activities	Investment	Expenses	
(1) Business area expenses	1 Pollution prevention	Strengthening of wastewater treatment/water pollution prevention and air pollution control facilities	458	995
	2 Global environmental protection	Upgrade of equipment with energy-saving measures, replacement of fluorescent lights with LEDs	662	565
	3 Resource recycling	Exhaust heat utilization equipment, industrial waste treatment and recycling expenses	20	984
(2) Upstream/downstream expenses	Reduction in containers and packaging materials	0	2	
(3) Management activity expenses	Environmental audits/improvements/personnel	0	375	
(4) R&D expenses	R&D to curb environmental impact	0	517	
(5) Community activity expenses	Support for regional environmental activities	0	10	
(6) Environmental damage response expenses	—	0	0	
Total*2		1,140	3,448	

Environmental results		NOF Group		
Category	Topic	FY2022	vs. FY2021	
(1) Environmental results from resources used in business activities	Total energy input (thousand GJ)	3,110	-267	
	Total substance input (thousand tons)	236	-25	
	Water resource input (thousand m ³)	8,498	78	
(2) Environmental results from environmental impact and waste materials of business sites	Greenhouse gas emissions (thousand tons of CO ₂)	185	-13	
	Production activities: Energy-related	149	-36	
	Production activities: Other	27	9	
	Transportation-related	10	1	
	Emissions of PRTR Act-controlled substances (tons)	143	-12	
	Plant emission volumes (tons)	25,157	-4,007	
	Final disposal of waste by landfill (tons)	1,095	145	
	Wastewater volume (thousand m ³)	6,421	-221	
	COD emission volumes (tons)	148	-6	
	NOx emission volumes (tons)	55	0	
SOx emission volumes (tons)	7	2		

Real economic effects		Domestic Group	(Unit: millions of yen)	
	Particulars of effects	Amount		
1) Profits	Business income from recycling of waste from main business or recycling of used products, etc.	403		
	Other business income	0		
2) Costs saved	Reduction in energy cost by energy saving	37		
	Reduction in waste disposal ensuing from materials saving or recycling	16		
	Other reductions	7		
Total*2		463		

Changes from the past						
Category	Topic	FY2018	FY2019	FY2020	FY2021	FY2022
Environmental expenses	Investment (million yen)	593	686	1,203	1,300	1,140
	Expenses (million yen)	2,741	2,657	3,136	3,155	3,448
Environmental results from resources used in business activities	Total energy input (thousand GJ)	3,477	3,330	3,247	3,377	3,110
	Total substance input (thousand tons)	273	253	231	261	236
Environmental results from environmental impact and waste materials of business sites	Water resource input (thousand m ³)	8,061	8,232	8,319	8,420	8,498
	Greenhouse gas emissions (thousand tons of CO ₂)	214	205	195	198	185
	Production activities: Energy-related	182	173	167	172	149
	Production activities: Other	23	23	20	18	27
	Transportation-related	9	9	8	9	10
	Emissions of PRTR Act-controlled substances (tons)	177	158	147	155	143
	Plant emission volumes (tons)	30,161	28,446	28,955	29,164	25,157
	Final disposal of waste by landfill (tons)	1,046	1,302	1,588	950	1,095
	Wastewater volume (thousand m ³)	5,954	6,424	6,552	6,642	6,421
	COD emission volumes (tons)	302	441	219	154	148
NOx emission volumes (tons)	64	55	57	55	55	
SOx emission volumes (tons)	7	6	4	5	7	

*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.



Responses to Climate Change (TCFD)

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 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.

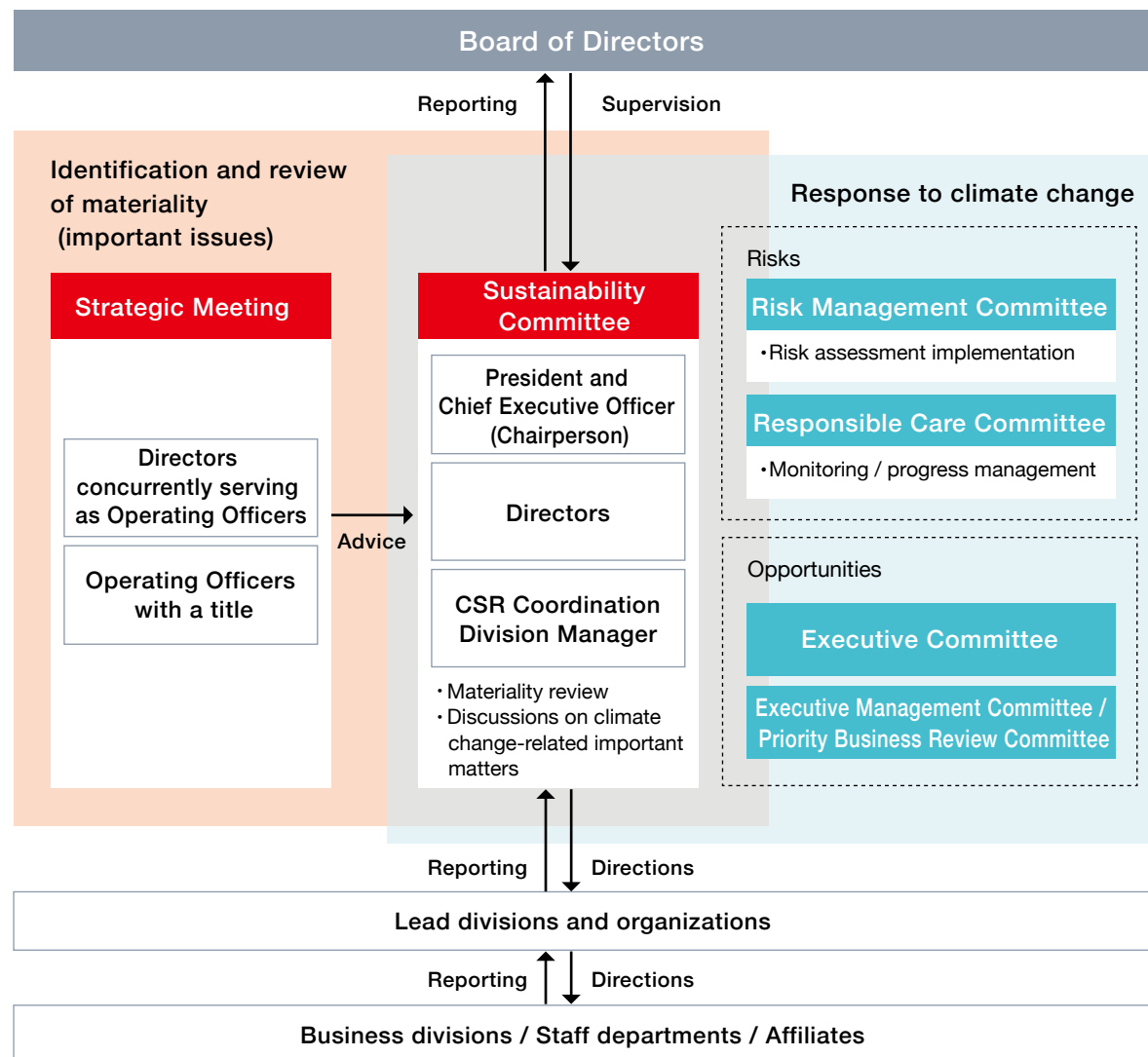




The NOF Group identifies materiality (important issues) related to sustainability through discussions in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers as well as Operating Officers with a title, and the Sustainability Committee, which is chaired by the 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.

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. 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: Governance

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	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.)
	2°C	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 capital investment plans
Opportunities	1.5°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. 092-094 for details)	Large	<ul style="list-style-type: none"> Development and provision of products that contribute to climate change mitigation and adaptation
	2°C	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 scenario: A decarbonization scenario that assumes 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 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

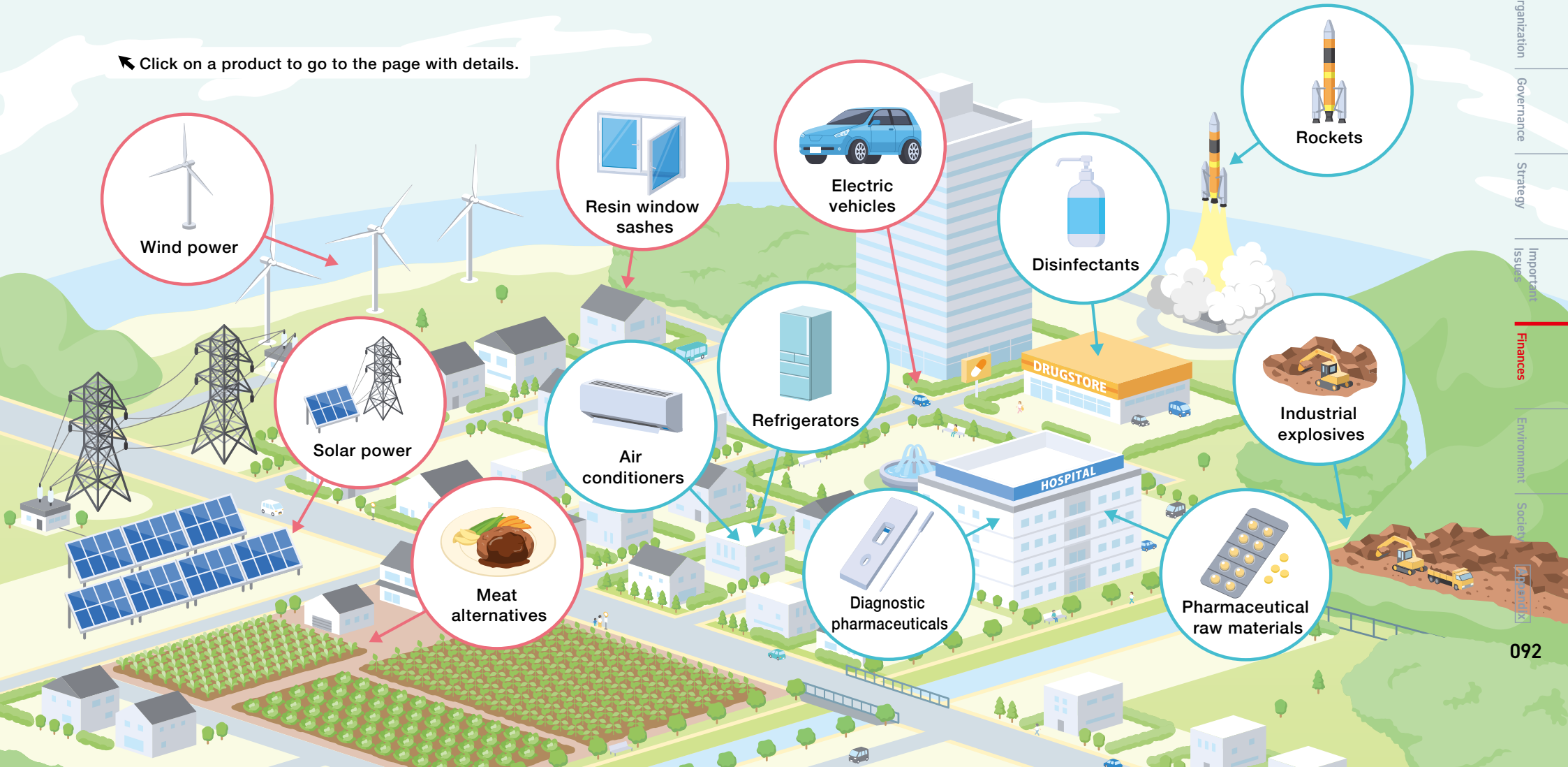
Category	Scenario	Risks	Details of risks	Financial amount of impact	Notes						
Transition risks	1.5°C	Carbon tax	Financial burden from tax increases	<p>(Hundreds of millions of yen/year)</p> <table border="1"> <tr><th>Year</th><th>Impact</th></tr> <tr><td>2020</td><td>0.5</td></tr> <tr><td>2030 (FY)</td><td>31.6</td></tr> </table>	Year	Impact	2020	0.5	2030 (FY)	31.6	CO ₂ equivalent emissions in fiscal 2020, with a carbon price of 20,000 yen per ton of CO ₂ in fiscal 2030.
		Year	Impact								
2020	0.5										
2030 (FY)	31.6										
Renewable energy charges	Increased energy costs	<p>(Hundreds of millions of yen/year)</p> <table border="1"> <tr><th>Year</th><th>Impact</th></tr> <tr><td>2020</td><td>3.8</td></tr> <tr><td>2030 (FY)</td><td>5.2</td></tr> </table>	Year	Impact	2020	3.8	2030 (FY)	5.2	The unit price of the renewable energy charge for fiscal 2030 is set at 4.1 yen/kWh based on fiscal 2020 electricity consumption.		
Year	Impact										
2020	3.8										
2030 (FY)	5.2										
Physical risks	4°C	Storm surges	Flooding of facilities due to storm surges	<p>(Hundreds of millions of yen/year)</p> <table border="1"> <tr><th>Year</th><th>Impact</th></tr> <tr><td>2020</td><td>0</td></tr> <tr><td>2050 (FY)</td><td>77</td></tr> </table>	Year	Impact	2020	0	2050 (FY)	77	Typhoons and embankment failures every 500 to several thousand years.
Year	Impact										
2020	0										
2050 (FY)	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.





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 electric units, anti-corrosive coatings, and overcoat materials for LCD color filters due to the increase in electronic components (passive components), electric units, and screws to hold the components in place, as well as more and larger LCD panels. In addition, because LED lights are effective in reducing power consumption of EVs, demand for antifogging 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 electric units / Overcoat materials)
 - For agents to prevent abnormal noises in door hinges and interior parts**
(Resin additives)
 - For bolts, nuts, and other parts that hold batteries in place**
(Anti-corrosive coatings)
 - For antifogging of LED headlamps**
(Antifogging agents)
- 

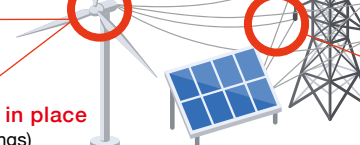
Wind power / Solar power

Functional Materials business Metal Coatings business

Market scale **Medium**

Demand is expected to increase for anti-corrosion coatings for bolts used in wind turbine blades and 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)
- 

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.

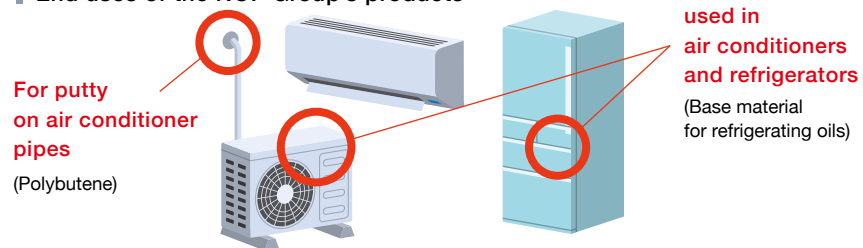
Air conditioners / Refrigerators

Functional Materials business

Market scale **Large**

Demand for base material for refrigerating oils, a lubricant for refrigeration equipment, and polybutene for air conditioner putty is expected to increase due to the global increasing need for air conditioners and refrigerators accompanying rising temperatures. The refrigerating machine oil sold by NOF is for alternative CFC refrigerants and contributes to climate change adaptation.

End uses of the NOF Group's products



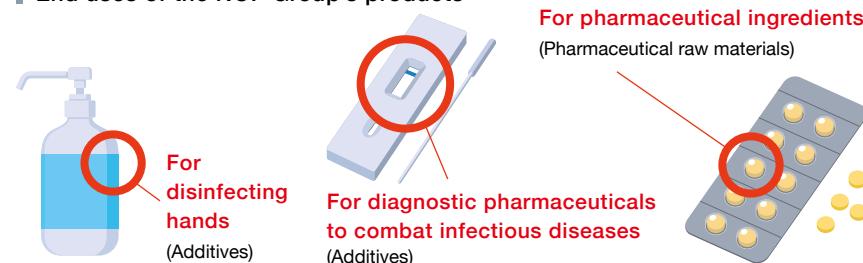
Diagnostic pharmaceuticals / Pharmaceutical raw materials

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



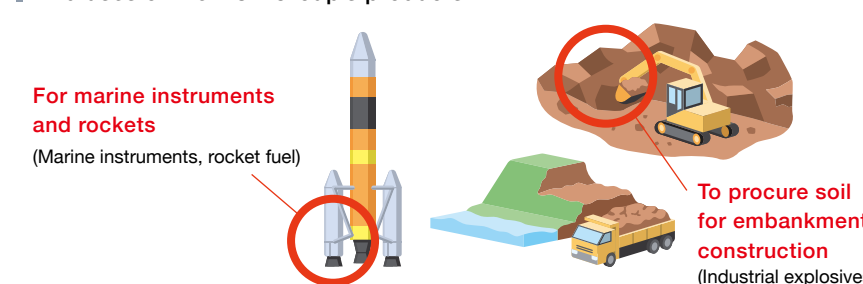
Environmental information / Disaster prevention and mitigation products

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.

