

Strategy

Growth Strategy – Backcast from 2032 “Ideal NAGASE”

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Medium-Term Management Plan

Reform of our profit structure

- 1) Pursuing profitability and efficiency
- 2) Strengthening existing businesses
- 3) Creating sustainable businesses

Reform of our corporate culture

- 1) Pursuing economic and social value
- 2) Pursuing efficiency
- 3) Strengthening human resources to drive reform

Functions supporting reforms

- 1) Further Accelerating DX (Digital Transformation)
- 2) Promoting sustainability
- 3) Strengthening corporate functions

Medium-Term Management Plan: 5 Years in Pursuit of Quality as We Move toward “Ideal NAGASE”

Medium-Term Management Plan ACE 2.0 is the second stage of our campaign toward achieving “Ideal NAGASE,” and we have dedicated the five-year period it covers—from fiscal 2021 to fiscal 2025—to the pursuit of quality. To us, pursuit of quality means giving concrete form (in our business, our systems, and our corporate culture) to the expectations of our shareholders. We are aiming to achieve this, all while maintaining an ACE (Accountability, Commitment, and Efficiency) approach, in order to facilitate the NAGASE Group’s sustainable growth.



ACE 2.0 Basic Policies

Become a true “Business Designer”

ACE 2.0 With an ACE (Accountability, Commitment, and Efficiency) mindset, and in order to facilitate the NAGASE Group’s sustainable growth, **“Pursuit of Quality”** we are giving concrete form (in our business, our systems, and our corporate culture) to the consideration that our stakeholders expect from us (pursuit) (quality)

Reform of our profit structure >For more details, see P.27

Create a profit base toward the “Ideal NAGASE”

- Pursuing profitability and efficiency**
• Company-wide businesses replacement and reallocation of resources
- Strengthening existing businesses**
• Expand our business opportunities through globalization
• Increase value added through manufacturing productivity improvements and technical innovation
- Creating “N-Sustainable businesses”**

Reform of our corporate culture >For more details, see P.35

Mindset toward the “Ideal NAGASE”

- Pursuing economic and social value**
• Cultivating sustainability-related mindsets and thoroughly monitoring financial and non-financial data
- Pursuing efficiency**
• Deepen awareness of capital efficiency
• Improve productivity of core operations
- Strengthening human resources to drive reform**

Functions supporting reforms >For more details, see P.43

- Accelerating digital transformation further
- Promoting sustainability
- Strengthening corporate functions

Quantitative Goals (KGIs, KPIs)

The key goal indicators (KGIs) for “Pursuit of Quality” in regard to enhancing the rate of capital efficiency are ROE of 8.0% or more and operating income of ¥35.0 billion for improvement of profitability. Key performance indicators (KPIs) have also been set for profit structure reform, corporate culture reform and corporate functions supporting reforms and we rigorously manage these goals.

“Pursuit of Quality” KGIs (KGI: Key Goal Indicator)

Measures	Indicators	FY2020	FY2021	FY2022	FY2025*
Improvement in capital efficiency	ROE	5.9%	7.7%	6.6%	8.0% or more
Increased profitability	Operating income	21.9 billion yen	35.2 billion yen	33.3 billion yen	35.0 billion yen

* FY2025 assumptions: 1 USD = 108.7 yen, 1 RMB = 15.6 yen

Key Performance Indicators (KPIs) for Achieving the “Pursuit of Quality” (KPI: Key Performance Indicator)

Reform/ Function	Measures	Indicators	FY2020	FY2025
Reform of our profit structure	Company-wide businesses replacement and reallocation of resources	Growth investments*1	—	150.0 billion yen*2
		Secure 10% of company-wide invested capital and reinvest in focus and development areas	—	10% or more
	Create “N-Sustainable businesses”	Operating income	—	5.0 billion yen or more*3
Reform of our corporate culture	Improve productivity of manufacturing and expand value added through technical innovation	Manufacturing business operating income*4	13.8 billion yen*5	20.0 billion yen or more
		Ratio of general administrative expenses to gross profit*6	57.1%*7	52.1%
	Deepen awareness of capital efficiency	Net DE ratio	0.23 times	0.5 times or less
Functions supporting reforms	Accelerate digital transformation further	Invested capital (including expenses)*8	2.4 billion yen	10.0 billion*2

*1 N-Sustainable investment, new business investment, DX-related investment, R&D expenses, working capital *2 Five-year cumulative total *3 Figure based on internal management *4 Simple sum calculation *5 Manufacturing classifications were reviewed, and Prinova Group was reclassified as a manufacturing business from fiscal 2021. This new classification has been retroactively applied to performance figures for fiscal 2020. *6 Excludes R&D expenses, amortization of goodwill and other acquisition-related intangible assets, and profit and loss due to amortization of actuarial differences *7 Average figure for the five-year period from fiscal 2016 to fiscal 2020 *8 Five-year cumulative total of 10.0 billion yen in DX-related investments is included in growth investments of 150.0 billion yen

Review results and measures for Medium-Term Management Plan ACE 2.0

ACE 2.0 “Pursuit of Quality”

Reform of our profit structure

- Capital investment and revenue growth in focus areas (food, semiconductors)
- Developing new **bio-related** materials and launching related marketing
- Selling unprofitable businesses** and consolidating our overseas bases

Reform of our corporate culture

- Work style innovation** in connection with office relocation
- Promoting diversity** through mid-career recruitment
- Reducing **cross-shareholdings**

Functions supporting reforms

- Improving employee engagement** through enhancing opportunities for dialogue
- Promoting carbon neutrality in partnership with Zeroboard, Inc.**
- Improving our ESG scores** from external assessment bodies

Results to date (up to March 2023)

Challenges identified in April 2023

- The need for partial or full review of the Plan (the conditions on which it is based have changed in excess of certain limits)
- An ambitious growth strategy that will take the Company to new heights
- Decision-making processes and Company systems able to respond to the speed of changes in our business environment
- Not fully leveraging our resources to their limits (fostering readiness to take on challenges)
- Eliminating waste
- Increasing awareness of sustainability

Launch of QUICK WINS

QUICK WINS: maximizing and optimizing use of resources (people, finances, and time)

Developing our business and financial portfolio

- Manage and implement our business portfolio based on ROIC
- Rebuild and reorganize unprofitable businesses (including businesses at risk of impairment)
- Execute a corporate-led growth strategy
- Strengthen our search and development (S&D) capacities
- Advance our digital marketing

Implemented policies

- Set WACC targets for each of our businesses in the aim of increasing ROIC
- Formulated an action plan and decision-making processes for exit planning
- Shifted resources at our bases and in other areas from mature markets to growth markets
- Formulated a growth strategy for the future**
- Decided on a corporate venture capital (CVC) framework with the aim of creating new businesses

Enhancing governance of management processes

- Consolidate and manage our organization with rationality and efficiency as our goals
- Review and effectively utilize decision-making structures
- Delegate authority

Implemented policies

- Consolidated our 11 divisions into 7 and sped up our decision-making processes
- Reviewed meeting structure and made our business operations more efficient
- Began delegation of authority

Rebuilding our human resources portfolio

- Train our next generation of human resources
- Talent management (reallocation of human capital)
- Develop infrastructure for implementation of D&I initiatives and review systems and structures

Implemented policies

- Introduced an HRBP system (strengthening collaboration between our corporate and other divisions)
- Reallocated human capital through consolidation of our divisions
- Encouraged dialogue between management and employees
- Set fiscal 2025 targets for the proportion of women among new career-track hires (30% or more) and for the percentage of management roles held by women (6% or more)

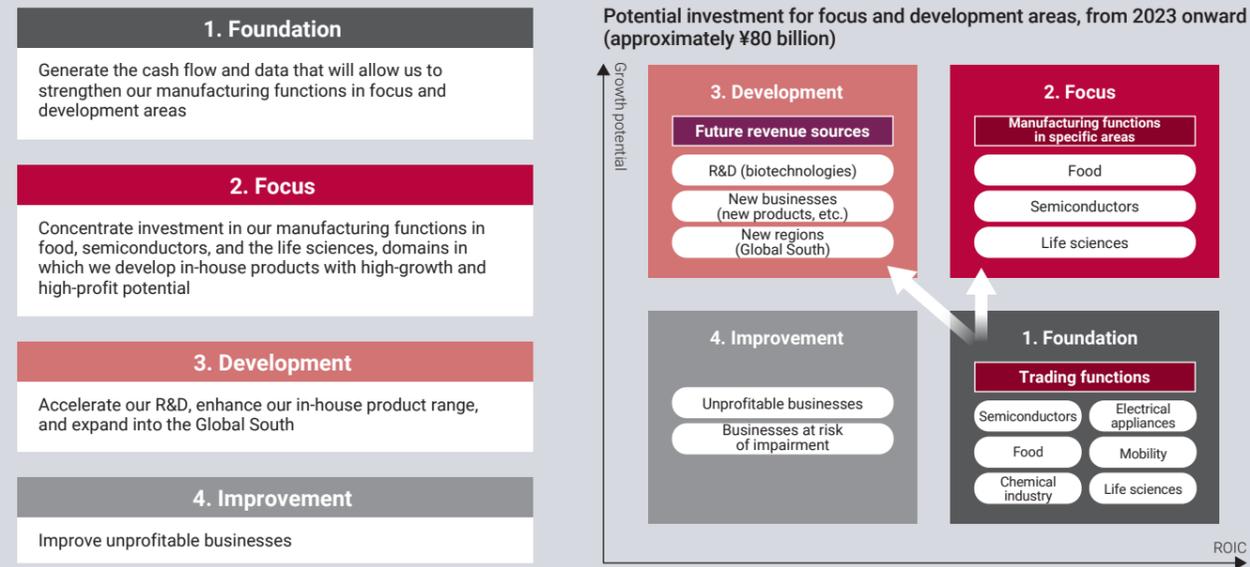
Reform of Our Profit Structure

The key to profit structure reform is to secure and redeploy management resources to maximize efficiency. Specifically, from the standpoint of efficiency and growth potential, we have classified businesses into four quadrants: Improvement, Foundation, Development, and Focus, and are executing strategies according to each area.

