

Materiality

Striving to address materiality by leveraging our strengths and proactively cooperating with external parties

Following the expansion of its overseas businesses, NPHD reviewed its materiality based on the policy of placing the perspective of SDGs and ESG at the core of management.

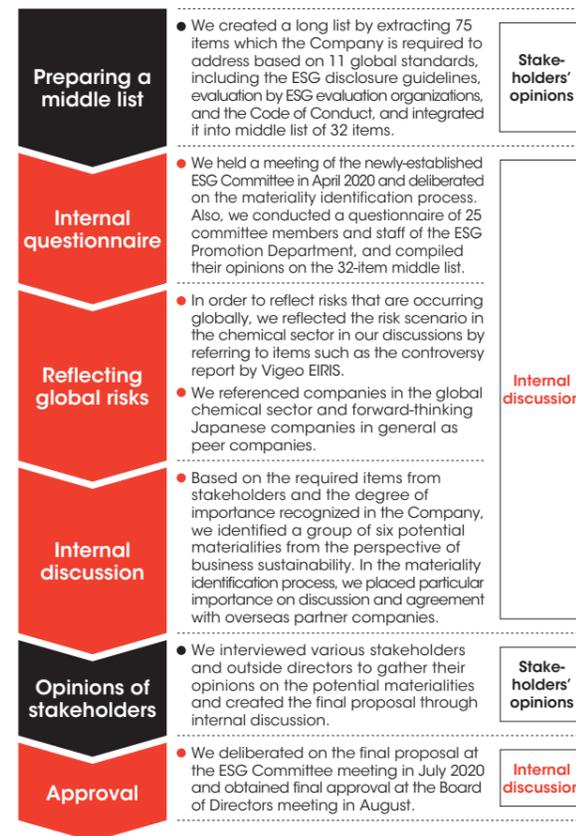
Materiality and its identification process

In identifying materiality, we created a list of crucial issues which society requires us to address by referencing international guidelines such as GRI and SASB, as well as items required by ESG research organizations, and performed quantitative evaluation of these issues and verified their importance from the two aspects of "degree of importance to stakeholders" and "degree of importance to businesses."

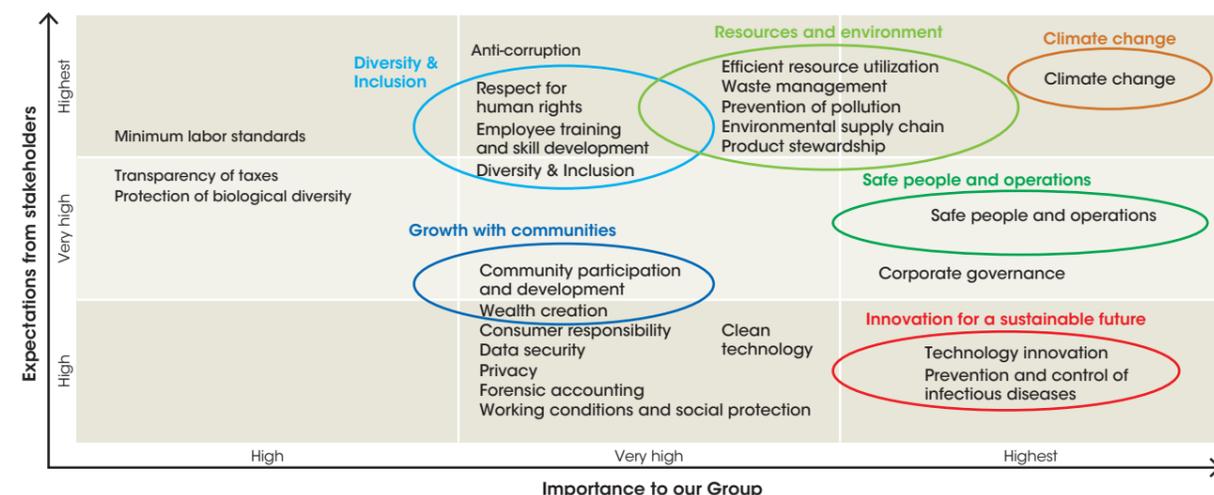
We incorporated an objective viewpoint through dialogue with external experts and held discussions with our partner companies in Japan and abroad to extract crucial issues based on our business model and business environment. We subsequently reviewed these crucial issues, mainly by the management team, and identified the materialities of the Company.

Based on these materialities, we will work on resolving social issues by leveraging the Group's strengths and proactively cooperating with external parties. We will contribute to the achievement of the Sustainable Development Goals (SDGs), which were set and adopted by the United Nations in 2015. We will also set KPIs for each identified materiality and manage and oversee the progress of materiality initiatives at Board of Directors meetings.

Materiality identification process



Materiality map



Reasons for identification as materiality and relevant SDGs

Materiality	Relevant SDGs	Explanation of materiality
Climate change	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION	Climate change is beginning to have a serious impact on our lives every year. To mitigate the impact of climate change, we will work to reduce greenhouse gas (GHG) emissions and minimize business risks caused by climate change.
Resources and environment	3 GOOD HEALTH AND WELLBEING, 6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER	Effective use of resources such as water, energy, and raw materials, and prevention of environmental pollution are important matters for sustainable business. We will advance these efforts throughout life cycle of products.
Diversity & Inclusion	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	Respect for the people around us and active acceptance of diverse values are important for our sustainable growth. We place great importance on the diversity of employees and other people involved in the business and respect human rights.
Safe people and operations	3 GOOD HEALTH AND WELLBEING, 4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH	As a chemical manufacturer, we still believe that accidents and health damage caused by handling chemical substances are major risks. We will ensure the safety of employees and everyone involved in our business, and will make investments and education to minimize risks.
Growth with communities	1 NO POVERTY, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	We will invest in communities through our value chain and to achieve sustainable business growth based on market growth, brand strengthening and good relationships with local communities.
Innovation for a sustainable future	3 GOOD HEALTH AND WELLBEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS	In today's society, problems that are difficult to solve with past methods are becoming more and more apparent. We will strengthen our innovation output with active utilization of partnerships.