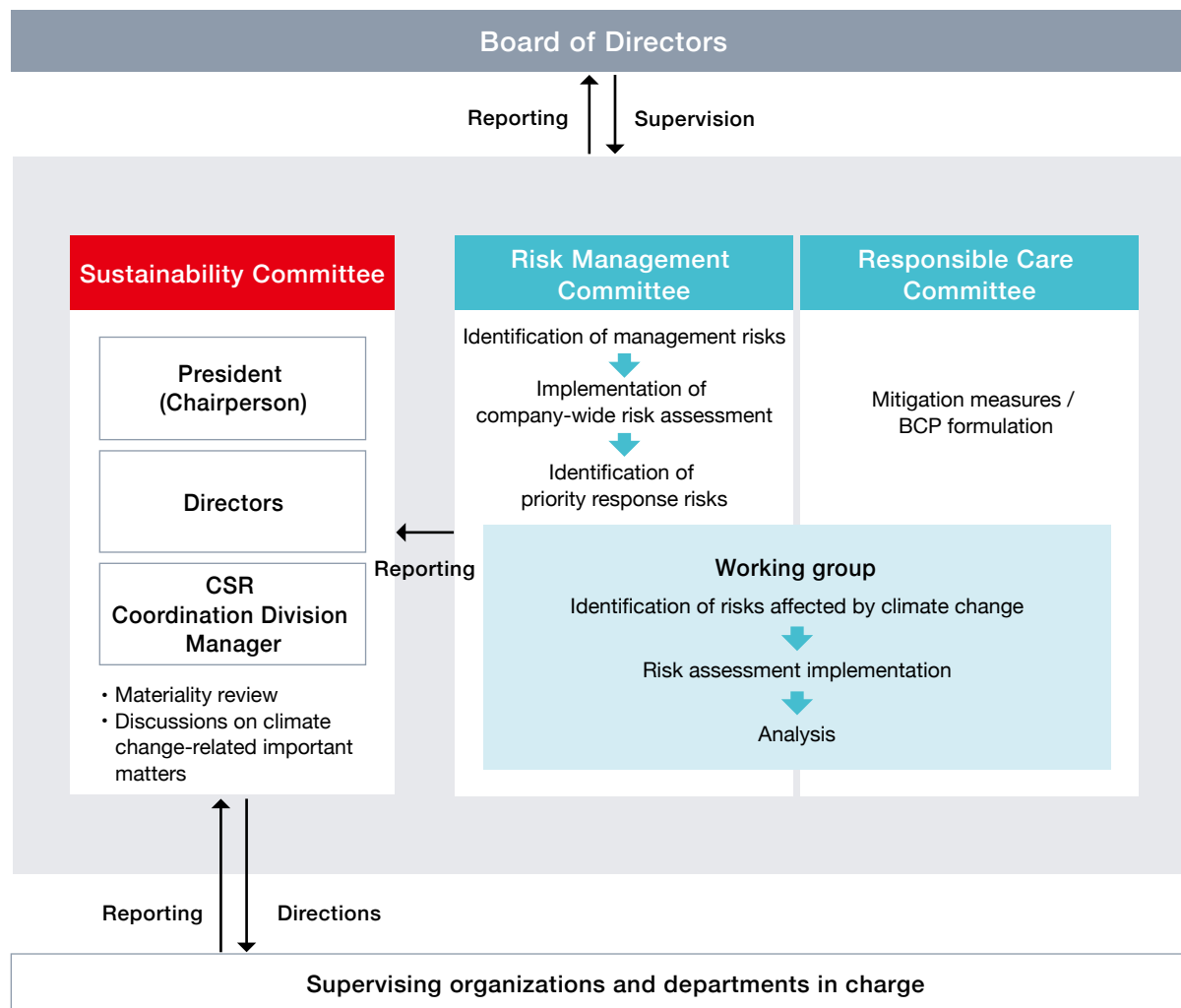
End uses of the NOF Group's products





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

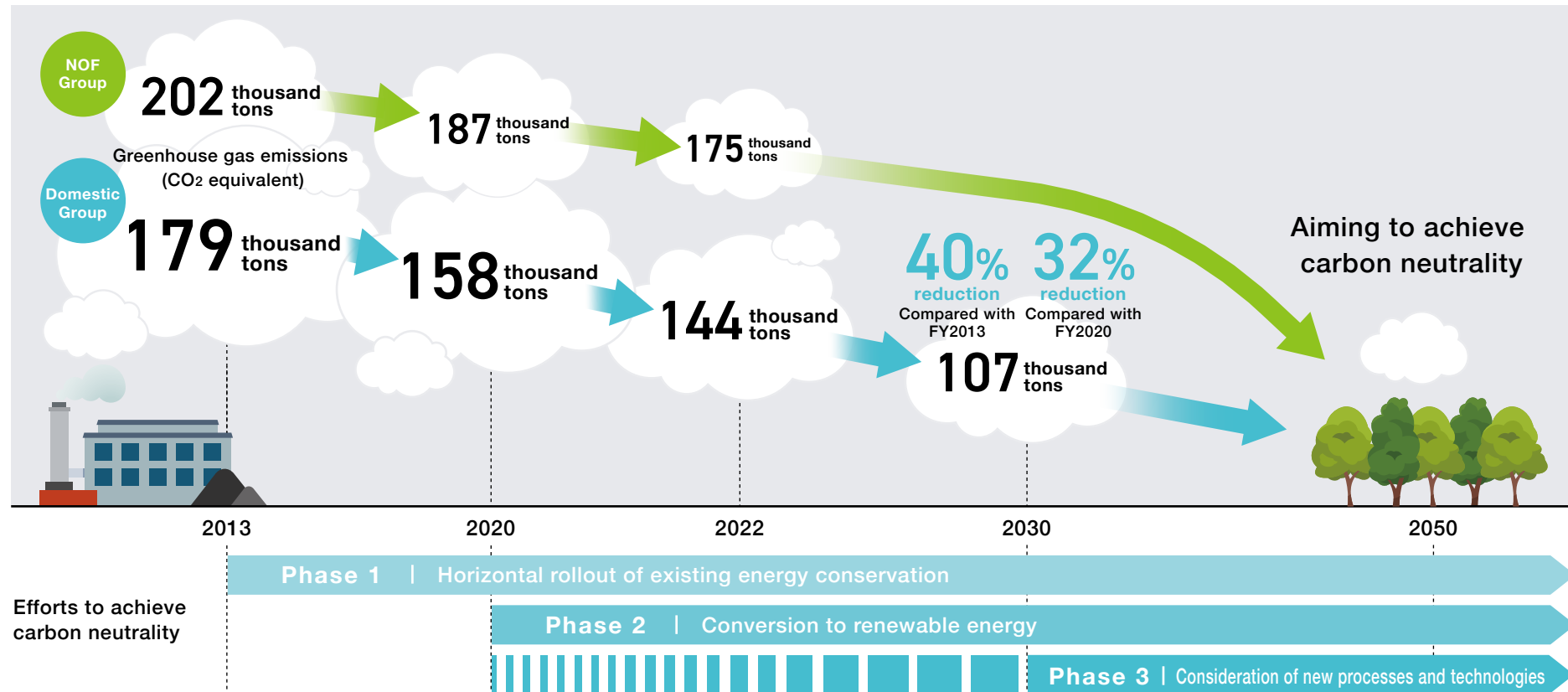




Roadmap toward reducing greenhouse gas emissions

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 for carbon neutrality 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





Greenhouse gas emissions

In view of the 2050 Carbon Neutral Declaration announced by the government in October 2020 and its new targets to reduce greenhouse gas emissions announced in April 2021, the NOF Group set a new target of reducing CO₂ emissions by 40% by fiscal 2030 compared to fiscal 2013. The Group had already reduced CO₂ emissions by about 20% (compared to fiscal 2013) in fiscal 2022, and is aiming to reduce greenhouse gas emissions and achieve carbon neutrality by 2050.

Scope 1 and 2 CO₂ emissions (FY2022)

(Thousand tons of CO₂)

	Scope 1	Scope 2	Total (Scope 1+2)
NOF	53.3	78.2	131.5
Domestic Group	60.1	83.5	143.6
NOF Group	71.9	103.3	175.3

Scope 3 CO₂ emissions (FY2022) Domestic Group

(Thousand tons of CO₂)

Category	FY2022	Calculating method
Purchased products and services	278.3	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
Capital goods	22.4	Calculated by multiplying acquisition cost of fixed assets by CO ₂ emission per product according to the guidelines
Fuels and energy-related activities not included in Scope 1 or 2	36.3	Calculated by multiplying the sum of electricity consumption and steam consumption by CO ₂ emission per product according to the guidelines
Transportation and distribution (upstream)	25.0	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
Waste generated in business activities	8.2	Calculated by multiplying the weight of each type of waste generated at production sites by CO ₂ emission per product according to the guidelines
Business travel	0.5	Calculated by multiplying the number of employees by CO ₂ emission per product according to the guidelines
Employee commuting	1.6	Calculated by multiplying the amount of commuting expenses by CO ₂ emission per product according to the guidelines
Leased assets (upstream)	—	Not applicable
Transportation and distribution (downstream)	—	Not applicable
Processing of sold products	20.6	Calculated by multiplying the sales volume of processed edible oils and industrial explosives by emission intensity according to the guidelines
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
End-of-life treatment of sold products	0.7	For packaging materials of shipped products, calculated by multiplying the weight of each type by the emission intensity according to the guidelines
Leased assets (downstream)	—	Not applicable
Franchises	—	Not applicable
Investments	—	Not applicable
Total	393.4	

Guidelines utilized: "Emission Factor Database on Accounting for Greenhouse Gas Emissions of an Organization Throughout the Supply Chain (Ver. 3.3)" (issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry), "IDEA (Ver. 3.1)" (issued by the National Research and Development Agency and National Institute of Advanced Industrial Science and Technology)



Energy consumption and CO₂ emissions

Energy consumption for fiscal 2022 decreased 7.8% from the previous fiscal year for the NOF Group, and decreased 7.0% from the previous fiscal year for NOF. The total volume of energy-derived CO₂ emissions decreased 13.5% from the previous fiscal year to 149,000 tons for the NOF Group, and decreased 15.9% from the previous fiscal year to 111,000 tons for NOF. Energy intensity per product increased 2.0% from the previous fiscal year to 13.8 GJ/t for the NOF Group, and increased 4.6% from the previous fiscal year to 14.5 GJ/t for NOF. NOF will continue to implement energy-saving measures to produce even greater results.

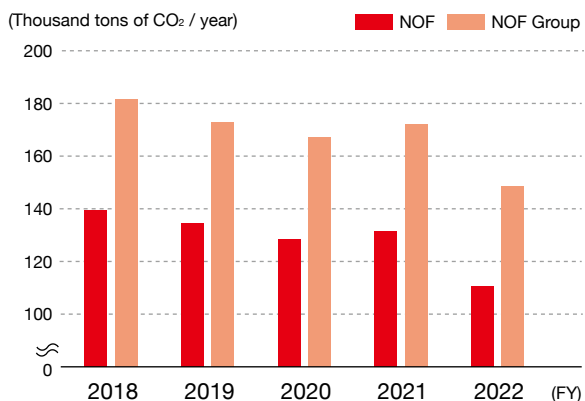
CO₂ emissions other than from energy consumption

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

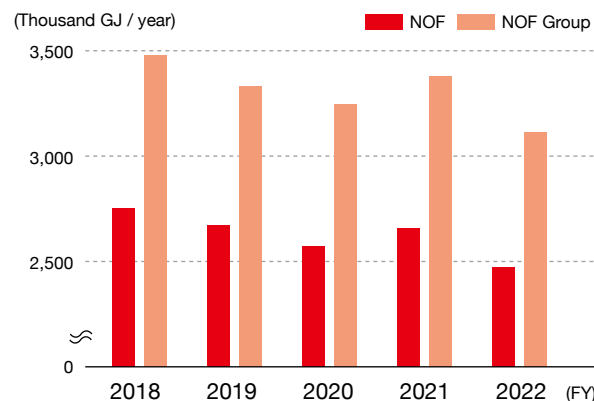
Efforts have been made to reduce PFC emissions by improving the manufacturing equipment on numerous occasions. As a result, PFC emissions have been reduced substantially compared with those in fiscal 1995 (the reference fiscal year for PFCs).

In fiscal 2022, emissions increased by 144% compared to fiscal 2021. However, we will continue our efforts to reduce emissions through stable operation of recovery equipment and promoting the use of an alternative diluent.

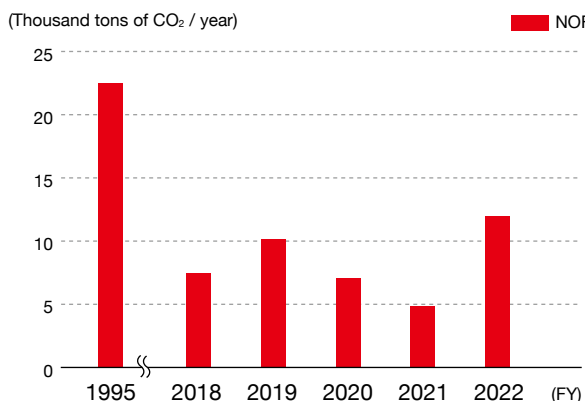
Changes in CO₂ emissions*¹ by energy consumption



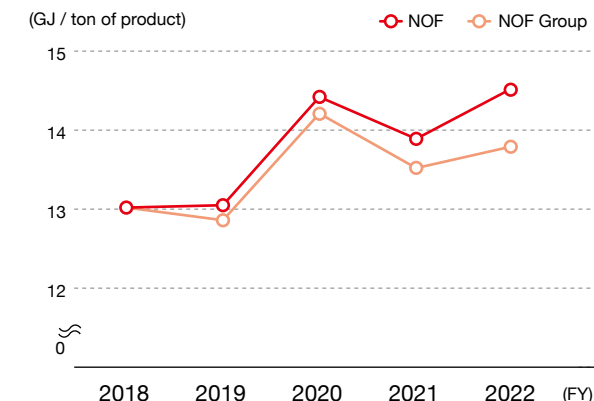
Changes in energy consumption*²



Changes in PFC emissions



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.



CO₂ emission 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.

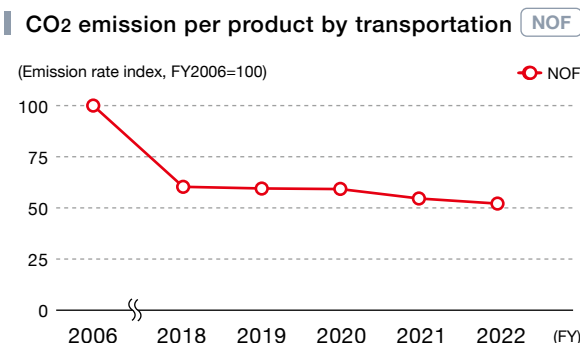
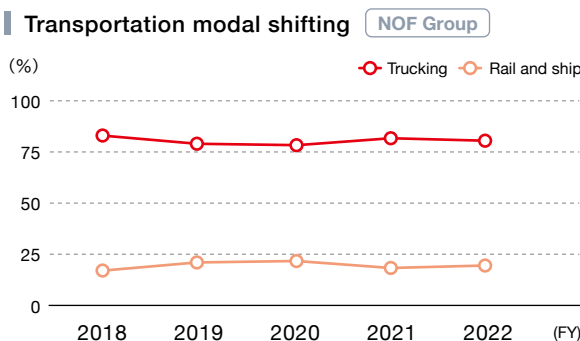
With regard to modal shifting, the percentage of rail or marine transport in the total volume of our product transport had been around 19.5%.

CO₂ emissions per product by transportation were reduced from 100 in fiscal 2006 to 52.1 in fiscal 2022.



Modal shifting

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



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.

In fiscal 2022, the Kawasaki Works generated 15 MWh/year and NiGK CORPORATION generated 19 MWh/year.



Solar power generation panels at Kawasaki Works



Solar power generation panels at NiGK Corporation

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



Pensions and Retirement Plans

GRI 201-3

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, and an annuity or lump-sum payment is provided.

The funded level of pension assets relative to the policy reserves of the defined benefit corporate pension plan as of March 31, 2023 exceeded the criteria on an ongoing basis*¹ and non-ongoing basis*².

*1 Ongoing basis: Funding level required for pension benefits based on the assumption that the plan will continue in the future

*2 Non-ongoing basis: Funding level corresponding to pension benefits if the plan were to be terminated at the end of the fiscal year



Procurement Practices

GRI 204-1

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).

Number of companies and value of purchases made by the Head Office and various locations in fiscal 2022 (main and auxiliary raw materials)

	Number of purchasing companies (%)	Value of purchases (%)
Purchases by the Head Office	58.0	82.9
Purchases by locations	42.0	17.1

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 Group Compliance Manual, 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 Executive Financial Officer. 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. Taxes

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.



Environment

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Management | Management system

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*

All of NOF's works and plants with manufacturing divisions have acquired ISO14001 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 ISO14001 certification. Also, Nichiyu Logistics has obtained Green Management certification from the Foundation for Promoting Personal Mobility and Ecological Transportation.

NOF

Works and plants	Environmental Management Systems
Kawasaki Works	ISO 14001
Aichi Works	ISO 14001
Amagasaki Plant	ISO 14001
Oita Plant	ISO 14001

Group companies

Companies	Environmental Management Systems
Nippon Koki Co., Ltd. Shirakawa Plant	ISO 14001
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	ISO 14001
Changshu NOF Chemical Co., Ltd.	ISO 14001
NOF METAL COATINGS EUROPE S.A.	ISO 14001
NOF METAL COATINGS EUROPE N.V.	ISO 14001
NOF METAL COATINGS SOUTH AMERICA IND.E COM.LTDA.	ISO 14001

Rate of acquisition of ISO 14000 certification (based on production volume)

FY2022 **89.7%**



* 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.



RC activities are promoted by the chemical industry on a worldwide basis, with the aim of ensuring environmental sustainability, health, and safety, through the entire life cycle of chemicals. The NOF Group considers RC activities as our core CSR activities and instituted the Management Policy Regarding Responsible Care and the Responsible Care (RC) rules in 1995. Furthermore, in 2014, NOF became a signatory of the Responsible Care Global Charter, proposed by the International Council of Chemical Associations. We classify our RC activities into Five Core Components including “environmental safety,” “labor safety,” “plant safety,” “product safety,” and “transportation safety.” We assign RC managers and personnel in charge to all NOF manufacturing locations and affiliates, and have established a supervision and support system by the RC Committee.

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. This critical information provision mechanism is consistently maintained, and there is distribution to all customers worldwide for all products, in compliance with local regulations and in the language requested by the customer.

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 55 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. We are currently introducing a system to manage product information. As laws and regulations evolve, we are collecting more information on the conditions of use of our products to record and assess the associated risks, and reflect this in our SDSs.

In addition, NOF has made a list of controlled substances on the basis of 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), K-REACH in South Korea, and TSCA in the United States.

In FY2022, the NOF Group registered two new REACH applications, bringing the total number of registrations to 44.

Since the implementation of the 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

📖 ▶ P.21-29,119

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.

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 came into effect in 2016. We conduct a risk assessment and review of chemical substances as needed to contribute to employee health and safety.



Procurement of raw materials

📖 ▶ P.123-125

We conduct CSR procurement for the raw materials we use, which considers impact on the environment and health in addition to quality, cost, and delivery time. The list of controlled substances regarding hazards and toxicity is determined based on the POPs Convention, RoHS Directive, and REACH regulations, as well as Japan's Act on the Regulation of Manufacture and Evaluation of Chemical Substances (Chemical Substances Control Act), Industrial Safety and Health Act, and Poisonous and Deleterious Substances Control Act. The list is reviewed once a year.

Distribution and use (chemicals management and information provision)

📖 ▶ P.120

In fiscal 2020, NOF built and introduced an SDS creation support system, and has centralized management of SDS throughout the company.

Disposal and recycling

📖 ▶ P.121

We are conducting activities with the target of a zero emissions rate* of 0.1% or less. Substances that are no longer needed are separated. The useful substances are put in the recycling process, while those that are not are thermally recycled. In addition, we promote the separate collection and recycling of waste plastics and work to recycle them. With regard to waste disposal destination, we outsource the waste treatment to external companies that not only have received certification of excellence by the government but also satisfy our certification requirements. We provide them with information on hazard assessment and conduct audits on a regular basis to ensure compliance with the Waste Management and Public Cleansing Act.

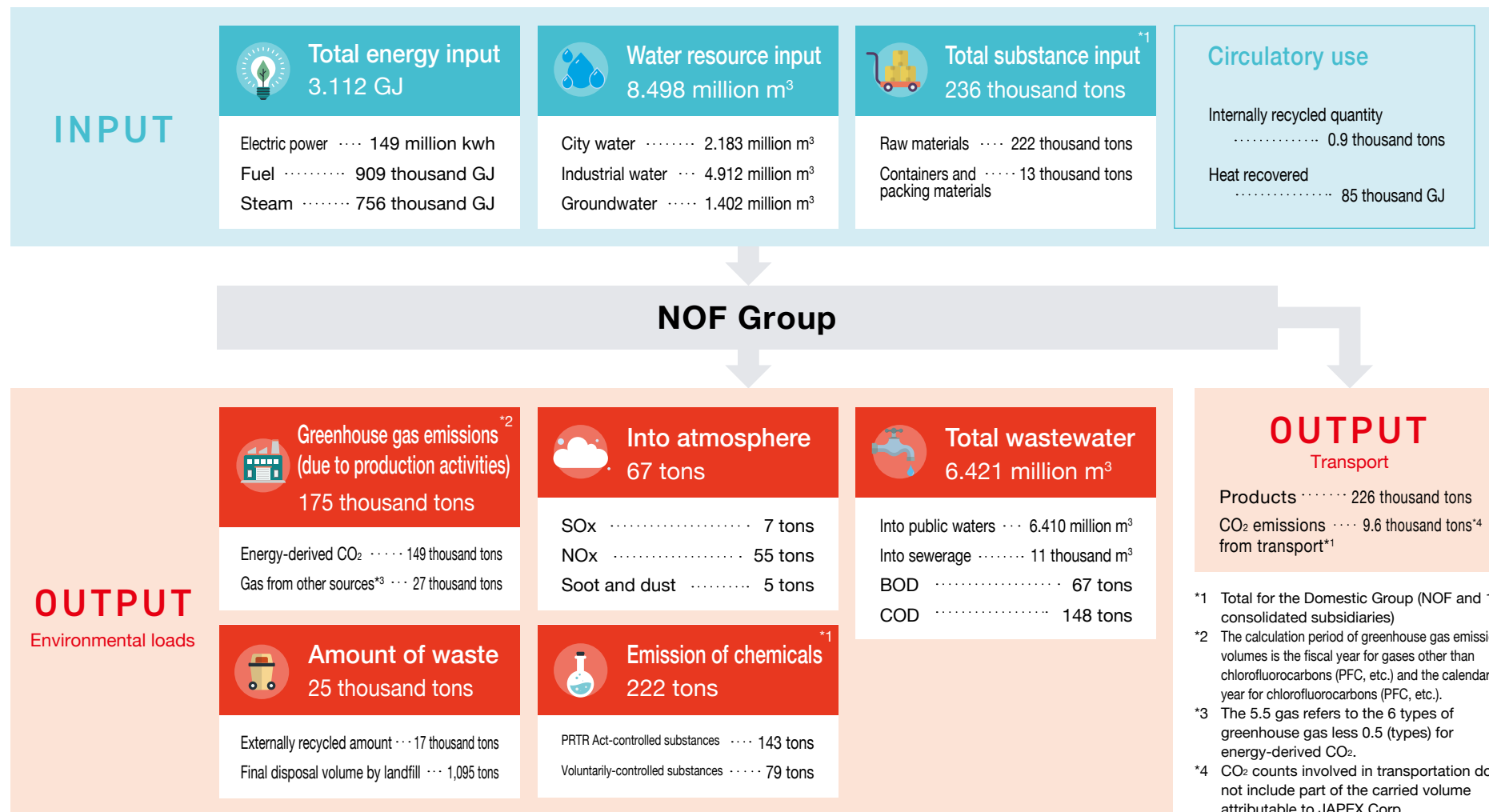
* NOF's definition of zero emission: Volume of final disposal by landfill/volume of waste, etc. generated × 100 ≤ 0.10

Raw materials

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

The standing of environmental loads ensuing from business activities by the NOF Group in fiscal 2022 is shown below.

