Materiality

In order to realize our ideal state in 2050 as set out in our long-term business plan "Atelier 2050", to be "a future-creating company that grows through seeking to enrich people and nature", and "a group of co-creators that face challenges for change with a strong passion", in FY2022, we reviewed the materiality that we need to address. With the aim of achieving sustainable development for society and the Nissan Chemical Group, we are managing our progress on an annual basis by using the KPIs up to FY2027 set in our mid-term business plan for "Vista2027" as indicators for sustainable management.

Three Materiality of Nissan Chemical Group

Provision of new value for helping to enrich people's lives

We aim to provide new value for helping to enrich people's lives through four businesses based on core technologies.

Strengthening of Nissan Chemical's business base

We aim to strengthen our business base to improve our ability to respond to increasingly diverse and sophisticated marketing needs.

Continuous improvement of responsible care activities

We aim to enhance the maintenance of environment, health, and safety through the operation of the Nissan Chemical Responsible Care Management System.

Materiality Identification Process

Gain Understanding About Social Issues and **Social Changes**

Social issues and social changes looking ahead to 2050 and issues to be addressed by Nissan Chemical were discussed across the Company in the "Business Planning Project" led by the President and the Vice President, and it was confirmed that there have been no major changes in social issues and social changes since the previous formulation.

Social Issues and Social Changes

Environment Advanced climate

- Global crisis Exacerbation of the
- Social Increase of requests for consideration of health and safety in the work environment
- Advent of a smart society Changes in lifestyle
- Labor shortage
- Worsening health issues

Economy

- Intensification of inter-corporate competitions
- Diversification of risk factors
- Increase of requests for sustainability considerations in the supply chain
- Increase of interest in corporate governance
- Increase of requests for information disclosure

Review of Materiality and Materiality Factors We reviewed materiality and materiality factors with reference to the SDGs, evaluation items of ESG-related evaluation organizations such as DJSI and FTSE, and sustainability information disclosure guidelines such as SASB, and determined that the materiality identified in the previous mid-term business plan "Vista2021" remains a priority issue for Nissan Chemical. On the other hand, in light of the priority of Nissan Chemical's business base and the results of our activities under Vista2021, we have added "safety and disaster prevention" as a new materiality factor, and summarized into 30 materiality factors.

Management of Impact on Our Group

In regards to the 30 materiality factors, we considered and analyzed the social issues and social changes, and then made arrangements to manage the impact on the Group.

Exchange of Opinions with Directors and Audit & Supervisory Board Members, including Outside Officers

From the perspective of incorporating outside opinions, we exchanged opinions in intensive discussions with directors and audit & supervisory board members, including outside officers, regarding the materiality and materiality factors that had been reviewed in the Business Planning Project.

Identification of Materiality and **Materiality Factors** (through resolution at the Board of Directors)

The Board of Directors confirmed and resolved the appropriateness of the materiality, materiality factors, and key performance indicators (KPIs) for each materiality factor, which were identified based on the discussions in the Business Planning Project and the opinions of the officers.