A growth strategy for the future

Reorganizing each of our business domains along the lines of our trading, manufacturing, and R&D functions

NAGASE possesses manufacturing and R&D functions as well as its trading functions. While we had previously created four organizational quadrants divided along business lines, we have chosen to reorganize these quadrants to classify our businesses according to their functions, in order to clearly identify each business's functions and areas where we should invest our management resources. We will utilize management resources and data generated by our trading functions (one of our core operations) in our focus and development areas.



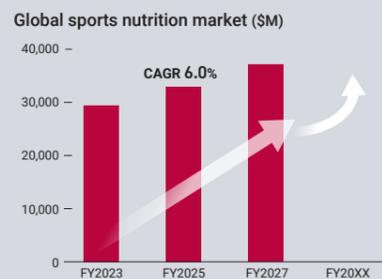
2. Focus Manufacturing functions in food-related fields

Expand our highly profitable manufacturing and processing businesses, and contribute to expanding healthy-life expectancy and reducing food waste

Social issues and needs

- Increasing health consciousness globally
- Awareness of food waste issues

Market growth potential



NAGASE's strengths and the solutions

- NAGASE × Prinova × Hayashibara**
- Point of contact with the sports nutrition market, which offers high growth potential
 - Wide-ranging ingredients line-up, including our own functional food ingredients (ingredients we manufacture ourselves include TREHA®, Fibryxa™, HAYASHIBARA HESPERIDIN S)
 - Global sales network
 - M&A experience and knowhow
 - A business model offering one-stop solutions from procurement to manufacturing

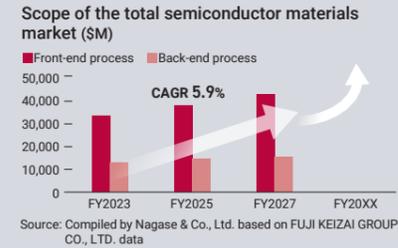
2. Focus Manufacturing functions in semiconductor fields

Increase our sales of high value-added products in the cutting-edge semiconductor market and develop our market presence

Social issues and needs

- Growing demand for cutting-edge semiconductors
- Decentralization of manufacturing facilities driven by economic security concerns

Market growth potential



NAGASE's strengths and the solutions

- NAGASE × Nagase ChemteX**
- Proven record of having our unique technologies and products built into the cutting-edge semiconductor market
 - ⇒ Achieved top market share for liquid molding compound for semiconductors for use in devices integrating FOWLP*
 - Planning, design, and manufacturing functions through our various key technologies
- * Fan-out wafer level package

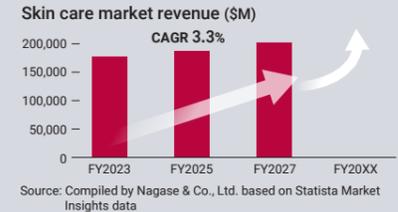
2. Focus Manufacturing functions in life sciences fields

Provide NAGASE-made materials tailored to market trends and customer needs in the life sciences market, where awareness of sustainability is rapidly increasing

Social issues and needs

- Aging societies and increasing health consciousness
- Increasing awareness of sustainability

Market growth potential



NAGASE's strengths and the solutions

- NAGASE × Hayashibara × Nagase ChemteX**
- Sugar stabilization technology that will in turn support drug stability
 - Suggestions for drug formulation, as well as analysis and evaluation functions
 - Ability to conform to different countries' regulations
 - High-precision organic synthesis technologies
 - A global presence on sustainability issues

3. Development R&D (biotechnologies)

Strengthen our R&D and develop new biotechnological materials that will become industry mainstays

Social issues and needs

- Climate change
- Resource recycling
- Healthy life expectancy (cognitive function, sleep quality, etc.)

NAGASE's strengths and the solutions

- NAGASE (Nagase Bio-Innovation Center) × Hayashibara**
- Well-being: make progress on mass production of ergothioneine (which is expected to deliver the results below) through fermentation**
- Benefits for cognitive function
 - Amelioration of wrinkles and age spots
 - Comfortable sleep
- Environmental: develop bio-based, biodegradable SAPs**
- Reducing waste from disposable diapers
 - Regreening of drought-stricken areas

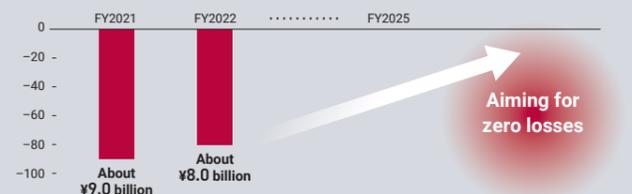
4. Improvement Initiatives in improvement areas

Move forward by reducing unprofitable businesses and impairment loss

Targets for improvement

- Operating losses of our operating subsidiaries and equity losses of our affiliates:**
 - Rapidly formulate and implement improvement plans. Consider withdrawing from operations that seem unlikely to improve
- Impairment loss:**
 - Going forward, strengthen monitoring of assets at risk of impairment and minimize that impairment
- Unprofitable business arrangements:**
 - Aim to improve unprofitable business arrangements by strengthening monitoring and making exit plans

Financial scale of operating subsidiaries' operating losses, equity losses, impairment losses, and unprofitable business arrangements



ACE 2.0	
Profit structure	Corporate culture
Functions supporting reforms	



SPECIAL FEATURE 1

Delivering value with biomaterials by leveraging the group's expertise

The NAGASE Group has an in-depth understanding of society's needs, and is engaged in various businesses that make effective use of biotechnology to solve societal issues.

In April 2023, to consolidate the NAGASE Group's biotechnology operations and develop higher-growth businesses, Hayashibara Co., Ltd. (a Nagase Group company) and Nagase ChemteX Corporation's bio-related business (specifically, the Fukuchiyama

Plant), were merged.

Hayashibara Co., Ltd. has expertise in sugar production technology that makes effective use of microorganisms and enzymes, while Nagase ChemteX Corporation's bio-related business is strong in industrial enzyme production technology. The use of biotechnologies to develop sustainable materials is an area that has been showing increasing promise in recent years. By combining these two companies' respective

technologies and expertise, the NAGASE Group will strengthen our capacities in this area, and enhance the value that our products provide to customers and the market as a whole.

Working to commercialize ergothioneine, which can contribute toward extending healthy lifespan

One example of Nagase's R&D activity that makes effective use of next-generation bioproduction technology is the commercialization of ergothioneine (EGT), which has been touted as the "longevity vitamin."

EGT, which is found in small quantities in fungi, is a rare natural amino acid which helps to improve brain function, and which also has a strong antioxidant effect. As a next-generation functional material, it is expected to have a wide range of applications, including treating the symptoms of neurodegenerative diseases (such as Alzheimer's disease and Parkinson's disease), depression, skin aging (wrinkles and spots) due to exposure to

ultraviolet light, and cataracts, as well as controlling glycative stress. However, the natural extraction of EGT involves significant effort, while chemical synthesis also poses the problem of creating a considerable environmental impact in the production process.

In 2020, the Nagase Bio-Innovation Center, an R&D facility which possesses innovative fermentation technology, succeeded in using smart cell technology (a biosynthesis technology that artificially maximizes the substance production capability of cells) to increase EGT production capability roughly 1,000-fold.

Going forward, the NAGASE Group we will be using the production strains that we have developed to realize full-scale commercialization of EGT through life science related applications such as health foods, cosmetics, and pharmaceuticals. Through the achievement of environmentally friendly manufacturing that effectively utilizes bioproduction technology, we will contribute toward extending healthy lifespans throughout the world.

Taking on the challenge of developing existing business areas to create new, sustainability-focused markets

Besides developing new markets, NAGASE is also proceeding with the development and provision of new products in existing business areas that can contribute toward solving society's problems. As one example, in February 2023, we successfully completed the joint development of superabsorbent polymer (SAP) that is made using a higher percentage of bio-derived raw material, by combining Hayashibara Co.,

Ltd.'s enzyme utilization technology and Nagase ChemteX Corporation's resin manufacturing technology. SAP is a polymer material with superior water absorbency which has a wide range of applications, including sanitary products (such as paper diapers and sanitary napkins), as well as agricultural products and cosmetics. However, there have been issues with existing SAP products as being environmentally unfriendly, because of the petroleum-derived and non-biodegradable materials used. Although efforts have been made to develop SAP made using natural raw materials and with improved biodegradability, the creation of commercially viable end products proved difficult because of insufficient water absorption. Despite being made from starch as the main raw material, NAGASE's newly developed SAP material has absorption properties that equal or surpass those of conventional products, and is expected to have a wide range of applications for products that need to be environmentally-compliant. We are proceeding towards establishing a production system aimed at bringing the new material to market from 2025 onwards, and NAGASE is committed to strengthening our solution offering for the sustainability market.