Main environmental performance NOF Group





Raw materials

GRI 302-3,4/306-1,3,4,5

Work toward saving resources

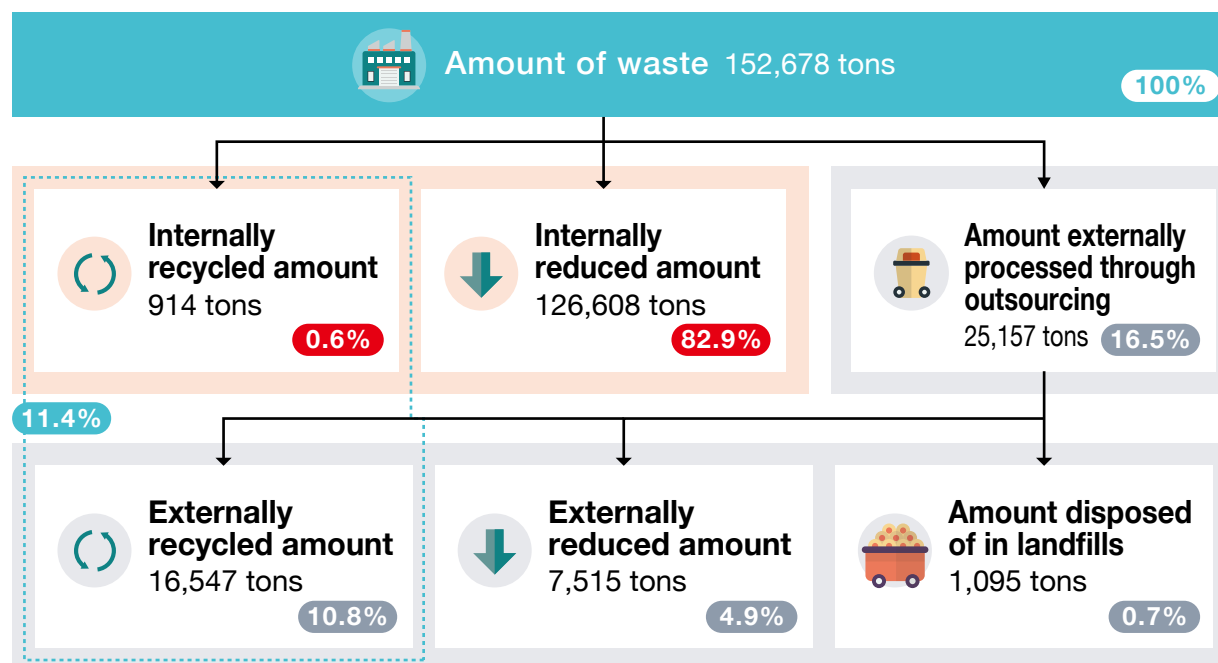
In fiscal 2022, the NOF Group generated 152,678 tons of waste, of which 82.9% was reduced through internal weight reduction measures and 16.5% was outsourced for external processing. As for the breakdown of the waste externally processed via outsourcing, 10.8% was recycled externally, 4.9% was reduced externally, and 0.7% was disposed via landfills, for a recycling rate of 11.4% of the total waste generated (including internally).

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.

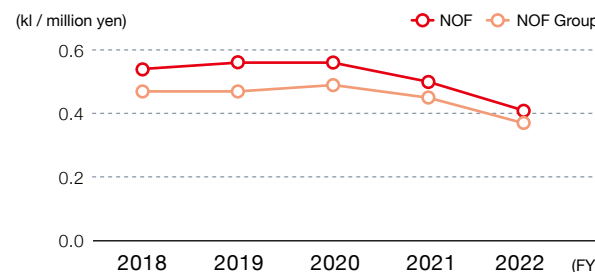
Energy-saving initiatives

The crude oil equivalent of energy consumption by the NOF Group in fiscal 2022 was 80,226 kl, down 8.0% from fiscal 2021. The crude oil equivalent of energy consumption per sales was 0.37 kl/ million yen, down 18.5% from fiscal 2021. 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.

Waste generated by the NOF Group NOF Group



Changes in energy intensity per product



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

Use of water resources

NOF has been carrying out the efficient use of water resources by estimating the volume of water resources intake and wastewater volume. The volume of water intake of the Domestic Group in fiscal 2020 amounted to 8.498 million m³, of which 1.402 million m³ was groundwater and 2.183 million m³ was city water.

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 work to reduce water consumption. Our water usage per million yen of sales has improved by approximately 7% over the last

two years, making us less dependent on water use.

Changes in water consumption (Thousand tons / year)

Category	2019	2020	2021	2022	
NOF	Volume of water intake	5,832	5,874	5,889	6,007
	City water	895	801	794	751
	Industrial water	4,265	4,300	4,322	4,351
	Groundwater	673	773	774	905
Domestic Group	Volume of wastewater	4,852	4,846	4,939	5,022
	Volume of water used	980	1,028	950	985
	Volume of water intake	6,376	6,434	6,447	6,535
	City water	925	831	829	782
NOF Group	Industrial water	4,265	4,300	4,322	4,351
	Groundwater	1,186	1,304	1,297	1,402
	Volume of wastewater	6,042	6,161	6,297	6,091
	Volume of water used	334	273	150	444
NOF Group	Volume of water intake	8,232	8,318	8,419	8,498
	City water	2,121	1,938	2,100	2,184
	Industrial water	4,925	5,077	5,022	4,912
	Groundwater	1,186	1,304	1,297	1,402
NOF Group	Volume of wastewater	6,424	6,551	6,642	6,421
	Volume of water used	1,808	1,767	1,777	2,077
	Volume of water used / sales (ton / million yen)	10.0	10.2	9.2	9.5

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* 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.

Changes in wastewater monitoring items (Tons / year)

Category	2019	2020	2021	2022	
NOF	BOD	30	34	50	37
	COD	60	60	67	44
	Suspended solids	31	33	31	22
Domestic Group	BOD	33	38	52	39
	COD	60	60	68	44
	Suspended solids	37	40	36	25
NOF Group	BOD	74	104	93	67
	COD	440	219	154	148
	Suspended solids	61	56	46	44
Violations of laws and regulations (no.)	0	0	0	0	

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



Biodiversity conservation

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 adopted 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 participate in local ecosystem protection activities and biodiversity restoration projects.

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





Biodiversity conservation | Conservation activities

GRI 304-1,3,4

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

All plants

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

Bibai

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

Kawagoe

Solar panels (NiGK Corporation)

Aichi

Taketoyo community tree planting festival (seedling purchase and sponsorship)

Weeding of the Designated Invasive Alien Species “lanceleaf tickseed”

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.)



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

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

In fiscal 2022, 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. Working together with general volunteers and the secretariat, the employees worked hard on tree planting and weeding. In addition to learning about the process of reforestation and the importance of biodiversity, they also experienced the satisfaction of nurturing rich natural forests.

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

HOKKAIDO NOF CORPORATION | 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 the HOKKAIDO NOF CORPORATION Head Office plant (Bibai City, Hokkaido), which covers an area of about 43 hectares, or 9.2 times the size of the Tokyo Dome, there is a wetland where Japanese swamp lantern clusters grow as the sun 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.

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 our 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 | Weeding of specified invasive non-native plants

PICK UP | Head Office | CSR-based procurement

From fiscal 2010, the NOF Group took up “Promoting conservation of biodiversity” as one of the targets of its RC activities, and 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 credible 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.

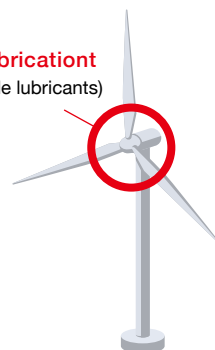
Effects for water pollution prevention and forest protection as well

Sold by sales agents

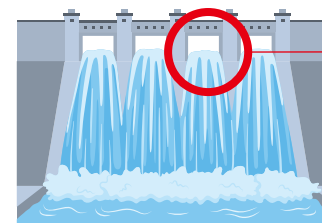
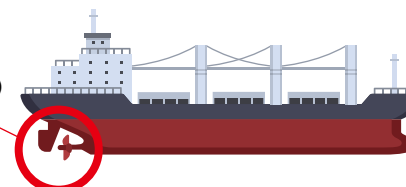
We are working to spread oil catchers made from kapok seeds (products of ORGANO CORPORATION sold by HOKKAIDO NOF CORPORATION) because they prevent environmental damage caused by oil, and also contribute to forest conservation without deforestation environmental damage as they are made from the fibers of kapok seeds.

End uses of the NOF Group's products

For gear lubrication
(Biodegradable lubricants)



For stern tube bearings
(Eco-friendly stern tube bearing oil)



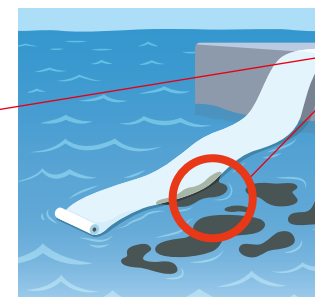
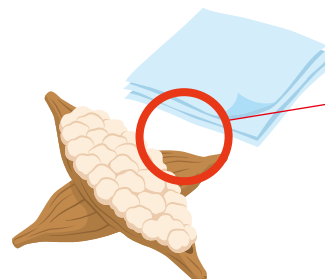
For dam gates
(Biodegradable lubricants)



For adhesion prevention
(Anti-sticking agents for asphalt mixtures)



For snowy roads
(Antifreezing agents)



For prevention of environmental destruction
(Oil catchers*)

* Products of ORGANO CORPORATION sold by HOKKAIDO NOF CORPORATION



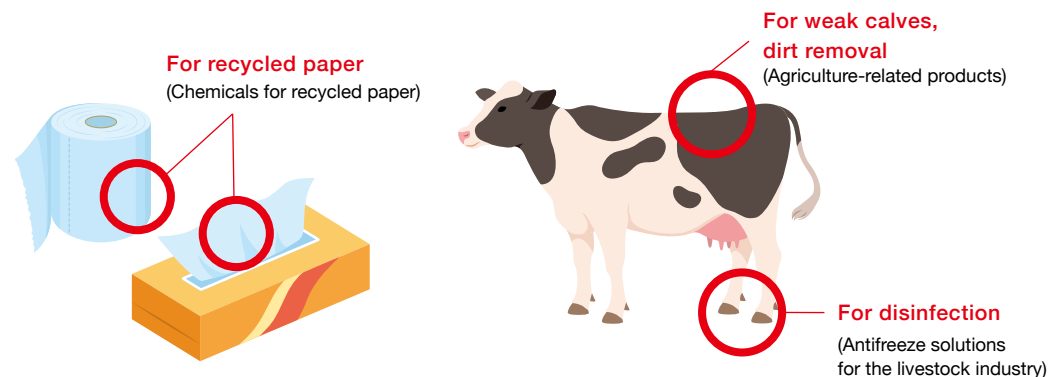
Protection of forests and animals

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, we use satellite surveys of vegetation and coastal zone changes and behavioral tracking of rare creatures as basic data for ecosystem conservation. Our marine equipment and rocket fuel also contribute to biodiversity.

End uses of the NOF Group's products

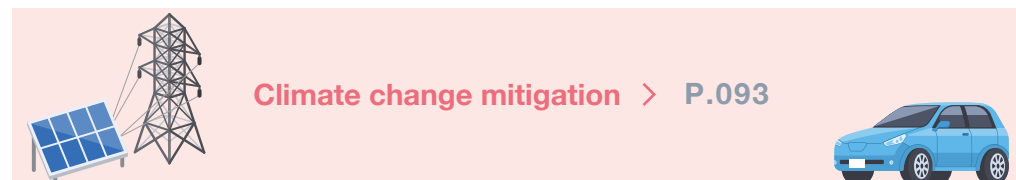


Climate change mitigation

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



Climate change mitigation > P.093



Emissions into the atmosphere | Air pollution control

GRI 305-7

Prevention of air pollution

In accordance with the Management Policy Regarding Responsible Care, the NOF Group measures sulfur oxides (SOx), nitrogen oxides (NOx), soot and dust*1, and other substances contained in the exhaust gas from boilers and other combustion equipment to prevent air pollution, and manages operations in strict compliance with national and local environmental standards.

We are currently advancing reduction plans, including energy conversion of AFO boiler*2, 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		2019	2020	2021	2022
NOF	SOx	2.6	1.4	1.9	2.6
	NOx	50.0	51.1	48.0	49.1
	Soot and dust	1.4	2.2	1.1	0.9
Domestic Group	SOx	5.4	2.9	3.3	4.4
	NOx	51.5	52.6	49.6	50.6
	Soot and dust	1.4	2.2	1.1	0.9
NOF Group	SOx	6.1	4.3	4.6	6.5
	NOx	55.0	57.3	55.3	55.4
	Soot and dust	4.5	8.6	4.1	4.6
Violations of laws and regulations (no.)		0	0	0	0

*1 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.

*2 AFO : A Fuel Oil



PRTR Act-controlled substances*

The emissions volume of PRTR Act-controlled substances by the Domestic Group in fiscal 2022 was 143.3 tons, a decrease by about 7% from 154.7 tons in the previous fiscal year. As a result, 47% 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 emissions volume of 10 tons or more 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	31.9
186	Dichloromethane	30.3
392	Normal hexane	18.7
128	Chloromethane	17.7
83	Cumene	16.1
Total emission volume		143.3

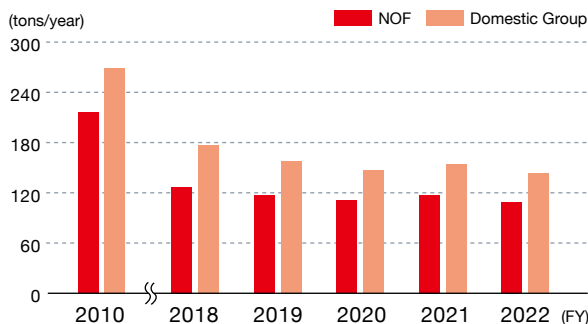
Measures to reduce emissions of PRTR Act-controlled substances

As for measures to reduce PRTR Act-controlled substances, we were able to reduce cumene emissions by about four tons from the previous year through full-scale operation of the oil recovery system

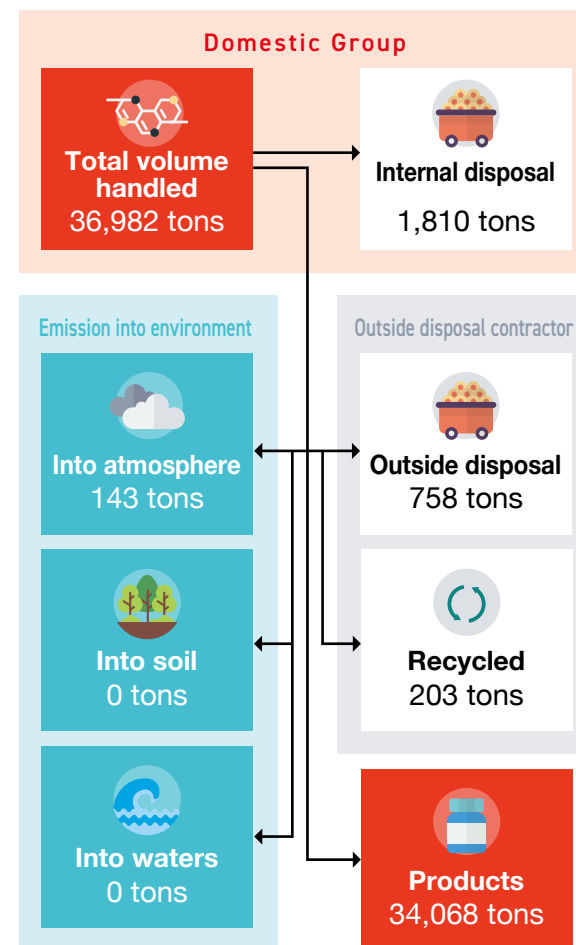
in the wastewater pit installed at the Kinuura Plant in the second half of 2021. At the Amagasaki Plant, the toluene recovery system capacitors were strengthened, resulting in a reduction of about six tons from the previous year. The Daishi Plant was able to reduce emissions of chlorodifluoromethane (R-22) by about one ton from the previous year by upgrading refrigerant piping and strengthening management. Nippon Koki Co., Ltd. reduced emissions of the cleaning solvent tetrachloroethylene by about 1.3 tons from the previous year by consolidating operations using tetrachloroethylene, reducing the atmospheric emissions that had occurred during batch changes.

In fiscal 2023, tetrahydrofuran will be newly added due to a revision of laws and regulations. In FY2022, emissions were about 10 tons. We plan to consider measures to reduce this substance as soon as possible.

Changes in emissions of PRTR Act-controlled substances



Balance of emissions of PRTR Act-controlled substances in fiscal 2022 Domestic Group



* 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.



Response to chemical substance management

GRI 306-2

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.¹ 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 Evaluation of

Chemical Substances and Regulation of Manufacture, etc (Chemical Substances Control Act) and the Industrial Safety and Health Act.

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

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

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

In addition, we participate in the Long-Range



Education on new chemical substances (Advanced Technology Research Laboratory)



Education on new chemical substances (Oita Plant)

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.

Compliance with REACH

REACH^{*2} 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.

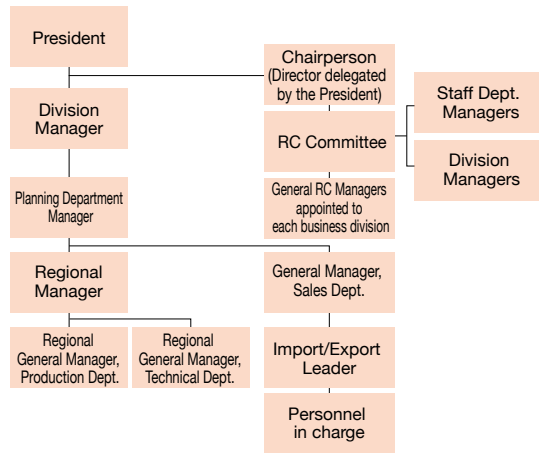
*1 Abbreviation for Globally Harmonized System of Classification and Labelling of Chemicals, which classifies the hazardous properties of chemicals according to certain globally standardized criteria and displays them in an easy-to-understand manner using pictorial labels and other means.

*2 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.