Materiality Initiatives and KPI

Materiality	Materiality factor	Vista2027 Major Initiatives	FY2027 Target	FY2022 Result	Relation
Provision of new value for helping to enrich people's lives	Supply of environmental- friendly products and services	Development of materials that contribute to the expansion of renewable energy Development of materials that contribute to the achievement of a circular economy Reduction of the application amount of agrochemicals Introduction of recyclable packaging materials Supply of exhaust gas removal materials Supply of disinfectants and water treatment for septic tanks Supply of materials that enable reduction of oil and fat waste	● Net sales: +10% compared to FY2021	Net sales: +16% compared to FY2021	2 MDD AND AND AND AND AND AND AND AND AND A
	Contribution to smart society	Supply of materials that contribute to higher capacity/speed of data communication and sensing	Net sales: +55% compared to FY2021	Net sales: +6% compared to FY2021	9 to great to co
	Contribution to the food issues	Supply of agrochemicals to increase crop yields and conserve agricultural labor in food production Contribution to the maintenance of health of livestock	Net sales: +15% compared to FY2021	Net sales: +22% compared to FY2021	7 ACCOUNTS 10 TO 1
	Contribution to the improvement of the quality of life	Supply of disinfectants for drinking water Contribution to maintaining the health of companion animals	Net sales: +15% compared to FY2021	Net sales: +34% compared to FY2021	
	Contribution to health issues	Supply of generic drugs Offer of contracted manufacturing and service for pharmaceuticals Development of materials for regenerative medicine market Development of drugs for intractable diseases	Net sales: +5% compared to FY2021	Net sales: +4% compared to FY2021	13 stars 14 stars core 15 stars
	Nissan Chemical Sustainable Agenda	Provision of products and services that contribute to solving social issues	 Maintaining at least 55% in consolidated net sales 	Above 55%	
Strengthening of Nissan Chemical's business base	Enhancement of R&D capability	Acceleration of R&D through the use of AI Expansion of core technologies Further use of open innovation	● Total number of patent applications (FY2022 to 2027): 2,500	Number of patent applications: 378	
	Improvement of products quality	Prevention of serious complaints Prevention of quality fraud and data tampering	Number of serious complaints: Zero Attendance rate of quality training: At least 90%	Number of serious complaints: 1 Attendance rate of quality training: 85%	
	Maintenance and improvement of employees' health	Promotion of measures against lifestyle- related diseases Implementation of mental health measures Awareness activities for employees on maintaining their health Promotion of female's health	 Rate of employees within appropriate weight*: At least 70% *BMI (body mass index): 18.5 to 25.0 	● 68%	5 today S today 8 today non
	Creation of a comfortable workplace	Promotion of work-life balance Implementation of measures against	Utilization rate for annual paid leaves: At least 80%	● 81%	8 crash foot. 8 crash foot. 9 sector less crash foot. 10 sector less crash foot.
	Personnel retention and trainings	Introduction of a new personnel system (role grading system) Strengthening of career development Enhancement of self-development support programs	Positive response rate in survey of employee attitude on human resources development: At least 65%	● 60.5%	10 BOOM IN COMMENT OF THE PROPERTY OF THE PROP
	Promotion of diversity	Promotion of active participation of females Recruitment of international students Promotion of employment of persons with disabilities	Proportion of females in the regular position: At least 13% Proportion of female researchers in the regular position: At least 18%	Proportion of females in the regular position: 11.0% Proportion of female researchers in the regular position: 14.8%	13 EANE
	Promotion of fair-trading	Holding in-house training sessions, and conduction of other educational and awareness activities Conduction of educational and awareness activities for compliance	Zero violations of antitrust laws Zero bribery of foreign public officials	Number of violations of antitrust laws: 0 Number of bribery of foreign public officials: 0	16 HISCLANTE AND THE A
	Promotion of sustainable procurement	Provision of feedbacks on results of sustainable procurement survey Provision of supports in improvement for suppliers that do not meet the Company's standards	 Provision rate of supports in improvement for suppliers that do not meet the Company's standards: At least 90% 	Provided feedback to suppliers who responded to the previous mid-term business plan and those who responded in the first half of FY2022	
	Adaptation to climate change	 Maintaining and improving the resilience of business activities in the event of natural disasters 	 Update and maintenance of Business Continuity Plans (BCPs) for products that account for 50% of ordinary income 	 Updated or maintained BCPs for products that account for 41% of ordinary income 	
Continuous improvement of responsible care activities	Mitigation of climate change	GHG emissions reduction	 GHG emissions: Reducing by at least 30% from FY2018 level 	GHG emissions: Reduced by 9.8% from FY2018 level	
	Promotion of occupational health and safety	 Strengthening of occupational safety management 	Zero accidents requiring staff time off from work Number of occupational accidents: Reducing by half compared to FY2020	Number of accidents requiring staff time off from work: 2 Number of occupational accidents: 7 (FY2020: 8) Held e-learning course on occupational safety (at Nissan Chemical and 2 Group companies)	8 CONTROL OF CONTROL O
	Biodiversity conservation	 Promotion of biodiversity conservation activities 	 Establishment and operation of Bio-Parks at Nissan Chemical's plants 	Established the Saitama Plant Bio-Garden	13 CAME 13 KETS 14 KETS 14 KETS 14 KETS 14 KETS 15 KET
	Management of chemical substances	Compliance with laws and regulations regarding the use of chemical substances	Continuation of zero serious violations of laws and regulations	 Number of serious violations of laws and regulations: 0 (maintained) 	14 105 minus
	Reduction of industrial waste and pollutant emissions	Reduction of industrial waste and pollutant emissions for final disposal	 Reduction in final disposal ratio at Nissan Chemical's plants (compared to FY2020) 	22.6% (FY2020: 14.3%)	15 in an
	Safety and disaster prevention	Strengthening of the management of safety and disaster prevention	 Zero fires, explosions and chemical spills Zero safety accidents 	Number of fire: 1, Number of explosions: 0, Number of chemical spills: 0 Number of safety accidents: 1	<u></u>

Materiality and SDGs Web https://www.nissanchem.co.jp/eng/csr_info/management/materiality.html

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