Contributing to the biopharmaceutical field Pharmaceutical excipient TREHALOSE SG

In recent years, pharmaceutical development has shifted the focus of new drug development from traditional low-molecular-weight drugs towards drugs with more complex molecular

structure, including peptides, proteins and antibodies. Especially in regard to cancer treatment, an area with an increased need for new solutions, there has been a global acceleration in the development of antibody-based biopharmaceuticals (antibody drugs). One major problem in this area is maintaining stable quality during drug storage. TREHALOSE SG is a highly refined pharmaceutical excipient for injectable solutions made from trehalose, which Hayashibara Co., Ltd. became the first company in the world to successfully industrialize the production of. It is effective in enhancing quality stability, regarded as a problem for antibody drugs. With the advantage of handling the entire process domestically, from procurement of starch (the raw material for trehalose) to purification, TREHALOSE SG is now used as a stabilizing agent for a wide range of antibody drugs, including bevacizumab, by pharmaceutical manufacturers throughout the world, and it is expected to make a substantial contribution toward enhancing quality of life for many people.

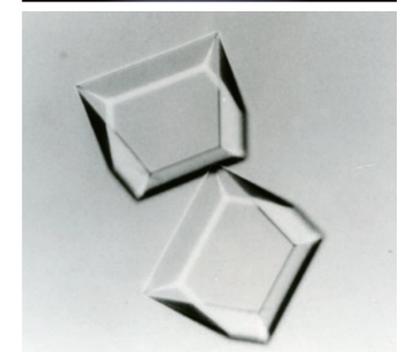
Nagase ChemteX Corporation's bio-related business hosts a company briefing about Hayashibara Co., Ltd.



NAGASE-developed SAP, which is made using a high percentage of bio-derived raw material, before and after absorbing water (left and right, respectively)



Powdered trehalose



Crystallized trehalose (micrograph)

ACE 2.0	
Profit structure	Corporate culture
Functions supporting reforms	

SPECIAL FEATURE 2

Utilizing NAGASE's competitive advantage to tap into the food and semiconductor markets

Food-related business

Prinova's high-value-added businesses are meeting the needs emerging from the global trend toward greater health consciousness

In recent years, growing numbers of people throughout the world have started exercising regularly and have become more health conscious. The sports nutrition market, including protein and amino acid supplements, is growing steadily, particularly in Europe and North America. In response to this trend and in order to benefit from this market opportunity, NAGASE strategically acquired the Prinova Group in 2019.

In 2019 NAGASE's acquisition of the Prinova Group, a global food ingredients sales and processing business, significantly boosted market presence. Since its founding in 1978, Prinova has grown into one of the world's largest distributors of nutrition products, handling a wide variety of materials including proteins, amino acids, sweeteners, and caffeine, for use in food products. Beyond simply selling materials, Prinova has diversified into several high-value businesses. One example is the

solutions (processing) business, which takes the complexity out of food production by offering premixes. These premixes expertly combine multiple different ingredients, saving manufacturers time and ensuring consistent quality. Prinova also boasts a dedicated flavors business, where expert flavorists develop unique flavor profiles to cater to specific product needs. Finally, Prinova's OEM production arm allows their expertise in materials and processing to manufacture finished products for other companies, offering a comprehensive solution from start to finish. Further, in 2021, NAGASE acquired The Ingredient House, which sells high-intensity sweeteners such as sugar alcohols (including Xylitol) and sucralose. This acquisition has enabled NAGASE to extend its product line-up and expand into new business areas. Also in 2021, the NAGASE Group strengthened its manufacturing and processing capabilities by acquiring Lakeshore Technologies. This strategic move brought in the specialties of contract milling and micronizing services, crucial for food processing. 2022 saw an expansion for contract manufacturing through NAGASE's Armada Nutrition. A massive new facility was opened in Utah.

This strategic move positions NAGASE to swiftly meet the surging demand for sports nutrition products on the West Coast, while concurrently solidifying Armada's financial standing. The powerful synergy created by combining Prinova's sales expertise and NAGASE's food materials and consumer network fuels our accelerated global business expansion.

Fulfilling consumer needs while leveraging the intrinsic value of our raw materials

Dietary fiber is known to perform various physiological functions, including promoting the smooth functioning of the digestive tract and regular bowel movements, helping to slow the absorption of nutrients, etc. However, Japanese people tend to lack dietary fiber in their food, creating demand for dietary fiber materials that can be combined easily with food products.

Fibryxa™ (Isomaltodextrin), a water-soluble dietary fiber material developed by Hayashibara Co., Ltd. in 2015, is widely used in products such as beverage and food products intended to compensate for dietary fiber deficiency, a category of products that has been attracting attention recently. When

dissolved in water, Fibryxa™ is transparent with hardly any flavor or sweetness, so it can be added to food and beverage products without affecting the color or taste. We are successfully increasing sales of this new-generation dietary fiber, which makes it possible for products to be both healthy and tasty. In addition, Fibryxa™ Granules, a consumer product providing dietary fiber in granular form, was relaunched in February 2022 as Foods with Functional Claims (FFC), with three individual claims related to maintaining and increasing health, and has proved very popular as a product that meets diverse consumer needs.

Semiconductor business

NAGASE's chemical technology is leading the development of the Japanese semiconductor industry

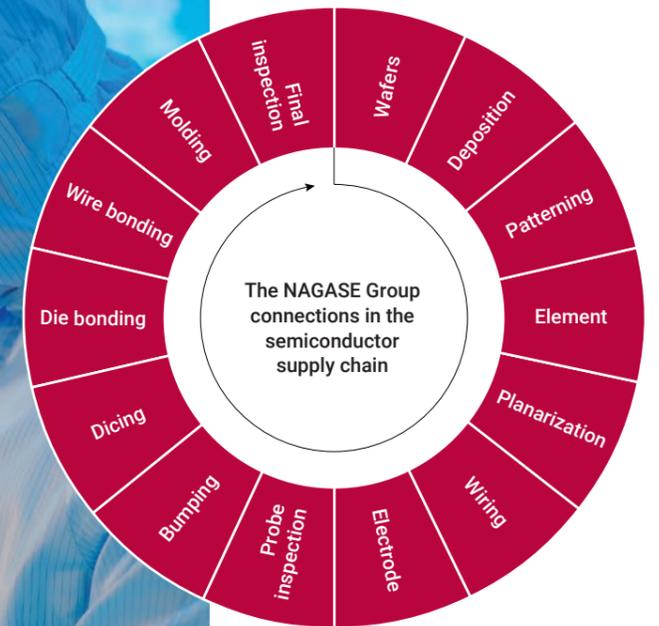
In the past, Japan's semiconductor industry held a global market share of over 50%, but by 2019 this had fallen to around 10%, and the industry was in the doldrums. The NAGASE Group began importing semiconductor materials into Japan as general agent for Kodak in the

1960s, through a joint venture company, and as a result developed a close relationship with semiconductor-related companies in Japan. From 1974 onwards, NAGASE organized the NAGASE Microelectronics Seminar, a study group aimed at enhancing Japanese semiconductor technology on a cross-enterprise basis, and was making a positive contribution to the industry's development across the board.

Today, NAGASE has developed a business handling the semiconductor chemicals required by semiconductor manufacturing's long and complex supply chain, both in Japan and overseas, including the manufacturing and sale of liquid epoxy encapsulant material for semiconductors (a sealing material that protects semiconductors from light and dust), which is manufactured by Nagase ChemteX Corporation. While working to leverage the most up-to-date technological information in this field, we are strengthening our presence within the semiconductor industry.

Various actors in Japan are currently moving into production of most advanced semiconductors and NAGASE is involved in providing solutions that meet a range of needs in this arena. Our chemical-related

knowhow, supplier network, and expertise in transporting hazardous materials have been recognized, and we have been selected as one of the operators collaborating with Rapidus Corporation, who is aiming to domestically mass production of 2-nanometer semiconductors. In this role, we will deliver and transport a wide range of different materials for semiconductor production using transportation methods optimized to each material's particular characteristics. In addition, in order to contribute to the sustainability of the semiconductor industry, Nagase & Co., Ltd., Nagase ChemteX Corporation, and SN Tech Corporation (our joint venture with SACHEM, INC.) are working together on a cutting-edge operation in Japan for the collection and recycling of the high-purity developer (tetramethylammonium hydroxide; TMAH) that is used in semiconductor manufacturing. Taking pride in having supported the semiconductor industry since its early days, and making effective use of the network we have built up, NAGASE is contributing toward a new stage in the evolution of Japan's semiconductor industry through the provision of the kind of value that only we can offer.



The NAGASE Group's business operations extend throughout the complex supply chain. With an extensive network that gives it a comprehensive view of the entire supply chain, NAGASE is able to make a significant contribution to Japan's semiconductor industry.