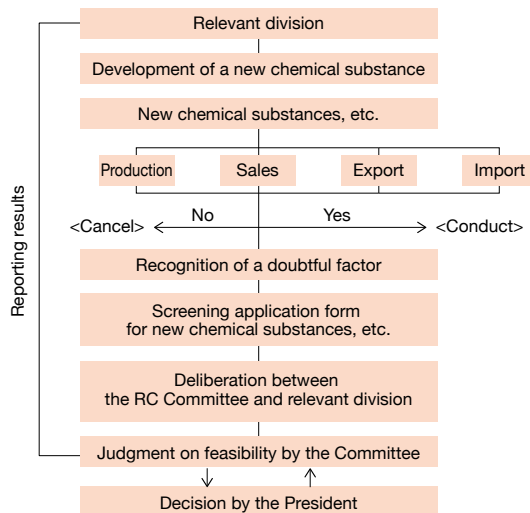


Response to chemical substance management

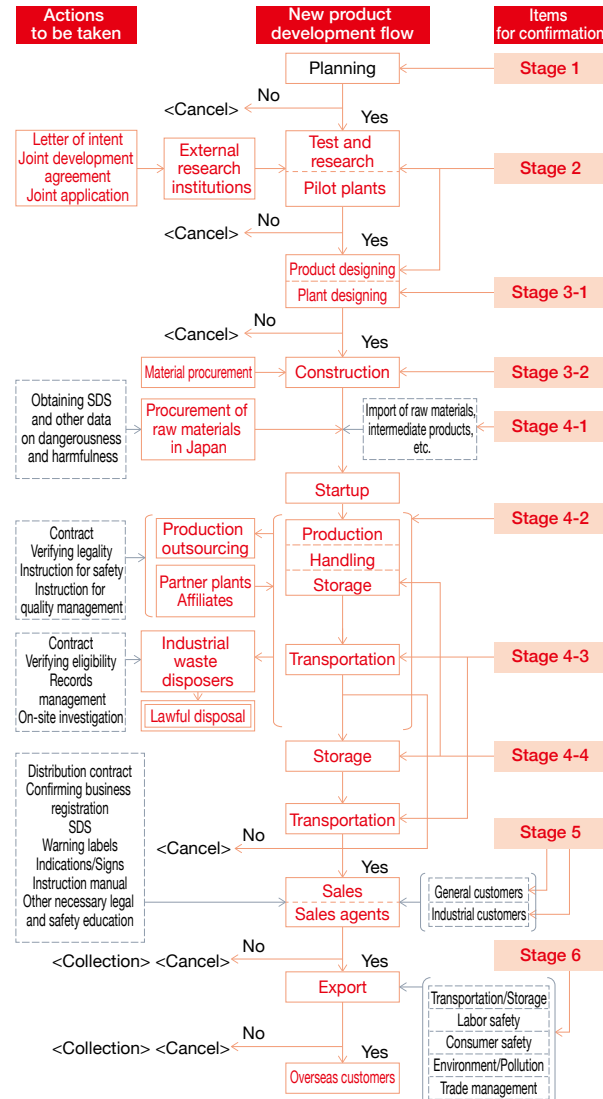
System diagram of sales, production, export, and import of new chemical substances, etc.



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, measures against 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, (11) Vibration Regulation Law, (12) Offensive Odor Control Law, (13) Waste Management and Public Cleansing Act, (14) Act on Prevention of Marine Pollution, (15) Building Standards Act, (16) Poisonous and Deleterious Substances Control Act, (17) Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, (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 on 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)



Response to chemical substance management

GRI 306-1,2,3

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 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 unit to reflect changes in the laws and regulations of major countries. We plan to further upgrade the version to quickly respond to the revision of the PRTR Act from fiscal 2023 and the revised Industrial Safety and Health Act from fiscal 2024.



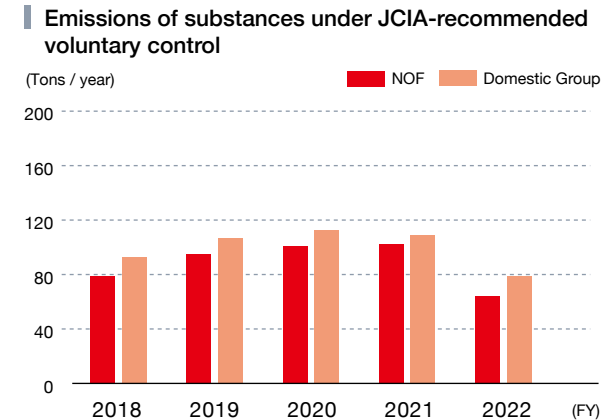
Initiatives to reduce emissions of chemical substances

Each member-company of the Domestic Group is making efforts to reduce emissions of chemical

substances by assessing and making notifications of PRTR Act-controlled substances.

Substances under JCIA-recommended voluntary control

The Domestic Group is also engaged in initiatives to assess and reduce emissions of substances recommended by the Japan Chemical Industry Association (JCIA). The total quantity of such substances emitted in fiscal 2022 was 79 tons, a decrease of about 28% from the previous year's quantity of 109 tons.



* 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.



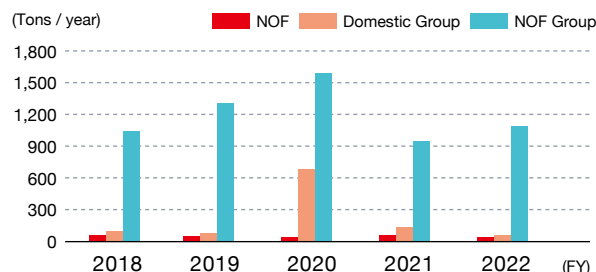
Promotion of drive toward Zero Emissions*

The volume of wastes discarded by the Domestic Group for final disposal by landfill was 55.1 tons in fiscal 2022, with the Zero Emissions rate standing at 0.035%.

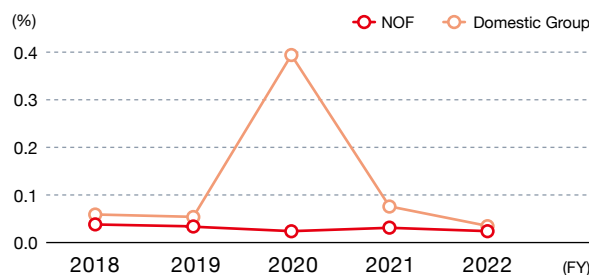
Meanwhile, NOF's final landfill volume was 36.9 tons, with the Zero Emissions rate standing at 0.024%.

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



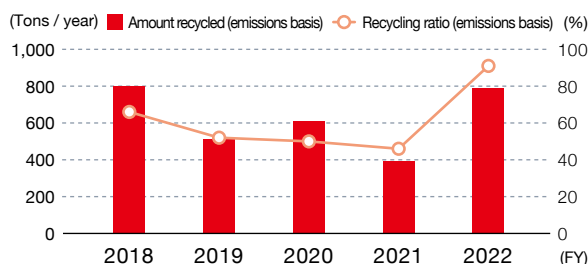
Recycling of valuables from waste

In FY2022, the amount of waste plastic recycled by the

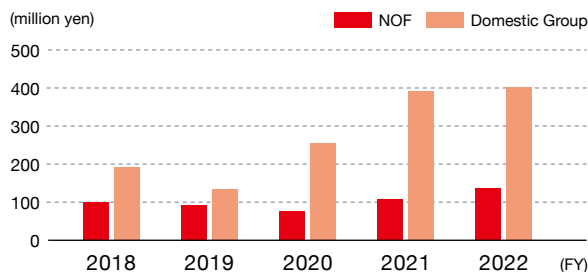
NOF Group increased to 791 tons, and the recycling ratio against the amount discharged also improved to 91%. In addition, the Domestic Group's sales from the recycling of waste amounted to 403 million yen.

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

Changes in recycling of plastic waste (NOF Group)



Changes in sum of valuables sold



Resource circulation

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

- (1) Promotion of sales of valuable waste and internal processing

- (2) Reduction of waste generated by maintaining separate disposal and improving processes
 - (3) Ongoing search for recycling and disposal contractors as well as processing implementation
 - (4) Landfill reduction through recycling of existing waste
- In this way, we promote resource circulation, reduce waste, and lessen our environmental impact.

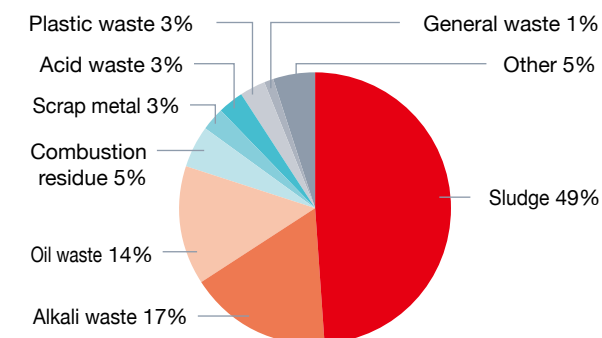
Changes in waste quantity from plants (tons)

Category	2018	2019	2020	2021	2022
NOF	30,161	28,446	28,955	29,164	25,157
Domestic Group	25,976	23,662	24,176	23,796	21,270
NOF Group	25,061	22,721	22,529	22,822	20,493

Breakdown of waste quantity from plants (FY2022) (tons)

Category	Waste quantity from plants	Recycling quantity	Outside disposal quantity	Final disposal quantity by landfill
NOF Group	25,157	16,547	7,515	1,095
Domestic Group	21,270	15,916	5,291	64
NOF	20,493	15,242	5,214	37

Breakdown of waste from plants (FY2022) (NOF Group)



* Here, this means an endeavor to make the disposal quantity of industrial waste through corporate and production activities close to zero. NOF's definition of zero emission: Volume of final disposal by landfill/volume of waste, etc. generated × 100 ≤ 0.10



Environmental compliance

GRI 2-27/306-2

Proper management of polychlorinated biphenyl (PCB)

The NOF Group properly stores and manages 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 PCB has been completed as of the end of March 2023, the final deadline for treatment. As for low-concentration PCB, we have completed the survey of all equipment containing PCB, 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.



Supplier environmental assessment

Promotion of CSR-based procurement

GRI 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.

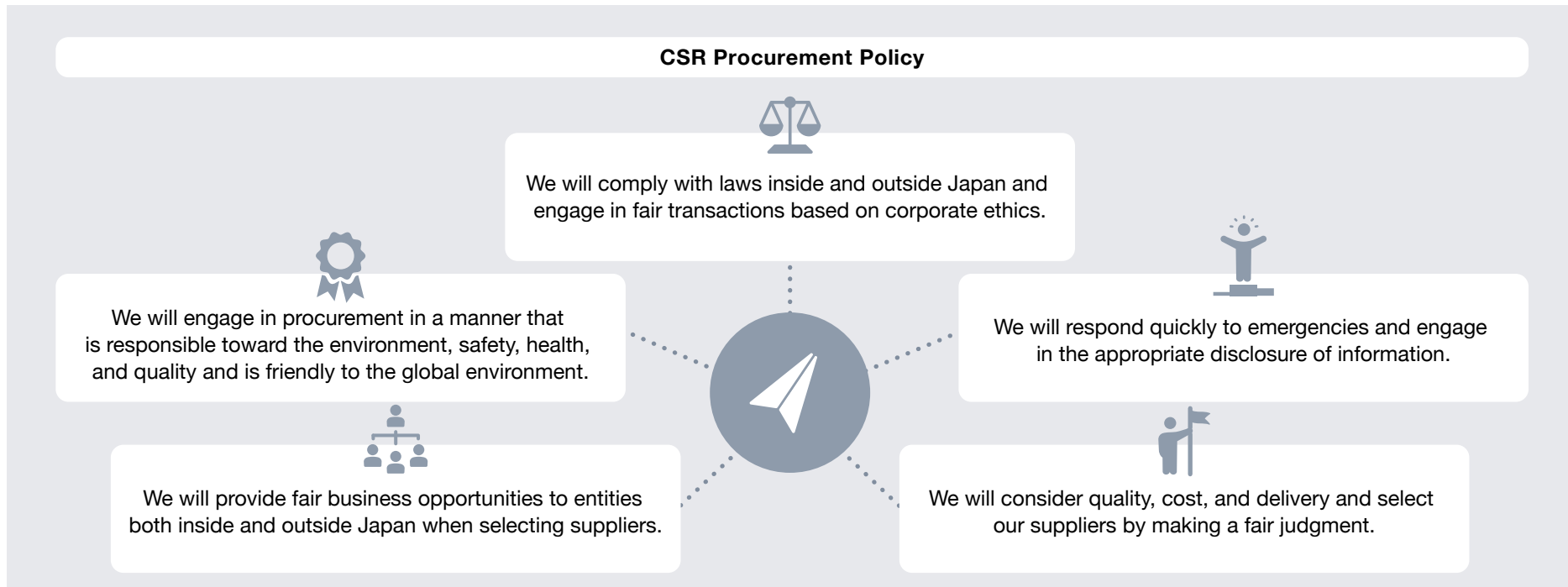
To address these issues and ensure stable and sustainable procurement, NOF has established the CSR Procurement Policy. Furthermore, we have

compiled the CSR Procurement Guidelines that we implement and request our business partners to implement. We request that our business partners 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 the procurement of its raw materials, NOF will

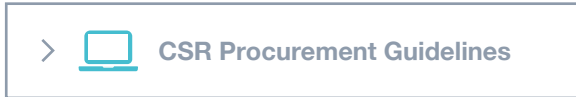
fulfil its social responsibility by viewing the entire supply chain in order to respect human rights, comply with laws and regulations, and give due consideration to labor conditions, the environment, and safety. In order to realize its corporate philosophy, NOF is committed to deal sincerely with its suppliers based on the concept that all of them are important partners.





CSR Procurement Guidelines

NOF established CSR Procurement Guidelines in 2022.



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.

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 malfunc-

tion, or transportation disruption.

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 directives, 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.

Procurement of sustainable palm oil

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.



Supplier environmental assessment | Promotion of CSR-based procurement

GRI 308-2/414-2

Dealing with conflict minerals

When using the four minerals of tin, tantalum, tungsten and gold, we use the prescribed Conflict Minerals Reporting Template (CMRT) agreed by the Responsible Minerals Initiative (RMI) and conduct questionnaire surveys of all key business partners to investigate their origins, to avoid using conflict minerals, or the four minerals extracted in the Democratic Republic of Congo and neighboring countries, which may potentially impact human rights, among other things.

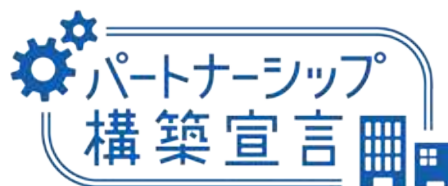
Education on CSR procurement

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.

Participation in the Declaration of Partnership Building

We have 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.



* Acronym for Responsible Minerals Initiative.

* Acronym for Conflict Minerals Reporting Template.



Society

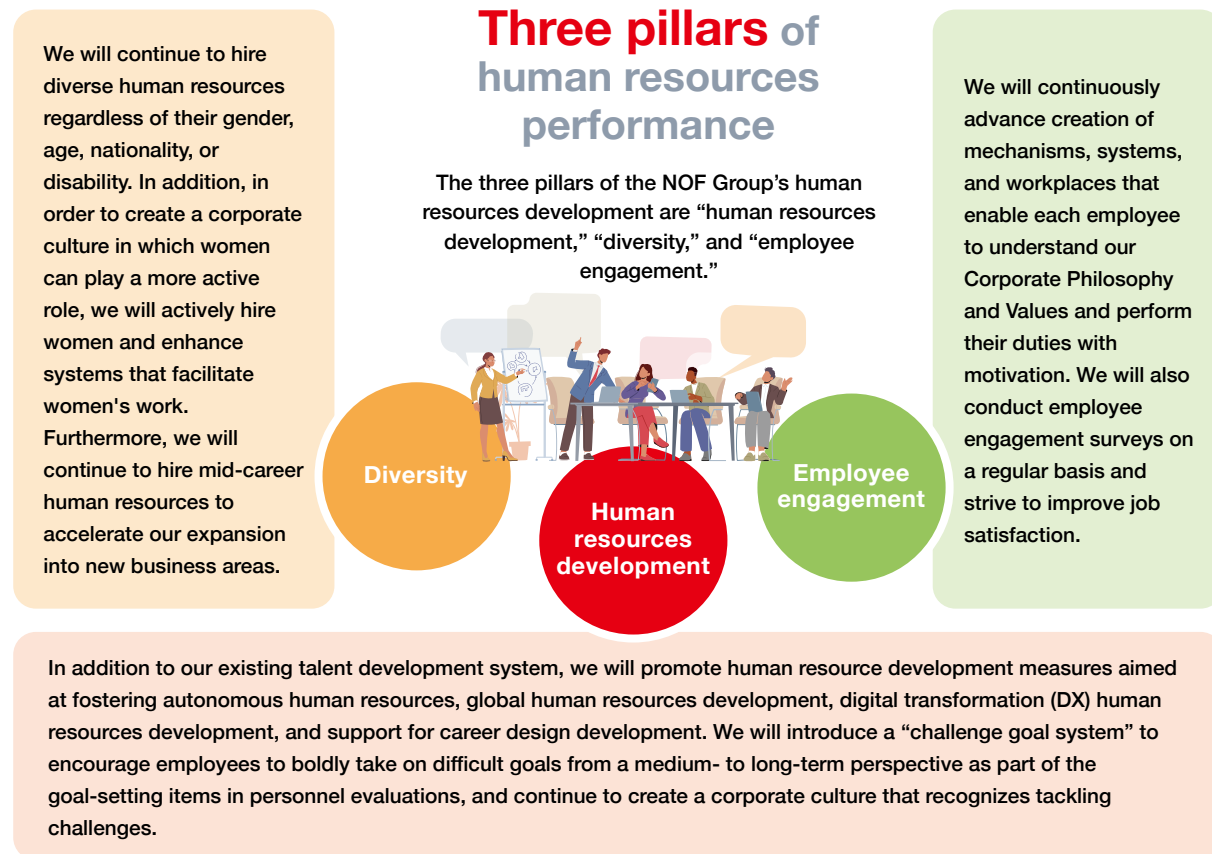
- 127 Response to Human Capital**
 - 128 Governance for Human Capital
 - 129 Strategy for Human Capital / Metrics and Targets
 - 130 Strategy for Human Capital / Metrics and Targets [Theme (1): Human Resources Development]
 - 131 Strategy for Human Capital / Metrics and Targets [Theme (2): Diversity]
 - 132 Strategy for Human Capital / Metrics and Targets [Theme (3): Employee Engagement]
 - 133 Strategy for Human Capital / Risks and Opportunities
 - 134 Risk Management for Human Capital
 - 135 Initiatives for Human Capital
- 136 Employment**
 - 136 New Employee Hiring / Turnover / Succession Plans / Raising of the Retirement Age
 - 137 Promotion of Work-Life Balance
 - 139 Support for Childcare and Nursing Care
- 140 Labor/Management Relations**
- 141 Occupational Safety and Health**
 - 141 Occupational Safety and Health Policy
 - 142 RC Activity Targets
 - 143 Safety Education
 - 148 Promotion of Health
 - 150 Prevention and Reduction
- 151 Training and Costs**
 - 151 Talent Development System
 - 152 Performance Support System
- 154 Diversity**
 - 154 Diversity in Leadership / Employment
 - 156 Promotion of the Active Participation of Women
 - 157 Remuneration
- 158 Human Rights**
- 159 Local Communities**
 - 159 Dialogue Activities
 - 160 Communities and Cooperation
 - 161 Socially Beneficial Activities
- 164 Customer Health and Safety**
- 165 Customer Privacy**



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**

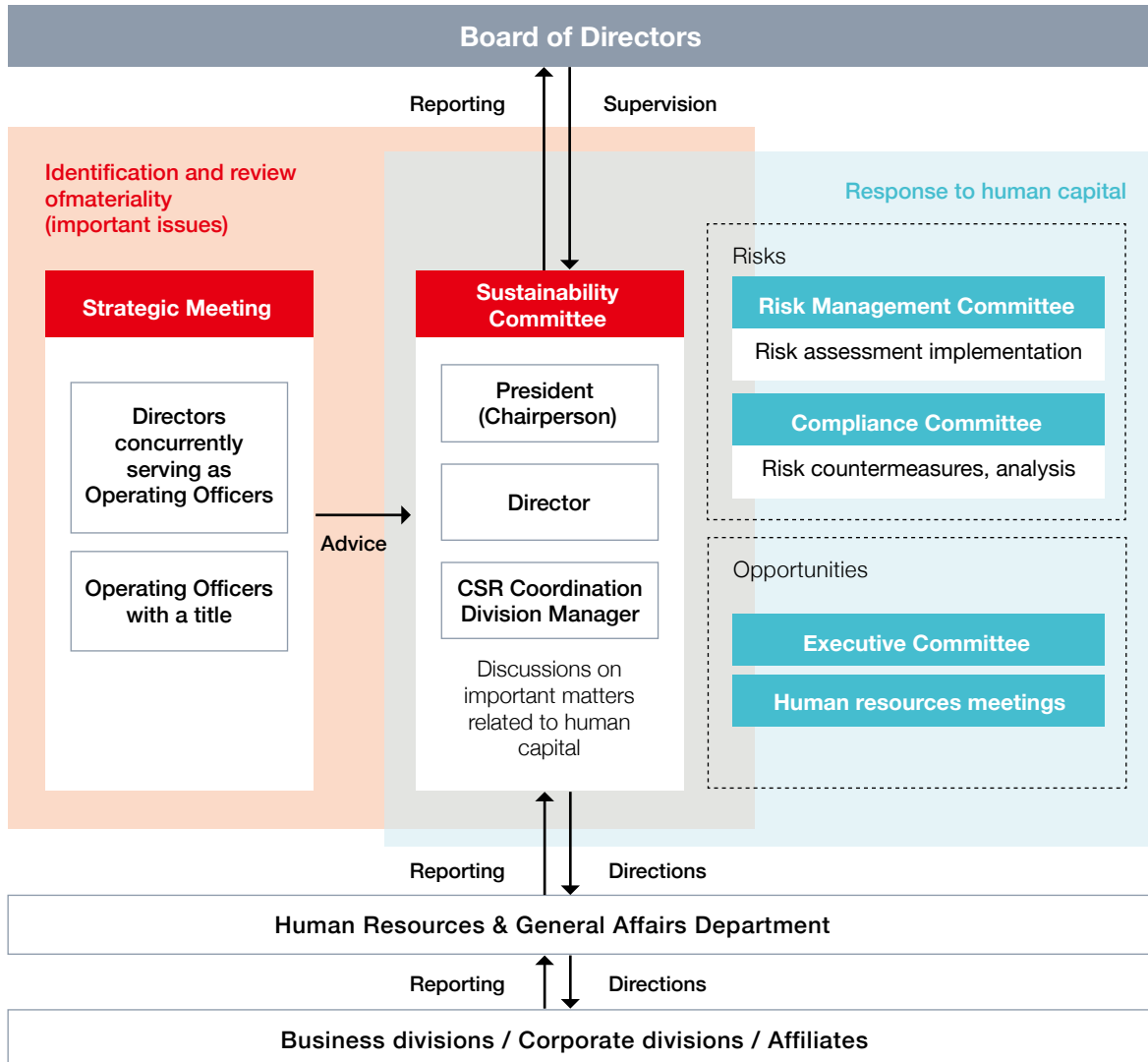




The NOF Group identifies materiality (important issues) related to sustainability through discussions in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers as well as Operating Officers with a title, and the Sustainability Committee, which is chaired by the 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.

