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

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

About 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 ESGrelated 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 with SDGs
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: +9% compared to FY2021	2 === 3 ====== -//-> 6 ======= 7 ======
	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: +10% compared to FY2021	O MODELLA MODELLA
	Contribution to 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: +20% compared to FY2021	7
	Contribution to 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: +42% compared to FY2021	12 SECONDIAL SOCIAL SOC
	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: -5% compared to FY2021	13 and 14
	Rate of total sales of prod social issues in consolida Nissan Chemical Sustain		Maintain at least 55%	Above 55%	<u></u>
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	Cumulative number of patent applications since FY2022: 775 (FY2023: 397)	
	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: Zero Attendance rate of quality training: 92%	
	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 	● 69.6%	5 minutes and a
	Creation of a comfortable workplace	Promotion of work-life balance Implementation of measures against harassment Support for childcare and nursing care, encouraging male employees to take parental leaves	Utilization rate for annual paid leaves: At least 80%	● 85.1%	9
	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%	● 58.5%	11 SECONDATE OFFE
	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: 11.8% Proportion of female researchers in the regular position: 16.0%	13 GAMT
	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: Zero Number of bribery of foreign public officials: Zero	16 ANN. ARREST
	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% 	● 83.3%	₩.
	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 21.5% 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	Accidents requiring staff time off from work: 4 Occupational accidents: 10 (FY2020: 8) Held e-learning course on occupational safety (at Nissan Chemical and 3 Group companies)	8 acces som and 12 accessed accessed 13 accessed accessed 14 accessed accessed 15 accessed accessed 16 accessed accessed 17 accessed accessed 18 accessed accessed accessed 18 accessed accessed accessed 18 accessed accessed accessed accessed 18 accessed accessed accessed accessed 18 accessed accessed accessed accessed accessed accessed accessed 18 accessed acces
	Biodiversity conservation	 Promotion of biodiversity conservation activities 	 Establishment and operation of Bio-Parks at Nissan Chemical's plants 	 Established the Onoda Plant Bio-Garden (Establish and operate at 4 out of 5 plants) 	13 street
	Management of chemical substances	Compliance with laws and regulations regarding the use of chemical substances	 Continuation of zero serious violations of laws and regulations 	 Serious violations of laws and regulations Zero (maintained) 	
	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) 	• 22.8% (FY2020: 14.3%)	15 III
	Safety and disaster prevention	 Strengthening of the management of safety and disaster prevention 	Zero fires, explosions and chemical spillsZero safety accidents	Fires: 2, Explosions: 0, Chemical spills: 0Safety accidents: 1	

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

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