Armada Nutrition's Utah plant, which commenced operations in 2022



Our water-soluble dietary fiber material, Fibryxa™

ACE 2.0	
Profit structure	Corporate culture
Functions supporting reforms	



SPECIAL FEATURE 3

Making the most of our network of connections to help solve social issues close to home

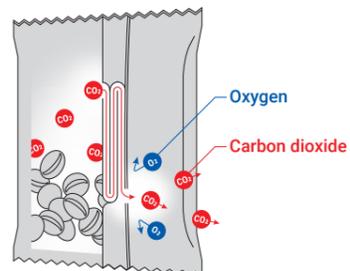
NAGASE's network: solving global issues in our everyday lives

The NAGASE Group acts as a Business Designer, working in collaboration with our partner companies to develop new services by combining the various technologies that each company brings to the table. In this role, we are creating solutions that will solve social issues.

One example of these is the global challenge of moving away from plastics. We have been developing solutions that can tackle this issue in the arena of our daily lives. Bags for coffee beans feature a plastic valve that allows gases to be released from the bag. It has been calculated that, globally, we will be using 8.5 billion of these valves annually by 2028. Interested in finding a solution, NAGASE entered into a collaboration centered around MIB Co., Ltd.'s gas control technology TiMELESS®, with Nakabayashi Co., Ltd., Oji F-Tex Co., Ltd., and Mitsubishi Chemical Corporation. By bringing together areas each of us specializes

including the various packaging materials, barrier and sealing technologies, we developed asueco, a Nakabayashi Co., Ltd.-branded barrier packaging material to be used for coffee beans. Asueco is drawing attention as a solution that allows coffee beans to maintain their freshness without the use of a valve, reducing the bag's environment impact. TiMELESS®, a unique sealing technology for packaging and other materials, is also starting to be applied to efforts to reduce food waste following successful trials of its use in keeping vegetables fresh.

TiMELESS®'s gas control technology



Tadatsugu Tazo
Digital Printing Supply Division,
Performance Chemicals Department

Our trading company network opened up new possibilities for TiMELESS®

NAGASE saw the enormous potential of the TiMELESS® technology created by MIB Co., Ltd. to contribute to a sustainable society if paired with the right ideas. So, we suggested working together on marketing and product planning and development. The companies that developed asueco are our established business partners, and the connections that we have cultivated over time as a trading company appear to have been meaningful here. We hope that those we collaborate with will see NAGASE's involvement in a project as meaningful access to the optimal partners for the job and the expansion of its business possibilities.

Facing up to logistics and environmental challenges in the chemicals industry with DX

With a domestic as well as global supply chain network, the NAGASE Group will be inevitably impacted by the "2024 logistics problem." From April 1, 2024, truck drivers' overtime in Japan will be limited under the Act on the Arrangement of Related Acts to Promote Work Style Reform, which is expected to lead to a shortage of drivers and cost increases. In addition, logistics companies are hesitant to deal with transportation of chemical products due to its difficulty from a safety perspective and issues with odors and similar challenges. Transit is therefore becoming an urgent issue for the chemical industry.

Within this context, NAGASE has acquired a license as part of Japan Pallet Rental Corporation's AI-powered joint distribution matching service TranOpt, and has been offering a version of the service specializing in chemical products since November 2023, a first in the industry. This service is aimed at companies that handle chemical products, and we hope that by

managing to achieve joint distribution of these items, which present various challenges in terms of consolidation of loads and other limiting factors, we will contribute to lowering both our customers' logistics costs and GHG emissions.

NAGASE does business with many chemical companies, and we are working to propose solutions to various social issues like the logistics problem through communication with our customers. The establishment of this service is part of these efforts. In response to the deep-seated concerns of our customers who work with chemical products, we utilized our knowledge in this area and our network of chemical manufacturers, logistics companies, and other enterprises to begin trialing this service in May 2022. Together with customers at over 20 companies, we performed multiple rounds of testing and improvement before finally launching the service. Going forward, we will build up transportation routes and corroborative data to further develop the utility of the service, thereby contributing to increasing the efficiency of logistics throughout the chemicals industry.

TranOpt: a joint distribution matching service and transportation optimization solution

Creating new business opportunities	Reducing costs, maximizing efficiency	Decarbonization
Goals include: finding new transportation routes and partners for consolidated service	Goals include: improving vehicle efficiency on existing routes	Goals include: lowering CO2 emissions and encouraging a modal shift

TranOpt is a service that uses AI to match companies who have goods to ship. By creating opportunities for joint distribution, it contributes to improving the ratio of actual driving distance (distance traveled while loaded relative to total distance traveled) and loading efficiency (load carried relative to maximum possible load), both of which are issues in the logistics industry, as well as reducing GHG emissions.

- Numerous companies' transportation routes are compiled as database, and optimized matches are calculated by an AI. It can not only pair outward and return journeys, but also create a route that combines three others and match companies for load consolidation along a single route.
- The service considers not only transportation route information but also various other factors required for the job.
- Fare estimates (bids) can be provided for each route and be able to choose transportation at an optimized fare.



Yosuke Nakayoshi
Total Solutions Office,
Performance Chemicals Department

Aiming to utilize NAGASE's network to optimize AI-powered joint distribution of chemical products

In order to build a joint distribution platform and enhance the accuracy of its matches, we need a great deal of data. We have been able to bring many other companies on board and occasionally act as a bridge between competing firms, from our neutral standpoint as a trading company, to look for more efficient ways of doing things. I think our ability to deliver value in this way is down to NAGASE's unique network of connections with a wide range of chemical companies. Through this initiative, we will be taking action on the logistics issues facing society as a whole, and contributing toward a carbon-free society.

Reform of Our Corporate Culture

At the heart of our corporate culture reform is the improvement of both economic value and social value. We have therefore set both financial and non-financial KPIs and are moving forward with initiatives in both areas.

Pursuing economic and social value

Promoting the setting of both financial and non-financial KPIs

We set improving employee engagement and carbon neutrality as two of our non-financial KPIs in May 2022 and are continuing to monitor these.

Materiality (important issues)

Use diverse human resources; offer a workplace environment and corporate culture

- Use advanced technologies to improve productivity and leverage **diverse human resources**.
- Provide a **workplace environment** and foster a **corporate culture** as a group where employees with diverse backgrounds have mutual respect and motivate each other.

Use of state-of-the-art technology to create new value

- Create new value leveraging advanced technologies and a network of business partners.
- Provide a wide range of solutions based on understanding the true causes of the increasingly complex problems of business partners.

Solving social and environmental issues, and globalization

- Solve problems that threaten safety and security, e.g., **climate change** and food and water shortage.
- Contribute to securing and improving **food safety** by utilizing biotech, AI and other advanced technologies.
- Fulfill **health maintenance** demands due to increasingly aging societies in advanced countries.
- Contribute to the acceleration of **globalization** and solve social issues in each region.

Corporate governance

- Establish a highly transparent **corporate governance** system.
- Make sustainable **improvement of enterprise value** by balancing economic and social value

Pursuing efficiency

1. Deepening awareness of capital efficiency and improving productivity of core operations

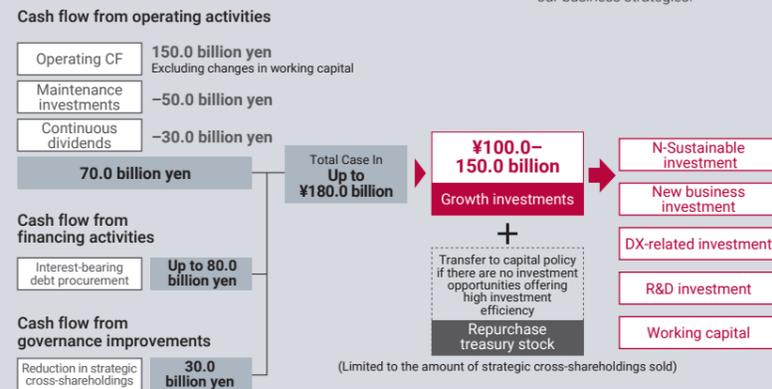
We will generate cash flow through sustained growth and portfolio improvements, ensure financial soundness, and efficiently allocate funds to new business investments and R&D investments for new growth.



2. Shareholder returns and repurchase of treasury stock

We will pursue a basic policy of continued dividend increases, with consideration of our consolidated results and financial structure, taking into account our consolidated cash flow and investment situation, and while aiming to increase profitability and reinforce our corporate structure.

We will take a flexible approach to repurchases of treasury stock, with efficiency in mind.



Human resource development to drive innovation

By creating a positive feedback loop with our respective policies in the areas of human resources, the environment, and culture, we will increase engagement between employees and the Company and achieve sustainable growth and development for both.