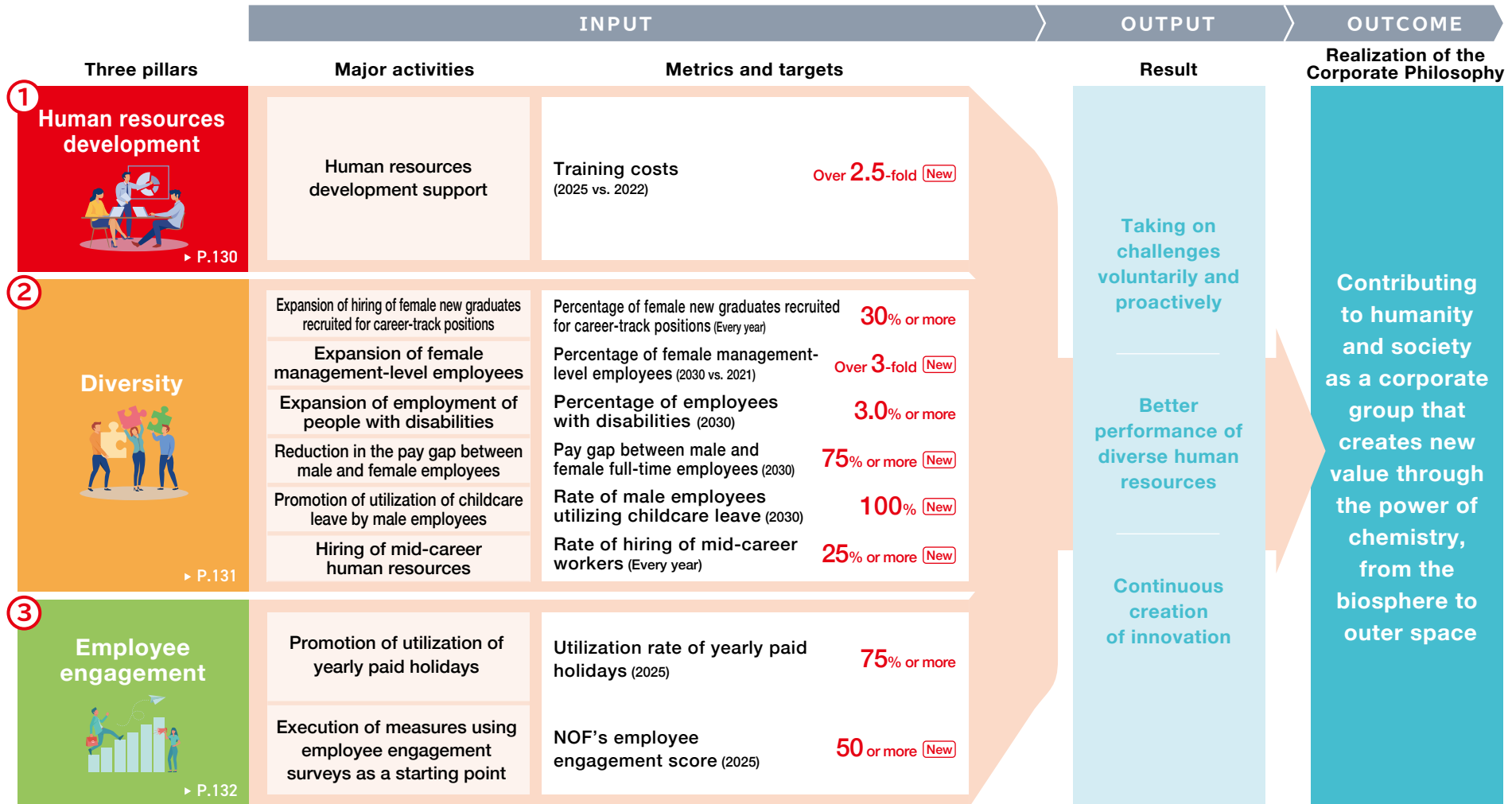
Governance structure for response to human capital





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

NOF





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

Promotion of employees' autonomous growth

Strengthening development of autonomous human resources

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.

2

Promotion of development of DX human resources

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.

3

Promotion of development of global human resources

We will consider revision of overseas study programs and related overseas educational systems, as well as development of global human resources.



Response to human capital

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

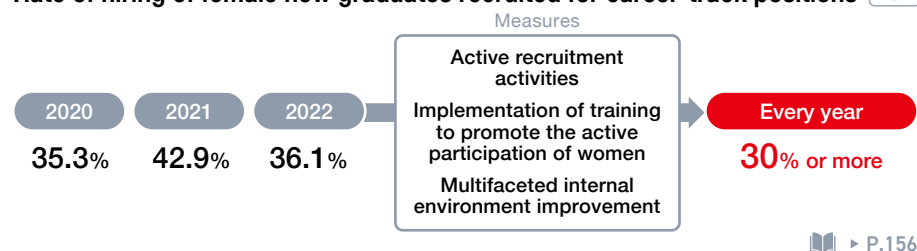
GRI 2-7/401-3/405-1,2

Diversity

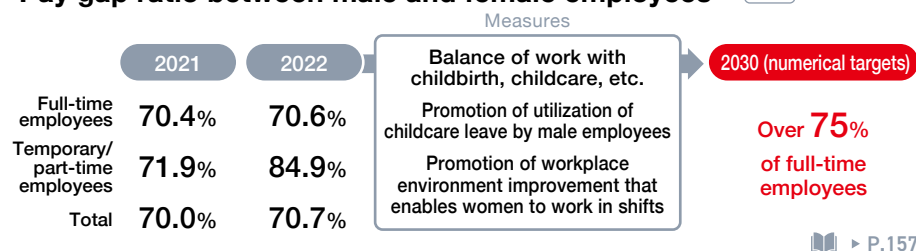


The NOF Group believes that human resources are the source of corporate growth, and designates one of its materiality items as “better performance of human resources.” We promote diversity and inclusion based on the belief that acceptance and respect for diversity will promote the creation of innovation. 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.

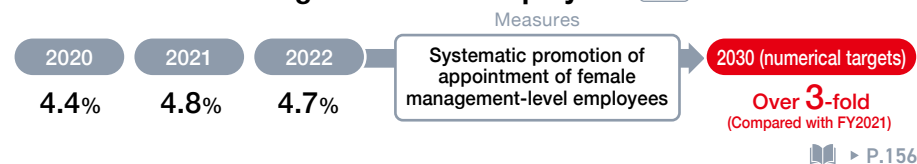
Rate of hiring of female new graduates recruited for career-track positions NOF



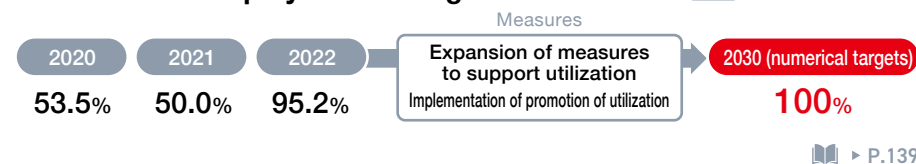
Pay gap ratio between male and female employees*1 NOF



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

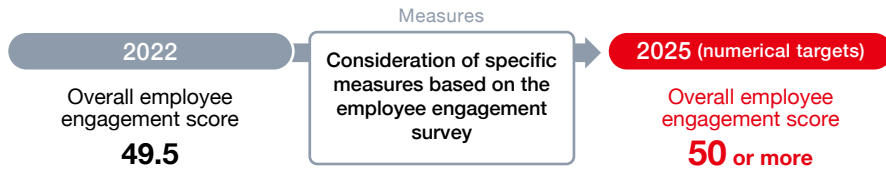


Employee engagement



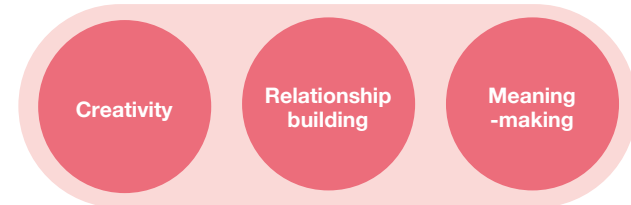
Based on the philosophy that “a company is its people,” the NOF Group believes that the driving force for creating new innovation and corporate growth is having each and every employee perform their duties with motivation and understanding of our Corporate Philosophy and values. As one of our efforts 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



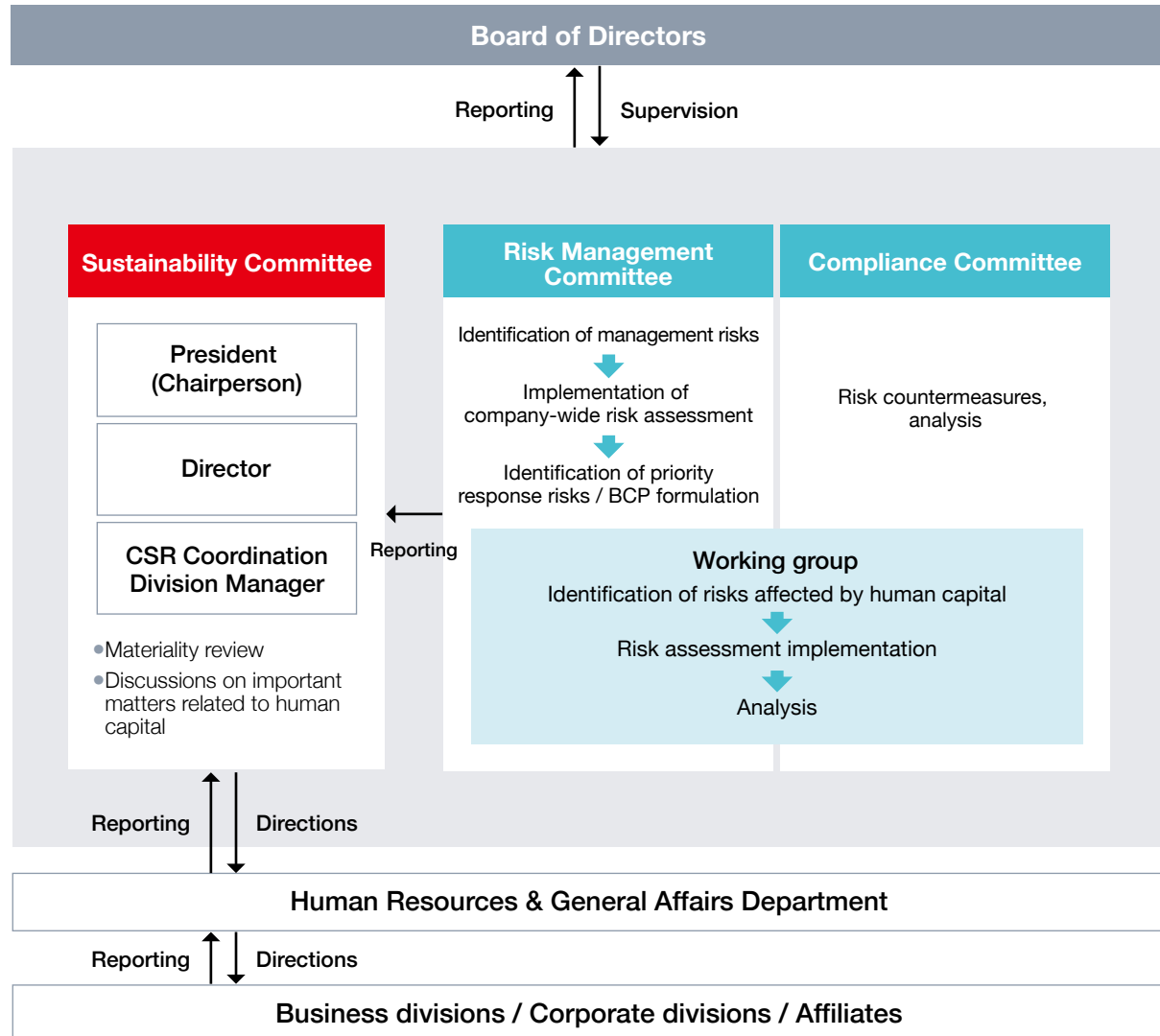
The NOF Group is taking the following measures to address major risks related to human capital.

<p>Risks Delays in fostering human resources</p> <p>▼</p> <p>Steady promotion of human resources development measures</p>	<p>Constant provision of opportunities to learn new knowledge and skills</p> <ul style="list-style-type: none"> • 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
<p>Risks Labor shortages New</p> <p>▼</p> <p>Active recruitment activities (Securing human resources)</p>	<p>Prevention of mismatches and proactive disclosure of information on recruitment</p> <ul style="list-style-type: none"> • 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
<p>Risks Rise in turnover rates New</p> <p>▼</p> <p>Comfortable workplaces (Utilization of the job return system)</p>	<p>Creation of an environment where employees can continue to work with peace of mind</p> <ul style="list-style-type: none"> • 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



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.

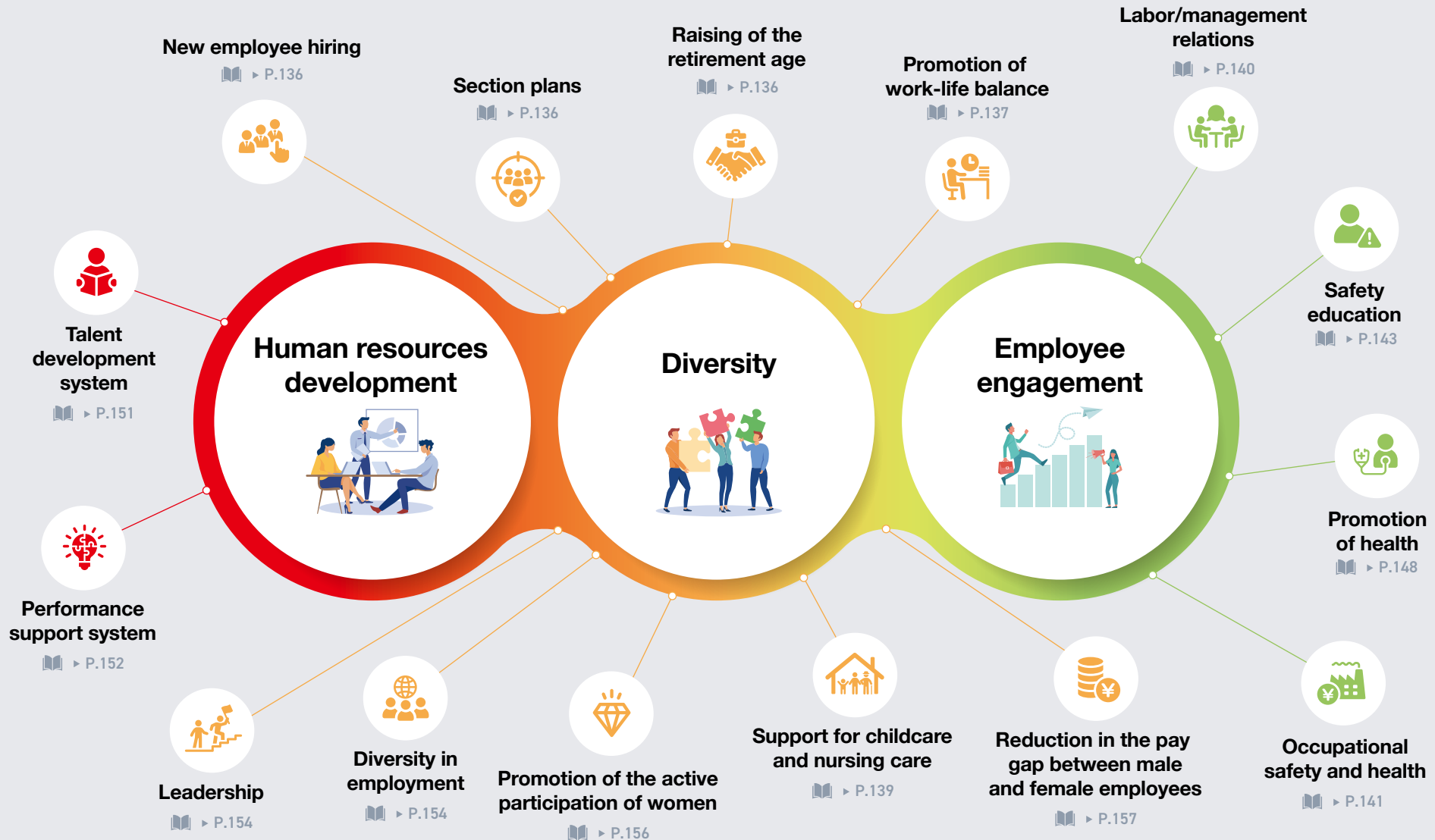
Diagram showing risk management for human capital





Response to human capital | Initiatives for human capital

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





Employment

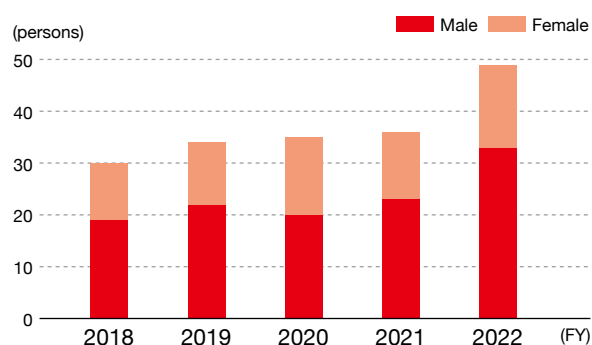
New Employee Hiring / Turnover / Succession Plans / Raising of the Retirement Age

GRI 2-7/401-1

New employee hiring

NOF focuses on hiring and training diverse human resources to realize its Corporate Philosophy. NOF actively recruits new graduates and mid-career workers by devising recruitment methods and enhancing the company profile and recruitment information on its website.

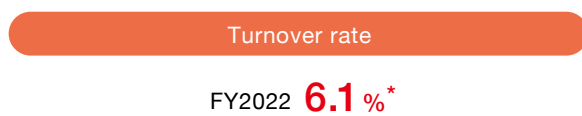
Total number of male and female new graduate career-track employees (NOF)



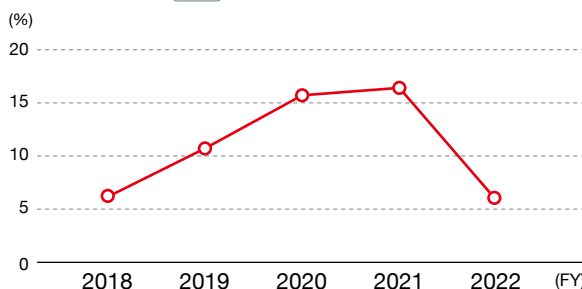
* Data for employees who entered the company on April 1.