Aligning our business and human resource strategies	Building foundations that allow our diverse human resources to thrive
1 People	
Talent Management Acquire and develop talents and place them in the right roles • Visualize global personnel portfolio • Acquire and strengthen talents in conjunction with business strategy	Health and Productivity Management Ensure that employees are in good physical and mental health • Visualize and strengthen analysis of employees' health condition and execute new measures
2 Environment	
Work Style Innovation Offices where employees can exercise their creativity • Establish a new workplace vision where strong individuals work together with a sense of unity	Work styles independent of time or place • Introduce effective and efficient work styles such as working from home and staggered shifts
3 Culture	
Diversity & Inclusion Diversification of personnel • Improve ratio of women, non-Japanese, and highly specialized personnel in Japan	Human Resources Policy Management decisions focused on both improving capital efficiency and challenging new businesses • Revision of the executive compensation system

Non-Financial Target 1: Employee engagement improvement

The NAGASE Group defines employee engagement as a state in which companies (organizations) and employees understand each other and improve each other. We have prioritized the promotion of vertical dialogue and horizontal collaboration as a high-priority issue for NAGASE, starting with an Employee Engagement Improvement Project led by management. We are steadily implementing policies Group-wide, with periodic surveys conducted by the whole Group and a target of Nagase & Co., Ltd. (non-consolidated) employee total survey scores of 60 or more set as two of our ACE 2.0 KPIs.

Our vision for the "ideal NAGASE" (long-term)	The value we hope to deliver to our stakeholders	[Employees] • Safe and comfortable work environments • Environments that allow our employees to enjoy their work and bring cheerful energy to their tasks • Being a corporate group that our employees and their families can speak of with pride
	Priority issues (materiality)	[Use diverse human resources; offer a workplace environment and corporate culture] • Use advanced technologies to improve productivity and leverage diverse human resources • Provide a workplace environment and foster a corporate culture as a Group where employees with diverse backgrounds have mutual respect and motivate each other
Our vision for the "ideal NAGASE" (medium-term)	ACE 2.0 non-financial targets (KPIs)	Group companies: Percentage of companies conducting regular engagement surveys: 100% NAGASE (Non-Consolidated): Total score on engagement survey: 60 or above
	Policies behind our initiatives	Talent management, health management, work style reform, diversity and inclusion, human resources policies
	Results of our initiatives	Engagement surveys conducted, work style reform (launched PROJECT BRIDGE [see p. 37], adopted a flexible dress code)
Performance this year (short-term)	Information disclosed	[Employees (non-consolidated)] Numbers of male and female employees (ratio), number of non-regular employees (ratio), employment rate of people with disabilities, number of mid-career hires (sex disaggregated), proportion of management positions held by women [Working styles (non-consolidated)] Retention rate of new graduate hires three years after recruitment, voluntary severance rate, average years of service, average annual salary, total annual working hours, proportion of available paid leave taken, number of employees taking childbirth and childcare leave, number of employees taking human resources development training [Health and safety (non-consolidated + domestic Group manufacturing companies)] Number of work-related accidents, number of fatal accidents, frequency rate of work-related injuries, number of employees taking health and safety training

Non-Financial Target 2: Carbon neutrality

Among our ACE 2.0 KPIs, we have also set reducing our consolidated Group Scope 1 and 2 emissions by 37% or more as compared to fiscal 2013 and a reduction target that we aim to reach by purchasing and generating our own renewable energies within the Group. We have also set a target of zero Scope 2 emissions for Nagase & Co., Ltd. (non-consolidated). In addition to our trading functions, manufacturing and processing account for a significant portion of NAGASE Group activity. We will work to implement carbon neutrality policies in the four quadrants and along the two axes of trading/manufacturing and visualization/reduction.

Our vision for an "ideal NAGASE" (long-term)	The value we hope to deliver to our stakeholders	[Society and Consumers] • Practicing legal compliance and ethical management, and contributing to the development of local communities • Consideration for the rights, health, and comfort of those involved in our supply chains • Products and services aimed at creating a safe and caring world where everyone can live with peace of mind
	Priority issues (materiality)	• Solve problems that threaten safety and security, e.g., climate change and food and water shortage • Contribute to the acceleration of globalization and solve social issues in each region
Our vision for the "ideal NAGASE" (medium-term)	ACE 2.0 non-financial targets (KPIs)	Consolidated: Reduction rate for Scopes 1 and 2: 37% or more (compared to fiscal 2013) Consolidated: Reduction due to generation/purchase of renewable energy: 35,000 tons or more (cumulative) Nagase & Co., Ltd. (non-consolidated): Scope 2 zero emissions
	Policies behind our initiatives	Overall Measures: Participate in external initiatives, promote environmental investing, consider internal carbon tax Visualization: Visualize emissions in the supply chain, calculate life-cycle assessments for strategic products Reduction: Provide low carbon products and reduction solutions and introduce green facilities Improve manufacturing processes and use renewable energy (Purchase/in-house generation)
	Results of our initiatives	Our Carbon Neutral Declaration, announcement of endorsement of the TCFD recommendations, investment in Zeroboard, Inc., starting life-cycle assessments via our domestic manufacturing subsidiaries
Performance this year (short-term)	Information disclosed	• Greenhouse gas emissions (Scopes 1, 2, and 3) • Scope 1 greenhouse gas emissions breakdown by emissions type • Energy usage, electricity consumption, production emissions intensity (tons of CO ₂ /tons of goods produced)

SPECIAL FEATURE 4

Improving employee engagement through reforms to both environment and culture

The ideal conditions for fostering innovative human resources

The NAGASE Group is working to create comfortable, safe workplaces where employees can bring a high degree of creativity to their work, to promote development of a corporate culture that embraces challenge and the individuality of our diverse personalities, and to develop innovative global talent. Through these commitments, we aim to increase employee engagement.

Promotion of diversity is indispensable to enacting these strategies, and we are implementing a variety of measures to

support it at each career step, from recruitment to settling into the job to promotion.

Toward an efficient, creative and healthy work environment

PROJECT BRIDGE is an initiative to update our offices and working style. As part of this, we introduced Activity-Based Workplace (ABW) in August 2022 at our Tokyo Head Office, enabling employees to choose where to work depending on that day's duties and circumstances. We have also adopted a flexible dress code, where employees can choose their own

clothing, optimized to that day's duties.

PROJECT BRIDGE promotes discussions and initiatives to build a comfortable work environment for our diverse employees that will allow them and their families—all of whom we consider to be our assets—to enjoy both physical and mental health.

**Opportunities for dialogue
1. Group discussions with management**

In fiscal 2022, we ran N-Dialogue sessions, in which one of our directors and four to five of our division supervisors met to

discuss various specific themes.

NAGASE's employee engagement survey identified vertical dialogue and horizontal collaboration as issues, and N-Dialogue was established as one measure to improve these. Through their discussions, both sides were able to learn about the other's accumulated experience and values and discover where these differed, with the aim of fostering empathy and new understandings and inspiring people to behave differently at work going forward.

2. Connection among younger employees

In another measure to promote vertical dialogue and horizontal collaboration, we have established the Nagase Good Company Project, which encourages new employees and senior employees to get together in groups of four for monthly hour-long meetings. Originally proposed by employees as a way to support new employees during the COVID-19 pandemic in 2021, we have continued the project as a way to provide opportunities for younger employees to connect with one another.

Initiatives to support work-life balance

By enhancing our systems and measures to support employees to balance childcare and other caring responsibilities with their work, we are focusing on developing a corporate culture that facilitates staying in work. The number of male employees taking childcare leave has been increasing in recent years.



Hitomi Kobana
Pharma-Medical Products Section,
Life & Healthcare Products Department

Discovering a mindset for embracing change

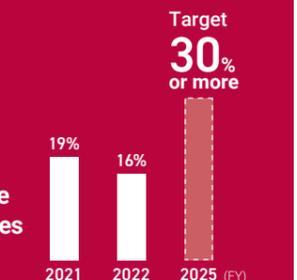
I took part in PROJECT BRIDGE as an ambassador of NAGASE's ABW program and the Company's new working style. Issues that came up in our on-site, cross-departmental discussions on operating rules for ABW and our approach to internal communications are now being incorporated into our workspaces at NAGASE's Tokyo Head Office. We all feel uncertainty when faced with big changes, but I learned that each of us can lean into and enjoy the changes to our working environment by taking ownership of the Company's new working style.



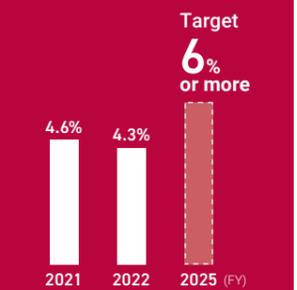
1 The Nagase Good Company Project, which encourages connection among younger employees
2 ABW at our Tokyo Head Office, allowing employees to choose where they work to suit their working style
3 N-Dialogue, where management and mid-level employees can engage in dialogue

ACE 2.0	
Profit structure	Corporate culture
Functions supporting reforms	

Proportion of women among new career-track hires (Nagase & Co., Ltd., non-consolidated)



Proportion of management positions held by women (Nagase & Co., Ltd., non-consolidated)



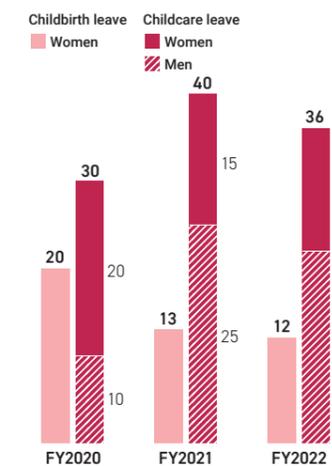
Holding group discussions at which our female director meets with female mid-level employees

In order to create comfortable working environments where our female employees can demonstrate their abilities, we are holding group discussions at which our female director meets with employees, which are leading to increased engagement among female employees, proactive career planning, changes in attitudes to working style, and more.