Turnover

We are striving to prevent employee turnover by further promoting the creation of a comfortable work environment through measures such as improving job satisfaction through self-reporting and dialogue during evaluations, implementing various systems to promote work-life balance and stress checks, and expanding support systems for balancing work with childcare, nursing care, medical treatment, etc.



Turnover rate of new employees within 3 years of employment (NOF)



* Based on the data as of March 31, 2023.


Succession plans

The development of personnel who can carry out management and the realization of highly transparent appointments are important matters required by the Corporate Governance Code. NOF is focusing on training the next generation of management candidates to ensure sustainable value creation through growth.

Raising of the retirement age

NOF has established a continuous employment system for re-employment of retirees and has been utilizing it as an important measure to secure employment opportunities for older workers. Through the operation of this system, we have created opportunities for self-fulfillment after retirement and enabled retirees to demonstrate their skills and experience. We have decided to raise the retirement age to 65 years old from fiscal 2023 in order to further utilize human resources.



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, nursing 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 The cumulative saved leave is a system in which expired yearly paid holidays may be accumulated. This may be used for personal illness or injury, childcare, nursing of a family member, nursing care, self-education/development, or volunteer activities.
- *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.

Systems that support diverse working styles 

Childcare support		Support for raising the next generation	
Pregnancy	Childbirth	Childcare	Nursing care
Limitations on and exemptions from overtime*¹, limitations on night work*¹			
Later or earlier work start or finish times*¹			
Limitations on work on holidays		Childcare leave at time of childbirth; childcare leave (up to 2 years, may be partially paid)	Nursing care leave (can be taken 3 times, up to 365 days)
Consideration to and reduction of workload		Career and childcare balance support program	Nursing care leave*³ (10 days per year)
Hospital visit leave (may be paid leave)		Child nursing leave*¹ (10 days per year)* ³	
Prenatal and postnatal leave		Childcare hours (paid)	
Support for balancing fertility treatment and work*⁴			
Other			
Yearly paid holidays (up to 23 days)			
Yearly paid half work days			
Cumulative saved leave*²			
Refresh leave (incentive leave for long-term employees)			
Flex-time system			
Discretionary work system (R&D position employees)			
Support for self-education/development			
Sports and culture activities			
Work-from-home system			



Employment | Promotion of work-life balance

GRI 403-6

Workstyle reform

NOF 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.

Recommending employees to take yearly paid holidays

NOF is developing a work environment in which employees can work with motivation while attaching due importance to work-life balance. NOF encourages all employees to take their yearly paid holidays. Additionally, one such initiative is to encourage them to take yearly paid holidays in their respective birth months, and in this way an

atmosphere that makes it easier to take yearly paid holidays is developed in the work environment.

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

NOF provides a system under which employees who have worked with the Company for 10, 20 or 30 years are given seven consecutive paid holidays (which otherwise would be workdays) 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 encourages employees to work efficiently and sets one day or more of the week as a day on

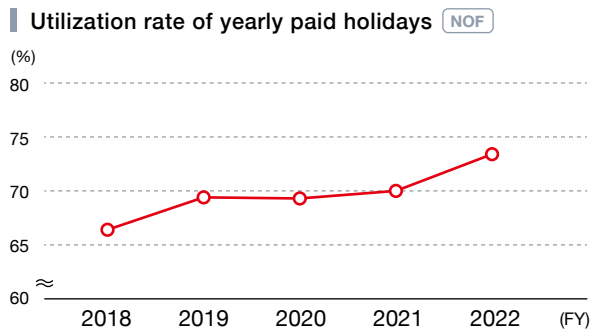
which employees are encouraged to leave work on time on a company-wide basis.

Volunteer leave system

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

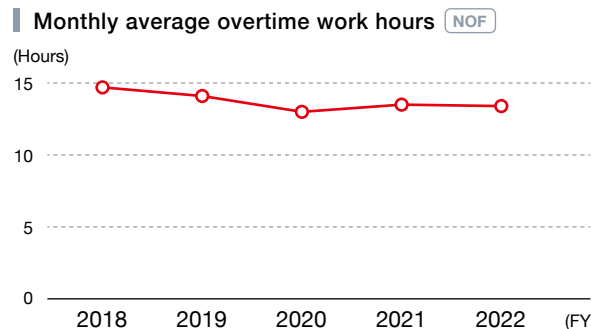
Utilization rate of yearly paid holidays

FY2022 **73.4%**



Monthly average overtime work hours

FY2022 **13.4 hours**



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

* The utilization rate of yearly paid holidays is calculated for the period from September 21 of the previous year to September 20 of the current year (12-month period to take yearly paid holidays at NOF).



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

FY2022 **Men 95.2%** (40 people)
Women 100% (8 people)

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

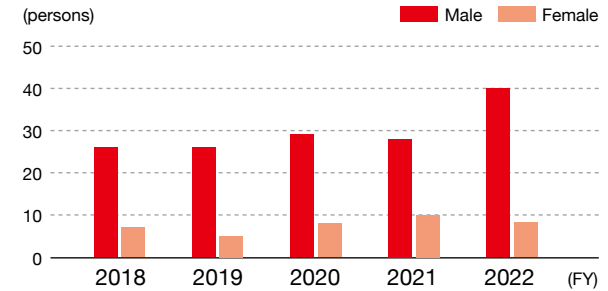
NOF provides a system that makes childcare / nursing care and working compatible with each other, and has proactively adopted support measures including raising the age limit of children for eligibility for the short hour work system and extending the duration of the nursing care leave and childcare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

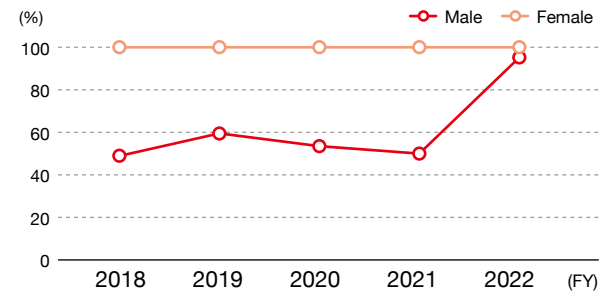
The requirements for utilizing cumulative saved leave were expanded for nursing and nursing care from April 2016. In April 2017, NOF prepared a handbook that summarized information such as basic knowledge of the Long-Term Care Insurance System, how to balance work and nursing care, and internal systems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



Employees utilizing childcare leave (NOF)



Rate of utilization of childcare leave (NOF)



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

Nursing care leave system

We have a nursing care leave system in place. No employees took this leave during the five-year period from fiscal 2018 to fiscal 2022, but we are working to understand the issues, such as how easy it is to utilize the leave.



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. With the labor union, we promote the creation of a foundation for each employee to feel job satisfaction through a series of opportunities for candid discussions between labor and management on themes such as shared recognition of management issues and the business environment, and improvement of employees' work-life balance.

Major discussions between labor and management NOF

Conference	Frequency
Central Labor-Management Council	2 times per year
Central Labor-Management Safety Council	4 times per year
Conference Between the Human Resources & General Affairs Department and the Central Executive Conference	11 times per year



Occupational Safety and Health Policy

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.

Under this policy, an occupational safety and

health management system is organized, under which required management and improvement are pursued.

Results of activities in FY2022

In fiscal 2022, the Group targeted "completely zero accidents,"^{*1} and under the slogan of "elimination of unsafe actions and unsafe conditions," worked to strengthen our hazard prediction skills and to identify hazardous locations at cooperating companies. However, we were unable to achieve the goal of "completely zero accidents."

Development status of OSHMS^{*2}

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,^{*3} which started in fiscal 2008 at every works of NOF, is now adopted by domestic member-companies of the NOF Group as well.

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. These principles shall be broadly disclosed to the public.

(Amended March 2013)

*1 The NOF Group's own target to achieve zero lost workday accidents and zero accidents not involving lost workdays.

*2 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.

*3 Method of identifying, eliminating, and reducing potential risks or hazards in the workplace.



Recognizing the importance of safety education, the NOF Group strives to enhance its occupational safety and health management system and reinforce its safety activities including safety education, in an effort to secure the safety and health of its employees.

FY2022 safety activity results and FY2023 RC activity targets

We have been striving for “completely zero accidents” since fiscal 2015. In fiscal 2022, there were 6 labor accidents, and we did not achieve the target.

Therefore, we set "Thorough enforcement of basic safety actions" as an initiative of the RC activity targets for fiscal 2022, and each company in the Group worked on measures in line with this target. In addition, with the aim of strengthening

countermeasures against potential disaster risks in the workplace, we promoted 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. As a result, compared to fiscal 2021, the number of lost workday-involving accidents decreased to one (down four from the previous fiscal year) and the number of all labor accidents decreased to six (down six from the previous fiscal year), indicating that the measures were effective.

However, an analysis of the six labor accidents that did occur showed that in many cases they were caused by unsafe actions, and we considered it necessary to continue "Thorough enforcement of basic safety actions" going forward. Furthermore, in fiscal 2023, we decided to instill in

all employees an awareness of the importance of “Thorough enforcement of basic safety actions” by focusing on accidents involving falls and working to prevent their occurrence.

Elimination of traffic accidents

In order to reduce the number of accidents during commutes and work-related traffic accidents, which occurred frequently during fiscal 2022, 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, and raising a road safety slogan banner.



Traffic safety education by the Oita East Police Station (Oita Plant)



Traffic banner (Aichi Works)

The NOF Group’s targets in RC activities and labor safety initiatives in fiscal 2023

<p>1 Enhancement of sensitivity toward danger and thorough enforcement of basic safety actions (focus on falls, tumbles, and crash accidents)</p>	<ul style="list-style-type: none"> ● Provide occupational safety education and training ● Strengthen hazard prediction skills 						
<p>2 Reduction of accident risks</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">[Labor safety]</td> <td>● Strengthening of responses based on Sangen Shugi (the "three actuals" principle)</td> </tr> <tr> <td>[Traffic safety]</td> <td>● In-depth investigation of the causes of injury and self-caused damage*</td> </tr> <tr> <td></td> <td>● Strengthening of education to promote awareness</td> </tr> </table>	[Labor safety]	● Strengthening of responses based on Sangen Shugi (the "three actuals" principle)	[Traffic safety]	● In-depth investigation of the causes of injury and self-caused damage*		● Strengthening of education to promote awareness
[Labor safety]	● Strengthening of responses based on Sangen Shugi (the "three actuals" principle)						
[Traffic safety]	● In-depth investigation of the causes of injury and self-caused damage*						
	● Strengthening of education to promote awareness						

* Injury and self-inflicted injury: Commute accidents and work-related traffic accidents with injury and self-inflicted injury



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.



Experience of becoming entangled in rotating equipment (Amagasaki Plant)



Experience of high-elevation falls (Amagasaki 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 2022, a total of 53,066 people participated in and received RC-related education and training for a total of some 41,000 hours.



Lifesaving first aid training
(Advanced Technology Research Laboratory)



Spill prevention drill (Amagasaki Plant)

FY2022 RC education NOF Group

Field	Total number of participants	Total time (in hours)
RC in general	4,353	3,675
Labor safety	32,803	25,355
Environmental safety	4,406	2,630
Product safety	7,138	6,579
Plant safety	3,137	1,426
Transportation safety	1,229	1,263
Total	53,066	40,949

* RC: Acronym for "Responsible Care." (See p. 41-43)



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 (Emergency Headquarters at the Head Office)



Company-wide joint drill (online: Kawasaki Works, Aichi Works, Amagasaki Plant, Oita Plant)



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 a disaster to be of the utmost importance, and actively conduct disaster prevention drills. In particular, we regularly conduct joint disaster prevention drills with local organizations to strengthen disaster 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.



Joint disaster prevention drill with Taketoyo Town and neighboring fire departments (Aichi Works)



Joint comprehensive disaster prevention drill with the Chidori District Disaster Prevention Association (Kawasaki Works)



High-elevation rescue drill (Amagasaki Plant)



Injured person transportation drill (HOKKAIDO NOF CORPORATION)



Fire extinguisher training (MCNA)



Annual Self-Defense Firefighting Maneuvers Competition (NiGK Corporation)



Awards for safety activities

The NOF Group has received various awards in recognition of its daily safety activities and consistently disaster-free operations at facilities that handle hazardous materials.

The Kawasaki Works received an award from Kanagawa Prefecture recognizing its longstanding management of high-pressure gas.

HOKKAIDO NOF CORPORATION received an award from Bibai City recognizing its achievements in hazardous materials and explosives safety.

Nippon Koki Co., Ltd. received an award from the Japan Explosives Society, which highly evaluated its paper on the NET LAUNCHER crime prevention device.

NICHIYU LOGISTICS CO., LTD. received an award from Oita Prefecture for its consistently accident-free operations.

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	2022/6/7	Received the award for excellent high-pressure gas safety manager by the Hyogo High-Pressure Gas Safety Organization
	2022/6/13	Received the award for excellent boiler engineers by the Hyogo Branch of the Japan Boiler Association
Aichi Works	2022/4/21	Handa association for safety hazardous materials Excellent Hazardous Materials Control Award
Kawasaki Works	2022/6/24	Kanagawa Prefecture Industrial Safety Award (for excellent high pressure gas production safety manager, etc.)
Nippon Koki Co., Ltd.	2022/5/20	Excellent Hazardous Materials Control Award, Shirakawa Area Fire and Disaster Prevention Association
	2022/5/24	Japan Explosives Society Technology Award (achievements related to the advancement of explosive technologies)
	2022/12/14	METI Minister's Award for Excellent Explosives Security
NiGK Corporation	2022/5/30	Saitama Prefectural Explosive Safety Association, Excellent Long Service Employee Award
HOKKAIDO NOF CORPORATION	2022/6/1	Bibai City Association for Safety Management of Hazardous Materials, Award for Employees' Long-time Service
	2023/3/16	Hokkaido Safe Driving Managers Association, award for excellent safe driving management office
Showa Kinzoku Kogyo Co., Ltd.	2022/12/2	Chikusei Labor Standards Association, award for excellent workers
NOF METAL COATINGS ASIA PACIFIC CO., LTD.	2023/3/8	2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (SME category)
NICHIYU LOGISTICS CO., LTD.	2022/8/18	Zero-Accident Certification Program for SMEs, Category 3: Bronze Prize



Kanagawa Prefecture Industrial Safety Award (Kawasaki Works)



Japan Explosives Society Technology Award (Nippon Koki Co., Ltd.)



Prize in the Zero-Accident Certification Program for SMEs (NICHIYU LOGISTICS CO., LTD. (Oita))



Award from the Bibai City Association for Safety Management of Hazardous Materials (HOKKAIDO NOF CORPORATION)



Promotion of health-conscious management

NOF strives to create a pleasant working environment and engage in mental health care based on the belief that "securing the safety and health of employees and creating a pleasant working environment are the foundation for sustainable growth of a corporation."

With a view to developing a workplace where employees can enjoy fulfilling lifestyles and maintain motivation for work, NOF designates priority areas of ① Creation of a pleasant working environment, ② Mental health care, and ③ Maintenance and promotion of health. Going forward, NOF will proceed with initiatives to maintain and promote employees' health. Additionally, in proceeding with these initiatives, we will strive to enhance the contents mainly by reporting at the meeting of officers.



Periodic health examinations

We conduct periodic health examinations for employees within the company. 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.

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

- Encouraging employees to take at least 8 days of yearly paid holidays

Utilization rate of yearly paid holidays

FY2020 (Results)	FY2021 (Results)	FY2022 (Results)
69%	70%	73.4%

FY2023 (Targets) **73% or more**



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

- Aiming to raise self-care awareness and encouraging employees to take stress tests

Stress test recipient rate (excluding people absent from work, etc.)

FY2020 (Results)	FY2021 (Results)	FY2022 (Results)
100%	100%	99%

FY2023 (Targets) **Maintain 99% or more**



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

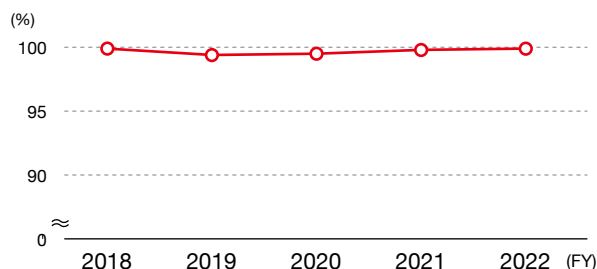
- For the maintenance and promotion of health, encouraging employees to participate in the "Health Promotion Walking" program run by the NOF Health Insurance Association

Participation rate

FY2020 (Results)	FY2021 (Results)	FY2022 (Results)
48%	49%	50%

FY2023 (Targets) **50% or more**

Percentage of employees taking periodic health examinations NOF





Occupational safety and health | Promotion of health

GRI 403-1,3,4,5,6

Mental health initiatives

NOF is taking comprehensive initiatives for the prevention and alleviation of mental health troubles and supporting those suffering from such troubles until they have sufficiently recovered to return to work.

More specifically, these initiatives are taken in teamwork with industrial physicians specializing in mental health to ensure early detection and proper solutions for mental health problems by providing stress checks, setting up out-of-house counseling facilities, and institutionalizing a “return-to-work support program” to support persons absent from work for a long time or on sick leave on account of mental health disorders in ensuring their smooth return to work after recuperation.

In fiscal 2022, mental health care (line care) education was conducted for 33 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.

Smoking cessation program

With the aim of helping habitual smokers improve their own health and preventing passive smoking damage to nonsmokers, we support smoking cessation for habitual smokers by recruiting participants for our online smoking cessation outpatient program.

Smoking cessation program participants

FY2021	31 participants	26 successful participants
FY2022	11 participants	9 successful participants

* The number of successful participants indicates the number of people at the end of the program.



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 FY2022

Works/Plants	Purpose	Details
Amagasaki Plant	Disaster prevention and safety work	Replacement of fire extinguishers, construction and renovation of high-elevation work stages
Chidori Plant	Disaster prevention	Renewal of fire shutters Expansion of lighting equipment
Oita Plant	safety work	Measures to reduce risk of high-elevation work New construction of rainy weather shipping areas
Taketoyo Plant	Countermeasures against typhoons and heavy rain	Repair of earthen embankments for explosive warehouses
Kinuura Plant	Working environment amelioration	Expansion of air-conditioners Introduction of equipment to prevent lower back pain Modification of the oxygen concentration alarm system

*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 labor accidents in fiscal 2022

Record of labor accidents in fiscal 2022

Indicators	Targets	2020	2021	2022
Accidents involving death and loss of functions (people)*1	NOF main group (Japan)	0	0	0
	Affiliates (Breakdown)	0	0	0
	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	
Accidents with lost workdays (people)*2	NOF main group (Japan)	0	3	1
	Affiliates (Breakdown)	1	1	0
	Japan	0	1	1
	Asia	1	0	0
	Americas	0	0	0
	Europe	0	0	0
	Cooperating companies	2	1	0
Frequency rate of lost workday-involving accidents*4	0.34	0.85	0.17	
Total damage (people)*3	NOF main group (Japan)	2	8	1
	Affiliates (Breakdown)	3	2	3
	Japan	2	2	3
	Asia	1	0	0
	Americas	0	0	0
	Europe	0	0	0
	Cooperating companies	6	2	2
Frequency rate of all accidents*4	1.70	2.03	1.01	



NOF promotes a talent development system including support for “correspondence courses,” in which each employee is allowed to choose his/her own training menu, “training at the organizational level,” which is made to suit employees with different issues in different hierarchy, 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 making work more rewarding, invigorating the organization, establishing a sustainable business foundation, and enabling stable employment.

Promoting training at the organizational level and regarding specific issues

In an effort to provide a more effective training program, NOF has set up an education system that combines 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. Each organizational unit and division also plans and carries out, as necessary, training suited to their respective business operations.

In fiscal 2022, a total of 729 employees took part in the training programs.

Training program participants
 FY2022 **729** people

Content 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 manager			Employees who perform personnel evaluations (Employees who perform first-stage evaluations for new employees)		
		Employees who perform personnel evaluations	Employees who perform first-stage evaluations for new employees			Employees promoted to manager		
				Employees who instruct new employees		Supervisors (foremen)		
				Before the study report conference for career-track employees		Supervisors (team leaders)		
				Study report conference for career-track employees			Employees promoted to elementary instructor positions	
					Acceptance of new employees	Strengthening of capabilities in the field		
					Follow-up for new employees			Acceptance of new employees
Training regarding specific issues	Management and administration	NOF Management School		Course for candidates for promotion to chief, manager, and upper instructor positions		Course for candidates for promotion to manager and upper instructor positions		
		Outside BS*						
	Accounting		Finance	Accounting				
	Global			Short-term overseas language study				
				Practical English skills				
				Global training				
				Training prior to overseas assignments				
	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)					
Diversity			Promotion of the active participation of women					
Mental health			Mental health					

*Participation in outside business schools

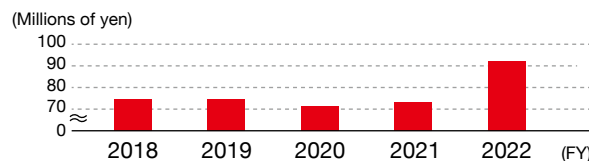


Training costs

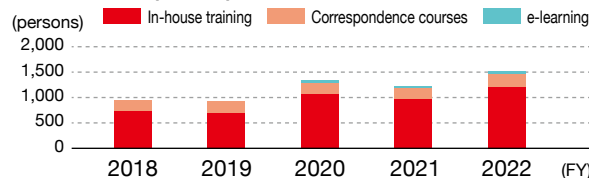
Based on the basic philosophy that “a company is its people,” we will actively invest in human capital and encourage the growth of human resources who embody the NOF Group’s values of “Challenges,” “Fairness,” and “Harmony,” and can also create new value.

As human investment for securing human resources, human resources development, etc., NOF will implement workplace environment improvement, expansion of talent development programs, and initiatives for DX human resources development. We aim to promote the autonomous growth of employees

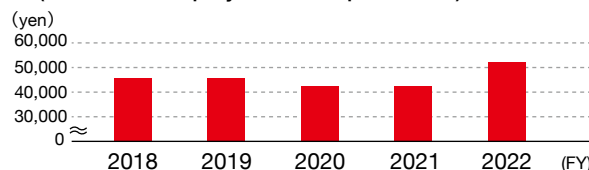
Training costs



Number of participants



Training cost per employee (number of employees is the parameter)



and the development of global leaders, as well as to revitalize our diverse human resources.

Training expenses for fiscal 2022 totaled ¥91.309 million.

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 2022, a total of 250 employees took advantage of the various correspondence courses and e-learning courses.



Pamphlet “Correspondence Course Guide”

Number of correspondence course and e-learning course participants

FY2022 **250** people

Promotion for acquiring official qualifications

The NOF Group supports employees’ efforts to acquire official qualifications in many aspects. In fiscal 2022, a total of 366 people newly acquired 43 types of such qualifications at the Domestic Group.

Qualification categories

FY2022 **43** types

People who acquired qualifications

FY2022 **366** people

Number of qualifications obtained in FY2022 (Domestic Group)

Qualifications	Total number of people who acquired the qualification
Energy control	4
Pollution control	5
Sanitation control	4
Specified chemicals control	45
Organic solvents control	41
Hazardous materials control	69
High pressured gas control	13
Explosive handling control	14
Poisonous and toxic substances handling	2
Pressure vessels handling	7
Breathing safety control	10
Forklift	21
Crane	10
Hooking using cranes, etc.	14
Boilers-related work	8
Fire prevention	3
Drying equipment work chief	1
X-ray work	2
Stacking/unstacking work	11
Full harness special training	23
Proper measurement control	3
22 other types of qualifications	56
Total	366



Training and costs | Performance support system

GRI 404-2

Internal recruiting system

NOF has introduced an internal recruiting system that aims to foster autonomous (independent) human resource development by establishing a mechanism for publicly soliciting applications for project work to be implemented across the company and assigning motivated human resources to appropriate posts in order to improve employee ambition and revitalize the organization.

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.



Ceremony for rewards for employee achievements

Employee invention reward

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



Ceremony for the employee invention reward



Approach to diversity

The NOF Group accepts and respects diversity in order to realize our Code of Conduct, which states, “Take on ambitious challenges to achieve personal growth and a fulfilling lifestyle.” 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 are allowed to demonstrate their capabilities.

Leadership

The NOF Group 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.”

Promotion of international human resources and mid-career human resources

Recognizing the importance of securing superior human resources regardless of nationality, the NOF Group will secure appropriate human resources, including mid-career workers, particularly for the expansion of our overseas businesses. Our overseas Group companies (overseas local subsidiaries) are continuing to step up their efforts to recruit local employees and promote them to management positions.

As for mid-career recruitment, we are actively advancing hiring of human resources with knowledge and experience required by NOF (career personnel), appointment of managers, and hiring in accordance with our business expansion.



Global Mind Seminar

Furthermore, as NOF develops human resources and promotes them to management positions regardless of their nationality or career path, we do not set any target figures for the ratio of international human resources or career personnel to managerial positions.

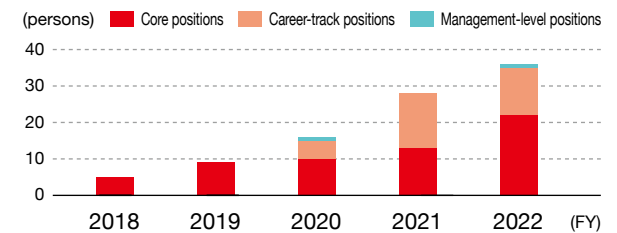
Rate of hiring of mid-career workers

FY2022 **28.0%**

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

FY2022 **33.9 years old**

Number of mid-career workers hired NOF





Diversity | Diversity in employment

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

Employment of people with disabilities

In order for people with disabilities to demonstrate their capabilities and work actively in their respective workplaces, NOF is promoting the employment of people with disabilities, upon developing a favorable working environment.

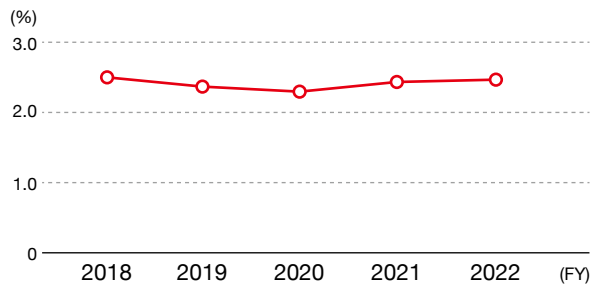
The proportion of people with disabilities employed in March 2023 was 2.46%, surpassing the legally prescribed proportion (2.3%).

The NOF Group 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**

FY2022 **2.46%**

Percentage of employees with disabilities





Diversity | Promotion of the active participation of women

GRI 2-7/405-1

The active participation of women is promoted at NOF. Of new graduate career-track hires in fiscal 2022, 36.1% were women.

In addition to the active recruitment of women, NOF strives to enhance its workplace environment in which women are able to participate actively. We strive to enhance our various childcare and nursing

care support systems. We also promote creating a multifaceted internal environment through efforts such as implementing training to promote the advancement of women 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.

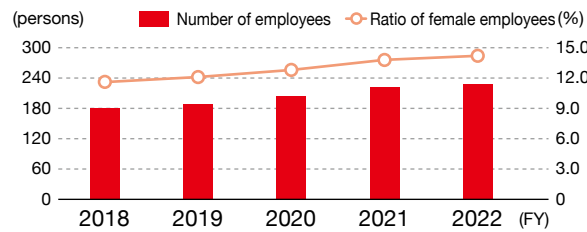
Percentage of female new graduates recruited for career-track positions (target)

30% or more (target achieved every fiscal year since 2016)

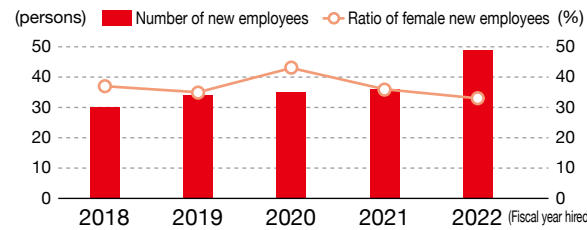
Number of female management-level employees (target)

More than 3-fold (by FY2030 starting from the end of FY2021)

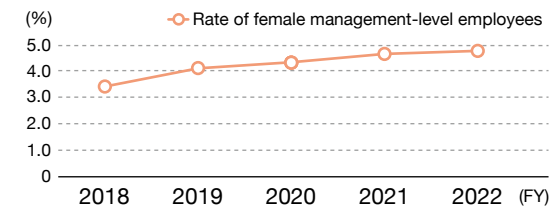
Number of female employees / ratio among employees NOF



Number of new female employees / ratio among new employees NOF



Rate of female management-level employees NOF



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.

Measures Create a workplace environment that facilitates the use of systems to support balancing work, and study and implement the expansion of such systems so that employees can continue to work with peace of mind while balancing work with childcare, nursing care, medical treatment, etc.
- Target 2** Establish an environment to achieve a utilization rate of yearly paid holidays of 75% or more.

Measures Study and implement new policies to enhance the yearly paid holiday system and encourage taking of yearly paid holidays.
- Target 3** Promote efficient workstyles

Measures Study and implement new measures to reduce work hours.
- Target 4** Continue to employ 30% or more women in career-track positions and create an environment that encourages women to continue working.

Measures Study and implement measures to realize diverse work styles according to life stages.

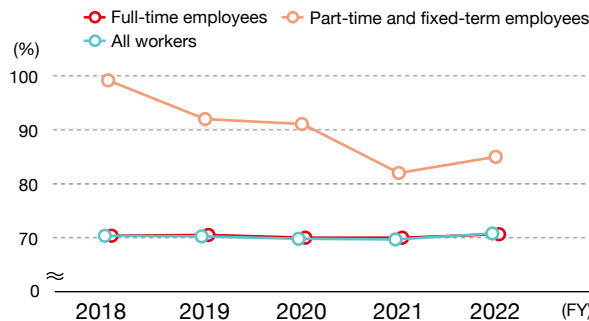


Reduction in the pay gap between male and female employees

At NOF, the pay gap ratio between male and female employees in 2022 was 70.7% for all employees, of which 70.6% was for full-time employees. This is due to the difference in the average length of service between men and women, and the fact that only men work shift work in the manufacturing divisions, resulting in a difference in salary for shift work.

We aim to reduce the pay gap ratio between men and women by supporting the balancing of work with childbirth and childcare, encouraging men to take childcare leave, and improving the workplace environment to enable women to work in shift work.

Pay gap ratio between male and female employees (NOF)



Pay gap ratio between male and female employees (2030 target)

Over **75%** of full-time employees
(Temporary/part-time employees: **100%**,
total: over **75%**)

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

Cause Difference in average length of service between men and women

Measures Support for balancing work with childbirth, childcare, etc.
Promotion of utilization of childcare leave by male employees [P.139](#)

Cause Shift workers in the manufacturing divisions are all men and there is a difference in compensation for shift work

Measures Promotion of workplace environment improvement that enables women to work in shifts

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

Our fundamental view on human rights

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 biotechnology 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 order to support and respect international norms on human rights set forth by the United Nations, the International Labor Organization (ILO), and other organizations as we expand our business globally, and to fulfill our responsibility to respect human rights in all of our corporate activities, in fiscal 2021, the NOF Group established the NOF Group Human Rights Policy, which applies to all executives and employees of the NOF Group.

As specific activities, we have advanced study and confirmation of an environment in which employees can perform their duties with safety, peace of mind, and motivation through CSR procurement surveys of suppliers and engagement surveys of employees as surveys on the status of respect for internationally recognized human rights throughout the supply chain. Through these surveys, we have confirmed that there are no violations of human rights by our suppliers or employees. We will continue to deepen our human rights due diligence efforts and work to reduce human rights risks in the future.

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



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.

In fiscal 2022, there were cancellations due to COVID-19 one after the other of dialogues with communities and factory tours that we used to hold every year on a regular basis. Once the situation improves, we plan to resume interaction and communication with members of local communities.



Works tour for neighboring ward leaders (Aichi Works)



Acceptance of internships for students from Prefectural Oita Technical High School (Oita Plant)

Works/Plants	Date	Topic	Details
Aichi Works	2022/7/18	Works tour for neighboring ward leaders	Plant overview and explanations of environmental and safety initiatives to neighboring ward leaders (6 participants), and a tour of the plant
	2022/11/22	Joint disaster prevention drill with Taketoyo Town and neighboring fire departments	NOF's Aichi Works and Taketoyo Plant; participation from Central Chita Fire Department, Tokoname City Fire Department, Chita Southern Fire Department, Taketoyo Town, and Chita Regional Fire Control Center; tour for neighboring ward leaders
Oita Plant	2022/7/26	Internship acceptance	3 second-year students studying chemical engineering at Prefectural Tsurusaki Technical High School
	2022/11/9	Internship acceptance	4 second-year students studying industrial chemistry at Prefectural Oita Technical High School
NiGK Corporation	2022/10/5	Information exchange meeting with the Kawagoe District Fire Department	Explanation of the firefighting techniques briefer system and disaster prevention drills
Showa Kinzoku Kogyo Co., Ltd.	2023/2/10	Exchange with local residents	Courtesy calls and distribution of memorial gifts to 40 neighborhoods and landowners (79th anniversary commemorative event)
HOKKAIDO NOF CORPORATION	2022/6/15	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
Nippo Kogyo Co., Ltd.	2023/2/22	General Meeting of the Susono Counterterrorism Network	Attendance at the general meeting for anti-terrorism activities held by the Susono Police Department



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 of the NET LAUNCHER crime prevention device at the Shirakawa Police Station's "Dial 110 Day" (Nippon Koki Co., Ltd.)

Cooperation for local events

In Kawagoe City, where NiGK Corporation is located, a local conference event was held to commemorate the 100th anniversary of the city's establishment and to provide an opportunity to discuss how to create a better community. We provided humus from our plant to the "welfare market" at the event.



Exhibit at the welfare market of the event commemorating the 100th anniversary of Kawagoe City's establishment (NiGK Corporation)



Local communities

Socially beneficial activities

GRI 203-1/413-1

Amagasaki Forest Central Green Space Forest Planting Volunteer activity

From September 2022 to March 2023, 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.

Participants cooperated with other volunteers and organizers and helped plant trees and do weeding.

In addition to learning about the process of reforestation and the importance of biodiversity, they also experienced the satisfaction of nurturing rich natural forests. In recognition of these activities which have continued for many years, we received the SDGs Award from Hyogo Prefecture.



Amagasaki forest central green space forestation activities (Amagasaki Plant, 9/16/2022)



Received Hyogo Prefecture's SDGs Award (Amagasaki Plant, 2/20/2023)

Cleanup volunteer activities

The NOF Group is actively engaged in volunteer activities to clean the areas surrounding its plants.



Nakabori canal walkway cleanup (Amagasaki Plant, 4/26/2022)



Fuki Port cleanup (Aichi Works, 6/25/2022)



Sunagawa Park cleanup (Aichi Works, 10/22/2022)



Road-cleaning activity along the Amahou Line (Amagasaki Plant, 3/27/2023)

Japan Ground Self Defense Force (GSDF) 10th Band Sponsorship of the Community Concert in Taketoyo

The Aichi Works invited 400 residents of Taketoyo Town to Taketoyo Town Yumetaro Plaza and sponsored a community concert by the GSDF 10th Band.



Community Concert in Taketoyo with the GSDF 10th Band (Aichi Works, 8/11/2022)



Sponsored model rocket-making class and rocket launch contest

The Taketoyo Plant sponsored the Sky Cup model rocket-making class and launch tournament that took place at the Yumetaro Plaza in April 2022. After NOF employees gave a lecture on how to make rockets, participants launched the rockets they made.



Model rocket-making class (Aichi Works)



Model rocket launch contest (Aichi Works)





Local communities

Socially beneficial activities

GRI 203-1/413-1

Event related to the Hayabusa2 project

Nippon Koki Co., Ltd. developed and manufactured a small impactor for the Hayabusa2 project to form an artificial crater on the asteroid Ryugu. The company exhibited at the Special Exhibition Featuring the Hayabusa2 Sample Return Capsule and More in August 2022 and the Robot & Aerospace Festa Fukushima 2022 in November 2022 held in Koriyama City, Fukushima Prefecture.

The company also gave a lecture at the Fukushima Prefecture Social Education Instructor Workshop held in October 2022 for community center staff, youth education instructors, and others in Fukushima Prefecture, and conducted community-rooted PR activities.

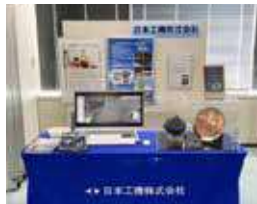


Exhibit at the HAYABUSA 2 Special Exhibition in Koriyama (Nippon Koki Co., Ltd.)



Lecture on HAYABUSA2 at the Fukushima Prefecture Social Education Instructor Workshop (Nippon Koki Co., Ltd.)



Exhibit at the Robot & Aerospace Festa Fukushima 2022 in Koriyama (Nippon Koki Co., Ltd.)

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

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.



Photo: Hiroki Nishioka

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.



About the cover art

The cover art of the Integrated Report and Sustainability Report is by Magari Oishi, who is registered with the Shougaisha Jiritsu Suishin Kikou Association.



Integrated Report 2023
Alps Village and Hot Air Balloon



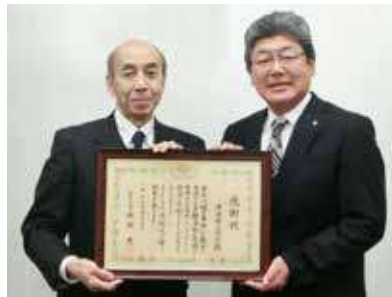
Sustainability Report 2023
Traditional Utasebune Boat in the Shiranui Sea



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.

For our contributions, a letter of thanks was presented to NOF by Vice President Maeda on April 6, 2023, at the Organization, and General Manager Hideru Furukawa of the Corporate Communications Department accepted the letter on behalf of NOF.



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 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.