In fiscal 2022, all of our female career-track employees held discussions with our female director in small groups of four to five.

NAGASE has been striving to actively harness women's potential, including by hiring women as career-track employees, promoting them to management, and expanding their opportunities to advance, among other efforts. However, the proportion of women among our career-track employees remains relatively low. We have therefore added fiscal 2025 targets for the proportion of women among new career-track hires and management positions held by women to our quantitative goals.

Our childbirth and childcare support systems (Nagase & Co., Ltd., non-consolidated)



Percentage of male employees taking childcare leave (Nagase & Co., Ltd., non-consolidated)

59.5%



Kosuke Tsukahara
Functional Resin Division,
Advanced Functional Materials Department

Childcare leave contributing to fulfillment at home and at work

At the times when looking after our newborn twins was a bit crazy, being able to devote my time to looking after them together with my wife was invaluable. I am so grateful for the professional support I received from my managers and colleagues.

Even now that I am back at work, I have options that allow me to efficiently fulfill my childcare responsibilities and I have greater peace of mind in both my private life and my professional life, which also means I am better able to concentrate on my work. My image of childcare leave has totally changed, and I also feel more engaged at work.

ACE 2.0	
Profit structure	Corporate culture
Functions supporting reforms	

SPECIAL FEATURE 5

Expanding connections along supply chains and supporting society-wide decarbonization



“Visualizing and reducing” our GHG emissions in our “trading and manufacturing” in the aim of carbon neutrality

The NAGASE Group possesses manufacturing and processing capabilities as well as its trading capacities. As we work to achieve carbon neutrality, we have accordingly classified our strategies into four quadrants along the two axes of “trading business/manufacturing business” and “visualization/reduction.”

On the trading side, we are enhancing our initiatives by combining visualization—in the form of developing “zeroboard,” a service that visualizes GHG emissions throughout supply chains—and reduction, in the form of offering low-carbon products and solutions for GHG emissions reduction tailored to the challenges our customers are facing.

On the manufacturing side, in addition

to installing solar power generation facilities and purchasing renewable energies, we are also sharing case studies throughout the Group of production process improvements aimed at reducing greenhouse gas emissions in our manufacturing and processing.

The NAGASE Group will continue to follow the pathway toward decarbonization and carbon neutrality in collaboration with our customers, partner companies and everyone along our supply chains.



Using renewable energies for in-house generation (Hayashibara Co., Ltd.)

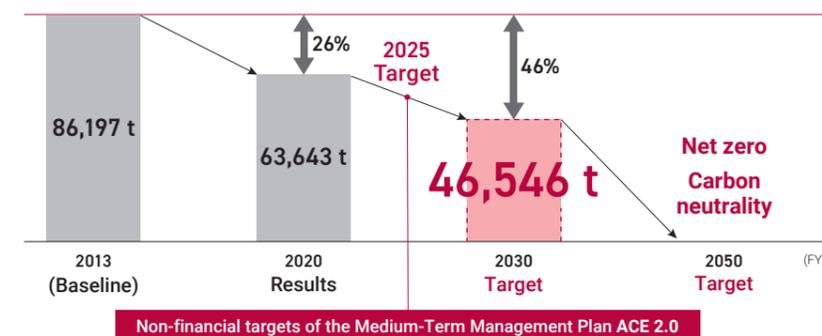
A framework taking climate change risks and opportunities into account

The NAGASE Group recognizes climate change as one of its important management issues. To facilitate group-wide action on this issue, the Group has established a Sustainability Committee and a Risk Management & Compliance Committee—both overseen by the Board of Directors—which consider and discuss policies, issues, and other matters. Alongside analysis of the medium- to long-term risks and financial impacts presented by climate change, we also aim to seize the opportunities it

offers and are implementing a business strategy designed to develop the new products and services that will be required in a carbon-neutral and recycling society.

In the aim of achieving carbon neutrality, we also formulated the NAGASE Group Carbon Neutral Declaration in January 2022, which sets out a target of achieving net zero Scope 1 and 2 emissions by 2050. In addition, we have set carbon neutrality-related KPIs as part of the non-financial targets in our Medium-Term Management Plan **ACE 2.0**, which is currently in operation.

NAGASE Group Greenhouse Gas Emissions: Results and Targets (Scopes 1 and 2)



Non-financial targets of the Medium-Term Management Plan ACE 2.0

FY2022 non-financial KPI outcomes
Greenhouse gas emissions (Scopes 1 and 2)

37% reduction

We have set a target of reducing our consolidated Scope 1 and 2 emissions by 37% or more as compared to 2013 levels by 2025, with a (cumulative) reduction of 35,000 tons or more through generation and purchasing of renewable energies. We have also set a target of zero Scope 2 emissions for NAGASE & CO., LTD. (non-consolidated).

Key Climate Change Risks and Opportunities

Category	Details	Degree of Impact
Transition Risks	Policy and Legal Regulations for carbon pricing, emissions trading, etc. (materials manufacturers with large GHG emissions may pass their costs onto prices, and this impact is being considered)	Large
	Market and Technology Consumer preferences for petrochemical products decline, resulting in lower market demand and sales	Large
Opportunities	Products and Services Provide alternative materials that help to improve energy efficiency (lighter weight, thermal insulation and heat dissipation, etc.)	Large
	Markets Provide emissions visualization and reduction solutions in the supply chain	Large

Initiatives to realize carbon neutrality by 2050 (over the two axes and four quadrants)

Overall Measures					
Participate in external initiatives		Promote environmental investing		Examine internal carbon tax	
Trading			Manufacturing		
Measure 1	Visualize emissions in the supply chain	Visualization	Measure 2	Life-cycle assessments for strategic products	
Measure 3	Provide low-carbon products and reduction solutions, introduce green facilities, etc.	Reduction	Measure 4	Improve manufacturing processes, use renewable energy (purchase/in-house generation), etc.	

SPECIAL FEATURE 6

Contributions toward Decarbonization in the Supply Chain

Case Study 1 **NAGASE** × Partner companies
All-inclusive support for calculating corporate GHG emissions and management for decarbonization

Decarbonization initiatives require collaboration between companies, but we will be unable to devise concrete reduction measures for GHG emissions in the supply chain without the aid of visualization. As part of our efforts to increase society-wide awareness of decarbonization and advance our initiatives in this area, NAGASE has invested in Zeroboard Inc. and provides GHG emissions calculation and visualization services that cover the entire supply chain, in the form of "zeroboard."

"Zeroboard" allows users to calculate and visualize GHG emissions generated not only by their own company but through their business activities and

related supply chains. In addition to allowing companies using the service to link and share GHG emissions data with one another, "zeroboard" also helps with workload and cost issues by providing an easy-to-use interface and offering low-cost plans that make it simple for SMEs to adopt the service.

Using visualized GHG emissions data, we provide help with all aspects of corporate management for decarbonization, with our all-inclusive support even covering development and provision of solutions.

In this way, we are leveraging the NAGASE Group's unique strengths, including the expertise we have developed in the chemical industry

since our founding and the strong relationships with each of our business partners both upstream and downstream in the supply chain.



Hiromu Sugita
Corporate Sustainability Office,
Corporate Planning Department

Taking supply chain visualization in new directions

The Sustainability Linked Loan Framework that we have put forward is a new approach allowing us to progress toward carbon neutrality alongside our business partners.

Currently, it can be hard to see the impacts of our work to visualize our GHG emissions. In this context, we hope that this framework will provide opportunities to make new connections along supply chains for chemical products.

Case Study 2 **NAGASE** × Partner companies
NAGASE is first trading company to have groundbreaking Sustainability Linked Loan Framework selected as model case

The NAGASE's Sustainability Linked Loan (SLL)*1 Framework, which we developed together with MUFG Bank, Ltd., was submitted in response to the Ministry of the Environment's Green Finance Model Case Creation Project and selected as a model case.

Within our framework, planning and provision of SLLs are coordinated by MUFG Bank, Ltd., who are high-level experts in this field, with NAGASE expertise in supporting management for decarbonization utilized in developing the framework. Our framework designates as sustainability performance targets*2 not only GHG emissions themselves but also the use of actual figures for supplier GHG emissions, and it is designed to facilitate NAGASE's commitment to

visualization and reduction of GHG emissions throughout the entire supply chain. These features were positively received and contributed to the framework's selection as a model case.

*1: Loans that encourage borrowers to achieve ambitious sustainability performance targets (SPTs)

*2: ESG targets based on the management strategy of the issuing body that set the terms of issue for the Sustainability Linked Bond



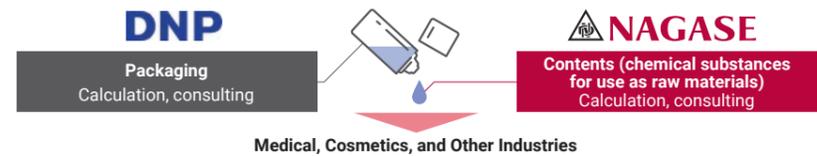
A seminar, organized by NAGASE, to discuss the utilization of SLL in the chemical sector

Case Study 3 **NAGASE** × Partner companies
Launching a product carbon footprint calculation consulting service for the cosmetics and pharmaceuticals industries

Despite the high GHG emissions in the cosmetics and pharmaceutical industries at all stages up to and including distribution, cost barriers mean that we are seeing little action to remedy this issue.

In July 2023, NAGASE, in association with Dai Nippon Printing Co., Ltd. (DNP), launched a consulting service for product carbon footprint (PCF) calculation, which visualizes GHG emissions throughout the product life cycle, from raw materials to packaging.

DNP has been working for many years to calculate GHG emissions for the full life cycle of packaging, from procurement of raw materials to manufacturing and disposal or recycling. NAGASE, meanwhile, is furthering its work to support visualization and reduction of GHG emissions throughout supply chains. We are bringing together the strengths of both companies to create an enhanced support service for PCF calculation throughout the product life cycle.



Case Study 4 **NAGASE** × Local government
Contributing to local communities and economies through support for Forest Credit Creation

Collaboration with the state and local governments is vital for the progress of society-wide decarbonization. Nagase & Co., Ltd. is active under the Ministry of Economy, Trade and Industry's GX League Basic Concept, which encourages industry, government, and academia to work together to discuss ways to achieve

transformation throughout our social and economic systems and create new markets. As one of our initiatives, in August 2022, Nagase & Co., Ltd. entered into an agreement with the town of Yusuhara in Kochi Prefecture aimed at piloting a Forest Credit Creation scheme. Under this agreement, Nagase & Co., Ltd. supports



Yoshiyuki Shiobara
Corporate Sustainability Office,
Corporate Planning Department

Contributing to building a carbon neutral society by supporting PCF calculation

When we calculate PCFs, we not only discover the levels of GHG emissions throughout a product's life cycle, we also use the results to identify processes with high GHG emissions and aim to improve them.

We will continue to move forward with these commitments, working to create an enhanced support service for PCF calculation through our partnership with DNP and at the same time—as a company that finds the solutions to manufacturing problems in the raw materials themselves—aiming to create value for the customers who will purchase our products after they have gone through the PCF calculation process.

Yusuhara's management of its forestry resources and utilizes our technological knowhow, the latest ICT technologies, and other tools to contribute to stimulating the town's economy and creating a model case of sustainable project co-creation.

We launched a further three initiatives in fiscal 2022. In collaboration woodinfo (a provider of forest management data systems), we piloted forest surveys using drones and portable laser technologies and explored possibilities for credit creation and forestry optimization. We are also moving ahead, together with BIOME Inc., with an initiative to turn the rich ecosystems that are protected by the town of Yusuhara's forest management into tourist attractions. Finally, we are using our expertise in materials R&D to develop high-quality scent products. Through these initiatives, we aim to contribute to sustainability in society, including sustainability in local communities.



① A thriving forest in Yusuhara
② A snapshot from the signing ceremony for Yusuhara and NAGASE's agreement
Left: Hisato Yoshida, Mayor of Yusuhara
Right: Ryushei Tashima, then General Manager, Corporate Strategy Department, Nagase & Co., Ltd.

Our Sustainability Policy and Framework

The NAGASE Group has identified priority issues (materiality) for sustainability based on providing value to stakeholders.

Through the establishment of the Sustainability Basic Policy as a way of thinking shared throughout our value system along with the pursuit of activities to “Identify,

Develop, and Expand” espoused in the NAGASE Vision, we will address issues affecting our business partners and society as a whole, thereby contributing toward the realization of a sustainable society.

Sustainability Basic Policy

- | | | |
|--|--|--|
| <p>1. Integrity in business activities</p> <ul style="list-style-type: none"> ● We shall conduct our corporate activities in compliance with all applicable national and regional laws and regulations, and in keeping with societal norms and ethical standards. ● We shall strive to prevent corruption of all kinds and maintain healthy and proper relations with our partners and government entities. ● We shall strive to provide safe, high-quality products and services, and seek to maintain and improve the value to our customers and partners. ● We shall safeguard the benefit to the consumer through maintaining and promoting fair and free competition. ● We shall strive toward rigorous management and protection of information about our customers and our company. | <p>2. Positive relations with society</p> <ul style="list-style-type: none"> ● We respect human rights and do not permit any sort of discriminatory conduct. We absolutely refuse to accept infringements of human rights such as forced labor or child labor. ● We respect the cultures and practices of national and regional societies, maintaining positive relations with society. ● We shall strive to ensure health, safety, and appropriate communication with our diverse stakeholders. ● We shall constantly pay detailed attention to sustainability among our suppliers, and shall work to make corrections should there be any doubt to their sustainability. ● We shall proactively disclose corporate information as appropriate. | <p>3. Consideration for the environment</p> <ul style="list-style-type: none"> ● We shall comply with national and regional environmental regulations. ● We shall contribute to the maintenance of the global environment, including limiting climate change and preventing contamination, promoting reduction in the environmental footprint of our business activities through suppression of greenhouse gas emissions and energy consumption. ● We shall, through environmentally-conscious products and services, provide information to our customers about appropriate product usage, recycling, and disposal methods. ● We shall contribute broadly to society through environmental conservation activities in various countries and regions. ● We recognize the importance of biodiversity and shall strive to conserve ecosystems. |
|--|--|--|

Note: Information about the NAGASE Group's sustainability is also available on our website. <https://www.nagase.co.jp/english/sustainability/>

Sustainability Committee

We have established the Sustainability Committee, chaired by the Representative Director and President with the aim of continuously increasing the NAGASE Group's corporate value by contributing solutions to social and environmental issues through our corporate activities. The committee is composed of a chair and at least two members, who are appointed by the president from the employees of the Company and its Group companies. The Corporate Sustainability Office conducts business execution (practical implementation) based on the Sustainability Basic Policy.



The NAGASE Group's materiality (important issues)

The NAGASE Group conducted an external environmental analysis during the formulation of its medium-term management plan ACE 2.0 and identified the most important issues to both NAGASE and its stakeholders. We also identified important issues (materiality) in sustainability based on the value we provide to our stakeholders. We use the process shown at the top of the right page to formulate KPIs based on the identification of materiality, and then manage them.



*1 Assessed as important matters that produce great change to the respective needs of employees, business partners, local communities, consumers, and shareholders.
*2 Assessed as important matters that offer opportunities for new businesses, opportunities for existing businesses, threats to existing businesses, and threats to business continuation.

Formulation and monitoring of KPIs

FY2020	FY2021	FY2022	FY2025
Identification of materiality Conducted discussion in the NAGASE Group sustainability promotion project, and identified materiality to be addressed in the medium-term management plan ACE 2.0	Establishment of projects and formulation of KPIs 1) Employee Engagement Improvement Project 2) Carbon-Neutral Project	KPI management and materiality (monitoring) Set KPIs for "Carbon neutrality" and "Employee engagement improvement" as FY2025 medium-term management plan targets for carbon neutrality. Began managing progress on materiality, mainly through KPIs.	Achieve targets of medium-term management plan

Materiality and KPIs

The NAGASE Group has identified materiality for each group of stakeholders. In May 2022, KPIs were set for materiality for employees and society/consumers, and the Group will promote sustainability management while checking its progress on these.

Stakeholders	Materiality	Report on KPIs and initiatives	Relevant SDGs
Employees	Use diverse human resources; offer a workplace environment and corporate culture <ul style="list-style-type: none"> ● Use advanced technologies to improve productivity and leverage diverse human resources. ● Provide a workplace environment and foster a corporate culture as a Group where employees with diverse backgrounds have mutual respect and motivate each other. 	KPIs Group companies ● Ratio periodically conducting engagement survey: 100% NAGASE & Co. (non-consolidated) ● Total score on engagement survey: 60 or above	
Business partners	Use of state-of-the-art technology to create new value <ul style="list-style-type: none"> ● Create new value leveraging advanced technologies and a network of business partners. ● Provide a wide range of solutions based on understanding the true causes of the increasingly complex problems of business partners. 	Report on initiatives We have established the three N-Sustainable business fields: Environment and Energy, Next-generation Communications, and Life sciences. By 2025, we aim to achieve operating income of ¥5.0 billion or more in these businesses (based on internal management).	
Society and consumers	Solving social and environmental issues, and globalization <ul style="list-style-type: none"> ● Solve problems that threaten safety and security, e.g., climate change and food and water shortage. ● Contribute to securing and improving food safety by utilizing biotech, AI and other advanced technologies. ● Fulfill health maintenance demands due to increasingly aging societies in advanced countries. ● Contribute to the acceleration of globalization and solve social issues in each region. 	KPIs Consolidated ● Reduction rate for Scopes 1 and 2: 37% or more (compared to 2013) ● Reduction amount due to generation/purchase of renewable energy: 35,000 tons or more (cumulative) NAGASE & Co. (non-consolidated) ● Scope 2 zero emissions » For more details, see P.40	
Shareholders	Corporate governance <ul style="list-style-type: none"> ● Establish a highly transparent corporate governance system. ● Make sustainable improvement of enterprise value by balancing economic and social value. 	Report on initiatives We have been presenting a directors' skill matrix, and as a company listed on the Tokyo Stock Exchange Prime Market, we are also making progress on disclosing information in line with the TCFD recommendations.	