For our contributions, we again received a letter of thanks this fiscal year. 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's Science Human Resources Development Program (¥2.5 million)
- Welfare And Medical Service Agency's Fund to Support Children's Future (¥1 million)
- Keidanren Ishizaka Memorial Foundation's Keidanren Global Human Resource Development Scholarship Program Fundraising (¥1 million)
- Hatachi Fund (¥100,000)
- People's Hope Japan (¥100,000)

Donations aimed at protecting the global environment

- World Wide Fund For Nature (WWF) Japan (¥1 million)
- National Land Afforestation Promotion Organization's Green Fund (¥1 million)
- Keidanren Nature Conservation Fund (¥1 million)
- Japan National Trust (¥100,000)

Relief donations

- Japanese Red Cross Society's Turkey and Syria Earthquake Relief Fund (¥10 million)

Expenses related to social contribution activities in FY2022

¥53 million

(¥25 million in donations under the Corporation Tax Act)

Recognition from outside the company

- Ranked 247th in the 17th Toyo Keizai CSR Ranking by TOYO KEIZAI INC.
- Selected as a constituent of the Japan Empowering Women Index (WIN) by MSCI



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

0

Total number of customer data breaches, thefts, and losses

0

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Appendix

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Environmental performance data | Changes

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NOF Group

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Production volume	[thousand tons]	267	243	242	245	266	267	259	229	249	226
Total energy input	[thousand GJ]	3,554	3,461	3,444	3,431	3,464	3,477	3,330	3,247	3,377	3,112
Total substance input	[thousand tons]	256	259	263	267	280	273	253	231	261	236
Water resource input	[thousand m ³]	7,949	7,900	7,987	8,240	8,131	8,061	8,232	8,319	8,420	8,498
Greenhouse gas emissions	[thousand tons of CO ₂ e]	202	206	195	202	207	205	196	187	189	175
SOx emissions	[tons]	15	7	8	9	7	7	6	4	5	7
NOx emissions	[tons]	92	89	62	93	65	64	55	57	55	55
Soot and dust emissions	[tons]	6	3	3	5	4	5	5	8	4	5
BOD emissions	[tons]	196	127	105	79	160	69	74	104	93	67
COD emissions	[tons]	451	278	318	225	314	302	441	219	154	148
Suspended solid emissions	[tons]	38	35	41	39	32	50	37	40	36	25
Waste quantity from plants	[tons]	23,776	24,024	24,719	25,567	27,947	30,161	28,446	28,955	29,164	25,157
Internally recycled quantity	[tons]	2,242	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914
Externally recycled amount	[tons]	13,438	14,309	14,704	17,055	17,645	19,253	16,426	17,808	17,687	16,547
Final disposal quantity by landfill	[tons]	961	1,157	1,260	1,333	1,168	1,046	1,302	1,588	950	1,095
Emissions of PRTR Act-controlled substances	[tons]	233	232	187	170	167	177	158	147	155	143

Domestic Group

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Production volume	[thousand tons]	216	214	217	219	231	232	225	194	210	188
Total energy input	[thousand GJ]	3,033	3,039	3,016	3,018	2,987	3,004	2,917	2,810	2,892	2,699
Total substance input	[thousand tons]	256	259	263	267	280	273	253	231	261	236
Water resource input	[thousand m ³]	6,454	6,396	6,389	6,560	6,374	6,352	6,376	6,435	6,448	6,535
Greenhouse gas emissions	[thousand tons of CO ₂ e]	179	184	182	181	173	172	169	158	159	144
SOx emissions	[tons]	13	6	7	9	6	6	5	3	3	4
NOx emissions	[tons]	86	87	60	90	62	60	52	53	50	51
Soot and dust emissions	[tons]	4	3	3	4	3	2	1	2	1	1
BOD emissions	[tons]	35	32	39	28	40	43	33	38	52	39
COD emissions	[tons]	71	61	78	68	73	66	60	60	68	44
Suspended solid emissions	[tons]	38	35	41	39	32	50	37	40	36	25
Waste quantity from plants	[tons]	19,395	19,966	20,508	21,351	23,466	25,976	23,662	24,176	23,796	21,270
Internally recycled quantity	[tons]	2,242	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914
Externally recycled amount	[tons]	13,025	14,011	14,576	16,696	17,267	18,676	16,002	17,320	17,138	15,916
Final disposal quantity by landfill	[tons]	149	159	111	157	117	95	81	681	135	64
Emissions of PRTR Act-controlled substances	[tons]	233	232	187	170	167	177	158	147	155	143



Environmental performance data | Changes

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

NOF

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Production volume	[thousand tons]	194	193	198	200	211	211	205	178	191	170
Total energy input	[thousand GJ]	2,725	2,751	2,753	2,739	2,728	2,753	2,673	2,572	2,658	2,471
Total substance input	[thousand tons]	234	236	243	248	259	253	233	214	244	218
Water resource input	[thousand m ³]	5,832	5,760	5,838	5,967	5,879	5,843	5,832	5,874	5,889	6,007
Greenhouse gas emissions	[thousand tons of CO ₂]	162	166	166	164	158	157	155	145	146	131
SOx emissions	[tons]	10	2	3	4	3	3	3	1	2	3
NOx emissions	[tons]	84	85	58	88	59	58	50	51	48	49
Soot and dust emissions	[tons]	1	1	2	2	2	2	1	2	1	1
BOD emissions	[tons]	31	29	35	25	37	39	30	34	50	37
COD emissions	[tons]	70	60	78	68	72	65	60	60	67	44
Suspended solid emissions	[tons]	32	29	33	31	25	35	31	33	31	22
Waste quantity from plants	[tons]	18,694	19,156	19,716	20,350	22,372	25,061	22,721	22,529	22,822	20,493
Internally recycled quantity	[tons]	2,242	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914
Externally recycled amount	[tons]	12,631	13,466	14,017	16,132	16,355	17,965	15,235	16,489	16,374	15,242
Final disposal quantity by landfill	[tons]	63	55	60	66	61	60	50	40	54	37
Emissions of PRTR Act-controlled substances	[tons]	192	188	143	123	121	127	118	111	117	109



Environmental performance data | Fiscal 2022 performance by organizational unit

GRI

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

NOF's plants and works

Item	Unit	Amagasaki Plant	Kawasaki Works	Oita Plant	Aichi Works	NOF, etc.
Production volume	[thousand tons]	79.1	58.0	17.3	15.7	-
Total energy input	[thousand GJ]	1,070	595	272	522	11.2
Total substance input	[thousand tons]	88.1	60.8	36.2	33.1	-
Water resource input	[thousand m ³]	3,401.0	787.6	425.3	1,391.2	1.8
Greenhouse gas emissions	[thousand tons of CO ₂]	60.5	17.1	15.9	37.5	0.4
SOx emission	[tons]	0.02	0.00	0.08	2.54	-
NOx emissions	[tons]	35.00	2.98	5.89	5.18	-
COD emissions	[tons]	17.1	2.0	4.4	20.7	-
Waste quantity from plants	[tons]	9,867.5	5,136.1	534.8	4,939.7	14.6
Internally recycled quantity	[tons]	0.0	0.0	0.0	914.1	0.0
Externally recycled amount	[tons]	7,379.3	5,042.6	43.1	2,769.9	7.5
Final disposal quantity by landfill	[tons]	21.6	1.5	0.0	13.8	0.0
Emissions of PRTR Act-controlled substances	[tons]	31.6	58.1	0.7	18.4	0.1



Environmental performance data | Fiscal 2022 performance by organizational unit

GRI

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

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]	3.0	1.8	0.3	2.4	0.1	2.2
Total energy input	[thousand GJ]	112.6	29.0	9.9	33.4	2.9	1.7
Total substance input	[thousand tons]	4.1	2.1	0.3	5.3	0.0	1.2
Water resource input	[thousand m ³]	432.0	14.6	13.9	17.0	3.0	4.8
Greenhouse gas emissions	[thousand tons of CO ₂]	6.7	1.2	0.5	2.1	0.1	0.1
SOx emission	[tons]	0.40	0.00	0.00	1.38	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]	136.9	82.2	98.3	65.5	11.4	116.5
Internally recycled quantity	[tons]	0.0	0.0	0.0	0.0	0.0	0.0
Externally recycled amount	[tons]	128.6	82.2	69.5	5.8	8.3	116.5
Final disposal quantity by landfill	[tons]	8.3	0.1	2.9	11.5	0.3	0.0
Emissions of PRTR Act-controlled substances	[tons]	3.9	2.3	0.0	0.0	0.0	0.6

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]	1.9	2.9	2.9	-	-	38.1
Total energy input	[thousand GJ]	7.1	7.6	12.8	6.3	5.3	412.4
Total substance input	[thousand tons]	1.9	2.3	-	-	-	-
Water resource input	[thousand m ³]	33.1	8.8	1.0	-	-	1,962.6
Greenhouse gas emissions	[thousand tons of CO ₂]	0.3	0.0	0.4	0.4	0.2	31.7
SOx emission	[tons]	0.00	0.00	0.00	-	-	2.12
NOx emissions	[tons]	0.53	0.00	0.00	-	-	4.77
COD emissions	[tons]	0.2	0.0	0.0	-	-	104.0
Waste quantity from plants	[tons]	22.2	179.7	64.7	-	-	3,886.6
Internally recycled quantity	[tons]	0.0	0.0	0.0	-	-	0.0
Externally recycled amount	[tons]	22.1	179.1	61.4	-	-	631.3
Final disposal quantity by landfill	[tons]	0.1	0.6	3.2	-	-	1,031.1
Emissions of PRTR Act-controlled substances	[tons]	0.0	0.0	27.5	-	-	-



Domestic Group

(Unit: tons / year)

Cabinet order No.	Substance	Emissions into atmosphere	Emissions into water	Emissions into soil	Total emissions	Transfer quantity	Externally recycled quantity
8	Methyl acrylate	0.3	0.0	0.0	0.3	255.7	0.0
13	Acetonitrile	0.2	0.0	0.0	0.2	169.3	41.9
68	1,2-epoxypropane	4.2	0.0	0.0	4.2	0.0	0.0
80	Xylene	2.3	0.0	0.0	2.3	1.4	0.1
83	Cumene/isopropylbenzene	16.1	0.0	0.0	16.1	0.0	96.1
123	3-chloropropene	5.7	0.0	0.0	5.7	13.4	0.0
127	Chloroform	2.6	0.0	0.0	2.6	25.9	0.0
128	Normal hexane	17.7	0.0	0.0	17.7	0.0	0.0
131	3-Chloro-2-methyl-1-propene	5.1	0.0	0.0	5.1	0.0	0.0
186	Dichloromethane	30.3	0.0	0.0	30.3	70.1	21.9
262	Tetrachloroethylene	1.7	0.0	0.0	1.7	1.5	0.0
281	Trichlorethylene	1.1	0.0	0.0	1.1	1.2	0.0
300	Toluene	31.9	0.0	0.0	31.9	93.4	0.6
308	Nickel	0.0	0.0	0.0	0.0	1.6	0.0
330	Bis (1-methyl-1-phenylethyl) peroxide	0.0	0.0	0.0	0.0	0.0	1.0
366	tert-Butyl hydroperoxide	0.4	0.0	0.0	0.4	37.3	0.0
392	n-hexane	18.7	0.0	0.0	18.7	54.9	0.0
400	Benzene	0.0	0.0	0.0	0.0	6.8	0.0
407	Poly (oxyethylene)=alkyl ether (limited to alkyl group with C numbers of 12 to 15 and mixtures thereof)	0.0	0.0	0.0	0.0	2.0	0.0
436	alpha-Methylstyrene	0.2	0.0	0.0	0.2	19.1	40.1
440	1-Methyl-1-phenylethyl hydroperoxide	0.0	0.0	0.0	0.0	0.0	1.3
448	Methylenebis(4,1-phenylene)=diisocyanate	0.0	0.0	0.0	0.0	1.5	0.0
—	Other substances (93 materials)	4.7	0.2	0.0	4.8	3.1	0.1
Total		143.2	0.2	0.0	143.3	758.0	203.0

NOF

(Unit: tons / year)

Cabinet order No.	Substance	Emissions into atmosphere	Emissions into water	Emissions into soil	Total emissions	Transfer quantity	Externally recycled quantity
8	Methyl acrylate	0.3	0.0	0.0	0.3	255.7	0.0
13	Acetonitrile	0.2	0.0	0.0	0.2	169.3	41.9
68	1,2-epoxypropane	4.2	0.0	0.0	4.2	0.0	0.0
83	Cumene/isopropylbenzene	16.1	0.0	0.0	16.1	0.0	96.1
123	3-chloropropene	5.7	0.0	0.0	5.7	13.4	0.0
127	Chloroform	2.6	0.0	0.0	2.6	25.9	0.0
128	Normal hexane	17.7	0.0	0.0	17.7	0.0	0.0
131	3-Chloro-2-methyl-1-propene	5.1	0.0	0.0	5.1	0.0	0.0
186	Dichloromethane	2.4	0.0	0.0	2.4	70.1	0.0
224	N,N-Dimethyldodecylamine=N-oxide	0.0	0.0	0.0	0.0	0.7	0.0
300	Toluene	31.0	0.0	0.0	31.0	92.9	0.1
308	Nickel	0.0	0.0	0.0	0.0	1.6	0.0
330	Bis (1-methyl-1-phenylethyl) peroxide	0.0	0.0	0.0	0.0	0.0	1.0
366	tert-Butyl hydroperoxide	0.4	0.0	0.0	0.4	37.3	0.0
392	n-hexane	18.7	0.0	0.0	18.7	54.9	0.0
400	Benzene	0.0	0.0	0.0	0.0	6.8	0.0
407	Poly (oxyethylene)=alkyl ether (limited to alkyl group with C numbers of 12 to 15 and mixtures thereof)	0.0	0.0	0.0	0.0	2.0	0.0
436	alpha-Methylstyrene	0.2	0.0	0.0	0.2	19.1	40.1
440	1-Methyl-1-phenylethyl hydroperoxide	0.0	0.0	0.0	0.0	0.0	1.3
—	Other substances (89 materials)	4.2	0.2	0.0	4.4	0.9	0.1
Total		108.8	0.2	0.0	109.0	750.5	180.5



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, 2022 to March 31, 2023] with reference to the GRI Standards..
Utilized GRI 1 disclosure items	GRI 1 : Foundation 2021

	Disclosures	Sustainability Report 2023 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 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-2 Entities included in the organization's sustainability reporting	Sustainability Report [Editorial Policy] ...P.003 NOF website [Corporate Information] 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 Report [Editorial Policy] ...P.003 ...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 Report [NOF's Philosophy] ...P.005~007 [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 [New Mid-term Management Plan] Prioritized business fields ...P.020~021 [NOF's Business Strategies] ...P.070~083 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements



GRI Standards Content Index | 2: General Disclosures

	Disclosures	Sustainability Report 2023 or other disclosure sections outside of this document
GRI 2 General Disclosures 2021	2-7 Employees	<p>Sustainability Report [Value Creation Process] ...P.019~020</p> <p>[Response to Human Capital] Strategy for Human Capital / Metrics and Targets [Theme (2): Diversity] ...P.131</p> <p>[Employment] New Employee Hiring / Turnover / Section Plans / Raising of the Retirement Age ...P.136</p> <p>[Diversity] ...P.154~157</p> <p>Securities Report https://www.nof.co.jp/english/ir/library/financial-statements</p>
	2-8 Workers who are not employees	<p>Sustainability Report [Value Creation Process] ...P.019~020</p>
	3 Governance	
	2-9 Governance structure and composition	<p>Sustainability Report [Corporate Governance] ...P.031~040</p> <p>Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf</p> <p>Securities Report https://www.nof.co.jp/english/ir/library/financial-statements</p>
	2-10 Nomination and selection of the highest governance body	<p>Sustainability Report [Corporate Governance] Organizational Setup for Corporate Governance ...P.031~032</p> <p>Governance in the Sustainability Report ...P.033</p> <p>Officers ...P.034~035</p> <p>Outside Directors ...P.036</p> <p>Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf</p> <p>Securities Report https://www.nof.co.jp/english/ir/library/financial-statements</p>
	2-11 Chair of the highest governance body	<p>Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf</p> <p>Securities Report https://www.nof.co.jp/english/ir/library/financial-statements</p>
	2-12 Role of the highest governance body in overseeing the management of impacts	<p>Sustainability Report [Corporate Governance] Organizational Setup for Corporate Governance ...P.031~032</p> <p>Governance in the Sustainability Report ...P.033</p> <p>[Corrective Process Against Negative Impacts] ...P.064~071</p> <p>[Responses to Climate Change (TCFD)]</p> <p>Disclosure in Line with TCFD Recommendations: Governance ...P.089</p> <p>Disclosure in Line with TCFD Recommendations: Risk Management ...P.095</p> <p>[Response to Human Capital] Governance for Human Capital ...P.128</p> <p>Strategy for Human Capital / Risks and Opportunities ...P.133</p> <p>Risk Management for Human Capital ...P.134</p> <p>Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf</p> <p>Securities Report https://www.nof.co.jp/english/ir/library/financial-statements</p>



GRI Standards Content Index | 2: General Disclosures

	Disclosures	Sustainability Report 2023 or other disclosure sections outside of this document
GRI 2 General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	Sustainability Report [Corporate Governance] Organizational Setup for Corporate Governance ...P.031~032 Governance in the Sustainability Report ...P.033 [RC Management] Management System ...P.043 [Quality Assurance] ...P.044~046 [Management] Development status of EMS ...P.104 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
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report [Corporate Governance] Governance in the Sustainability Report ...P.033 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-15 Conflicts of interest	Sustainability Report [Corporate Governance] Conflicts of interest ...P.037 Corporate Governance Report https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf
	2-16 Communication of critical concerns	Sustainability Report [Corrective Process Against Negative Impacts] Risk management ...P.064~067 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-17 Collective knowledge of the highest governance body	Sustainability Report [Training and Costs] Talent Development System ...P.151 [Corporate Governance] Organizational Setup for Corporate Governance ...P.031~032 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-18 Evaluation of the performance of the highest governance body	Sustainability Report [Corporate Governance] Board of Directors ...P.038
	2-19 Remuneration policies	Sustainability Report [Corporate Governance] Officer Compensation System ...P.039~040 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-20 Process to determine remuneration	Sustainability Report [Corporate Governance] Officer Compensation System ...P.039~040 Securities Report https://www.nof.co.jp/english/ir/library/financial-statements
	2-21 Annual total compensation ratio	--
	4 Strategy, policies and practices	
2-22 Statement on sustainable development strategy	Sustainability Report [Message from the President] ...P.048~054 [New Mid-term Management Plan] ...P.055~060 [Reorganization] ...P.061~062	



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GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability Report [Biodiversity conservation] Biodiversity conservation activities visualized with a map ...P.111
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	306-4 Waste diverted from disposal	Sustainability Report <ul style="list-style-type: none"> [Raw materials] ...P.107~108 [Waste] Resource circulation ...P.121 [Environmental performance data] Changes ...P.167~168 Fiscal 2022 performance by organizational unit ...P.169~170
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GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	—
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability Report <ul style="list-style-type: none"> [Management] Chemical safety ...P.105~106 [Supplier environmental assessment] Promotion of CSR-based procurement ...P.123~125



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	401-3 Parental leave	Sustainability Report [Response to Human Capital] Strategy for Human Capital / Metrics and Targets ...P.129 Strategy for Human Capital / Metrics and Targets [Theme (2): Diversity] ...P.131 [Employment] Systems that support diverse working styles ...P.137 Support for childcare and nursing care ...P.139
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GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report [Corporate Governance] Development of internal control system ...P.32 [RC management] ...P.041-043 [Occupational Safety and Health] Occupational Safety and Health Policy ...P.141 Promotion of Health ...P.148-149
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	403-9 Work-related injuries	Sustainability Report [Occupational Safety and Health] Prevention and reduction ...P.150
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GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	–
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	404-3 Percentage of employees receiving regular performance and career development reviews	–
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Report [Response to Human Capital] Strategy for Human Capital / Metrics and Targets [Theme (2): Diversity] ...P.131 [Diversity] ...P.154-157
	405-2 Ratio of basic salary and remuneration of women to men	Sustainability Report [Response to Human Capital] Strategy for Human Capital / Metrics and Targets [Theme (2): Diversity] ...P.131 [Diversity] Remuneration ...P.157
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Not Applicable
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	Not Applicable
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Not Applicable
GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	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
GRI 413 Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Report [Local Communities] Dialogue Activities ...P.159 Communities and Cooperation ...P.160 Socially Beneficial Activities ...P.161~163
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Applicable
GRI 414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	–
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability Report [Supplier environmental assessment] Promotion of CSR-based procurement ...P.123~125 [Human Rights] ...P.158
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GRI 416 Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability Report [Quality Assurance] ...P.044~046 [Customer Health and Safety] ...P.164
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GRI 417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Sustainability Report [NOF's clean tech] ...P.021~029 [Customer Health and Safety] ...P.164
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6.6.5	Fair competition	Sustainability Report [Supplier environmental assessment] Promotion of CSR-based procurement ...P.123~125 Code of Ethical Conduct Page10 ...PDF Page12
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6.8.9	Social investment	Sustainability Report [Local Communities] Socially Beneficial Activities ...P.161~163



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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 [Response to climate change] Disclosure in line with TCFD recommendations: Governance ...P.089
b)	Management's role in assessing and managing climate-related risks and opportunities.	Sustainability Report [Response to climate change] Disclosure in line with TCFD recommendations: Governance ...P.089 Disclosure in line with TCFD recommendations: Risk management ...P.095

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 [Response to climate change] Disclosure in line with TCFD recommendations: Strategy ...P.090~094
b)	Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Sustainability Report [Response to climate change] Disclosure in line with TCFD recommendations: Strategy ...P.090~094
c)	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Sustainability Report [Response to climate change] Disclosure in line with TCFD recommendations: Strategy ...P.090~094

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 [Response to climate change] Disclosure in line with TCFD recommendations: Governance ...P.089 Disclosure in line with TCFD recommendations: Risk management ...P.095
b)	Organization's processes for managing climate-related risks.	Sustainability Report [Response to climate change] Disclosure in line with TCFD recommendations: Risk management ...P.095
c)	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Sustainability Report [Response to climate change] Disclosure in line with TCFD recommendations: Risk management ...P.095

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 [Response to climate change] Disclosure in line with TCFD recommendations: Metrics and Targets ...P.096
b)	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Sustainability Report [Response to climate change] Status of Greenhouse Gas Reduction Efforts/ Emissions ...P.097~099
c)	Targets used by the organization to manage climate-related risks and opportunities and performance against targets	Sustainability Report [Response to climate change] Disclosure in line with TCFD recommendations: Metrics and Targets ...P.096

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