Organizations responsible for implementing materiality initiatives

Besides our trading company function, the NAGASE Group also includes Group companies with manufacturing functions, and we have positioned the pursuit of carbon neutrality and enhancement of employee engagement as common issues that all Group companies need to address. To this end, two projects have been established under the Sustainability Committee, and the project leaders are working, with a strong sense of responsibility, to promote materiality-related initiatives. Regarding carbon neutrality, we are also proceeding with related measures from a manufacturing perspective,

including the discussion of emissions reduction targets and reduction strategies by the Environmental Subcommittee of the Group Manufacturing Industry Cooperation Committee. The NAGASE Group Carbon Neutral Declaration specifies a goal of reducing Scope 3 emissions by at least 12.3% (compared to 2020). We are very much aware of the need for collaboration and coordination in the supply chain, and we are undertaking supply chain initiatives that include collaboration with business partners and participation in the GX League.

Further Acceleration of Digital Transformation (DX)

Basic approach

The NAGASE Group is further enhancing the strengths provided by a business network and industry knowledge built up over a period of more than 190 years by integrating them with digital technology, and is proceeding with system building and human talent cultivation that will lead to an enhancement of corporate value.

We are also speeding up the building of the foundations needed for digital marketing. In fiscal 2022 we launched our new English-language global website, with the aim of spreading awareness of the value that NAGASE provides throughout the world, and increasing the range of digital touch-points for communicating with our customers.

Going forward, we will be proceeding with the creation of websites for each region that we operate in, and by addressing customers' needs in more detail, we will be supporting the operating activities of the NAGASE Group as a whole.

Making marketing and operating activities more systematic and more efficient

Expanding the customer base through digital marketing

The NAGASE Group has around 110 Group companies that carry out their business activities across a wide range of fields and using different business models, but there has been an

issue with not effectively sharing knowledge and business knowhow across organizations and companies. To address this, we have been integrating the Group's key systems, such as its enterprise resource planning (ERP) and customer relationship management (CRM*1) systems, and used this integration to start accumulating data from both physical operating activities and digital marketing. By utilizing data according to clearly specified rules, not only are we able to make the work of our sales personnel and sales organization more efficient, we are also able to deliver solutions that already have a track record of success to new customers, and to expand the range of industry usage fields and applications for products that had previously only been sold to specific industries, thereby helping to solve problems for new customers, and aiming to expand our sales.

Increasing the number and quality of business consultations through CRM and MA*2

By sharing information through CRM systems, the NAGASE Group aims to strengthen the overall capabilities of the Group as a whole. Currently, we are proceeding with the adoption of a CRM system that will be shared by Group companies both within and outside Japan.

In the future, we will be striving to realize centralized management of usage methods and solutions on a group-wide basis, taking the system login rate and such as indicators.

Training and cultivation of DX talent

Human talent cultivation program

The NAGASE Group has adopted a two-stage human talent cultivation model, defining employees who have acquired a range of digital knowhow relating to the full sweep of the company's operations and who are capable of using this knowledge effectively as "DX talent," and defining employees who are able to play a leading role in using digital knowhow to develop new solutions and develop new markets as "marketers."

We believe that it is vital for the NAGASE Group's DX to have DX talent account for over 50% of all employees. While striving to strengthen employees' digital capabilities through e-learning, we are aiming to cultivate 100 marketers by fiscal 2025, and have DX talent employees make up more than 50% of all employees by fiscal 2026.

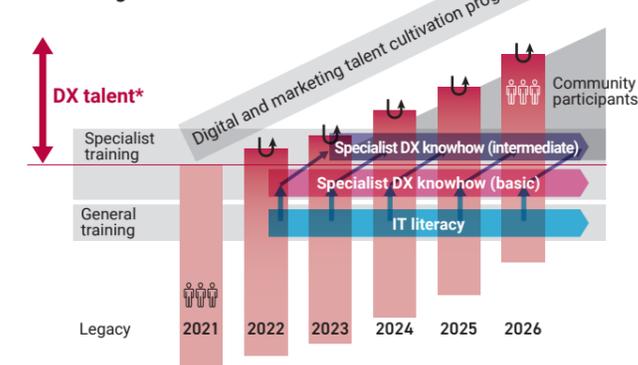
Launching a marketer community

So that Marketers can learn from each other across the boundaries of individual businesses, in fiscal 2023, NAGASE established a participant-centric learning community for all NAGASE Group employees involved with digital marketing.

The learning community provides close support for

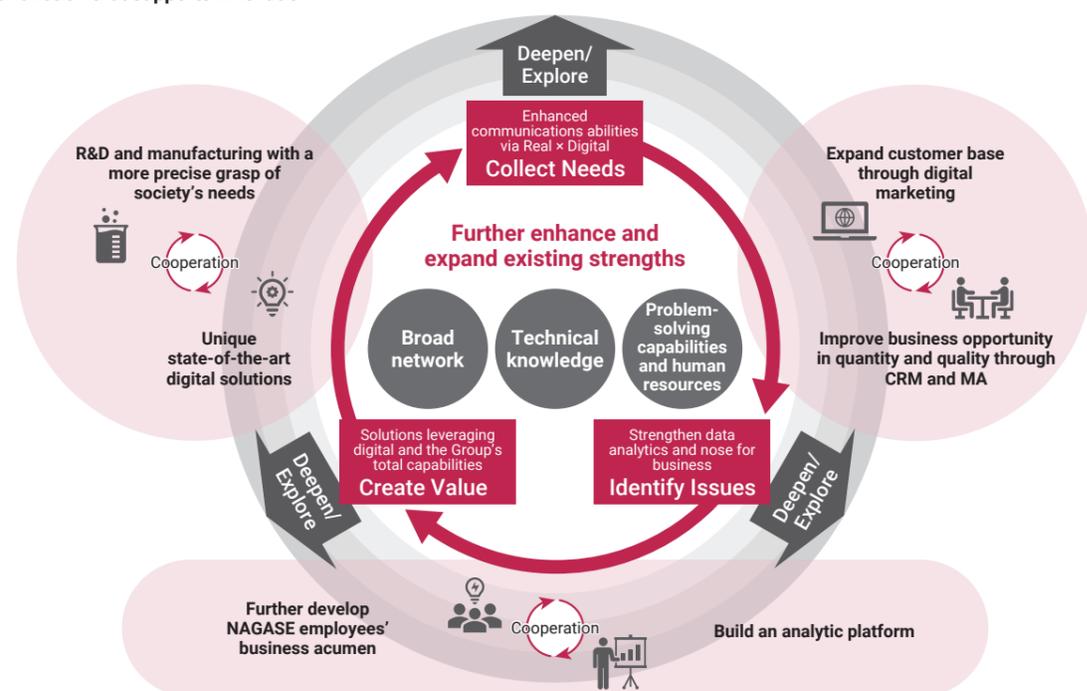
marketing initiatives and activities, and provides a venue for the sharing and co-creation of related knowledge, while also analyzing how frequently the Group's marketing websites are accessed, and aiming to enhance the digital skills of all employees participating in the community by sharing, on a common portal, data obtained by employees themselves, broken down by topic, such as search engine optimization (SEO) strategies, MA usage, etc.

DX training framework



* DX talent: Employees who have acquired a range of digital knowhow relating to the full sweep of the company's operations and who are capable of using this knowledge effectively

Enhance existing strengths through the use of DX as a function that supports innovation

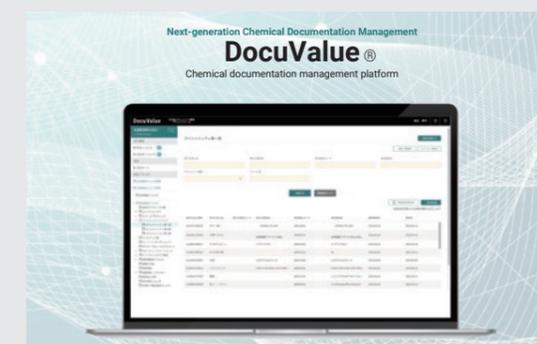


*1: Customer Relationship Management *2: Marketing Automation

Providing the DocuValue chemical document distribution management platform

In February 2023, NAGASE began providing the DocuValue cloud-based service, which aims to realize centralized management of the documents that are sent when transferring or providing chemicals.

By avoiding the situation where the sending, receipt and custody of documents become too dependent on individual employees, and by facilitating the visualization of inter-company communication, DocuValue supports better organized document management, and reduces the burden on every company in the chemical supply chain.



Selling Uncountable, a digital service tailored to meet the needs of the materials development sector

Developed and supplied by Uncountable Inc., Uncountable is a data management platform that allows the digitalization of every stage in the materials development process, from experimental data collection through to analysis and plan formulation. In May 2022, NAGASE entered into a distribution agreement for Uncountable, and began selling this platform in Japan from October 2022 onwards.

By making possible the centralized management of vast amounts of research and performance data that in the past would have been dispersed and managed by individual employees, Uncountable promotes the sharing of data between researchers and provides powerful support for customers' materials development.

