

Implementing Value Creation

—Reform of Our Corporate Culture /
Functions Supporting Reforms

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Carbon Neutrality

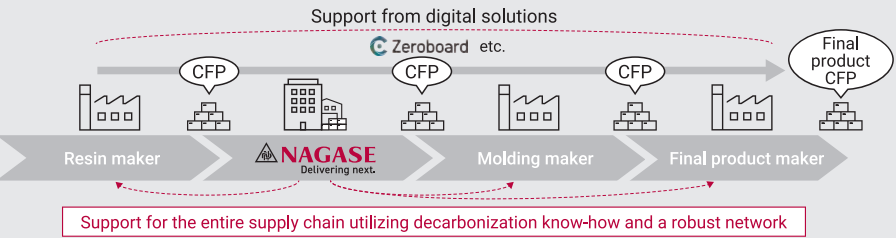
Besides its trading function, the NAGASE Group also has a manufacturing and processing function, and so we are working to achieve our goals in relation to carbon neutrality in line with a classification of our activities in terms of two axes and four quadrants (Trading, Manufacturing, Visualization, and Reduction), based on the NAGASE Group Carbon Neutral Declaration.

Decarbonized management solutions utilizing Zeroboard

NAGASE financially supports Zeroboard Inc., the developer of the cloud service “Zeroboard,” which calculates and visualizes GHG (greenhouse gas) emissions. Moving towards achieving carbon neutrality, the above management solution contributes to visualization and reduction of GHG emissions in the supply chains in wide ranging fields, such as chemicals, automobiles, electronic devices, paints, cosmetics, publication printing, fibers, semiconductor devices, etc. In addition to the activities up to fiscal 2023, we introduced “Zeroboard for batteries” as a novel solution for responding to the new laws and regulations in EU batteries regulation, as we build our foundation for

support in solving issues among relevant corporations. Additionally, we collect and lead increasing amount of data on the supply chain's CFP (carbon footprint), as we implement initiatives for supporting decarbonization management with a broad scope. By collaborating with Fujitsu Ltd. and Zeroboard Inc., NAGASE participated in the PACT Implementation Program* held by the World Business Council for Sustainable Development. We contributed to the success of this program by collecting primary data on GHG emissions from resin materials used in notebook computers and by supporting processing makers in the calculation of GHG emissions per part. The results were highly praised internationally as a supply chain collaboration model for GHG emissions that target the supply chain onsite.

GHG emissions supply chain linkage model



* Partnership for Carbon Transparency:
The partnership linking product CFP information across corporations through transparent exchange of primary data on CO₂ emissions across the entire value chain.

Contributing to reduction of greenhouse gases of business partners

In April 2023, we published the pamphlet “NEXT,” which summarized the NAGASE Group's GHG emission reduction. “NEXT” introduces NAGASE Group's GHG emission reduction solutions in each stage of the life cycle of products and services, from procuring raw materials to manufacturing, shipping, using, discarding, and recycling. “NEXT” helps us promote reduction in GHG emissions across the entire supply chain in our business proposals and dialogue with business partners. We offer comprehensive solutions of various services, such as “Chemicals AI Joint Distribution Matching Service,” which introduces partners for joint distribution in the chemicals industry, our know-how of factory wastewater treatment gained from our group manufacturing businesses to defining and extracting potential issues with business partners, and “provision of environmental value and supply of renewable energy power,” which contribute to reducing GHG emissions from electrical power of business partners under Scope 2. We will lead these suggestions to business partners to contribute to the reduction of GHGs throughout the supply chain.



Professional development for LCA calculations

LCA (Life Cycle Assessment) is a method for quantitatively evaluating the resources invested in all life cycles of products, from raw material procurement to production, distribution, use, and disposal, as well as the environmental burden and potential impact on the earth and ecosystems. The NAGASE Group is focusing on developing people skilled in LCA throughout the Group, in order to evaluate environmental value of products we handle and to accurately communicate that evaluation to the stakeholders. We implement LCA training annually, inviting external lecturers for Group manufacturing companies. Six out of seven Group manufacturing companies in Japan have already taken this training.

Moreover, NAGASE has begun offering the “LCA Beginner's Test” (Japan Life Cycle Assessment Facilitation Centre) and test preparation support to volunteering employees, through the “Self-Innovation Challenge,” a knowledge/skill acquisition support system. As of July 2023, a cumulative total of

75 employees have participated. We will accelerate our efforts towards decarbonization across the entire Group through promotion of LCA.

No. of participants in LCA related training

		FY2021 (Jul 2021-Nov 2022)	FY2022 (Oct 2022-Jan 2023)	FY2023 (Dec 2023-Mar 2024)
For Group manufacturing companies in Japan LCA calculation training	Attendees	13	27	12
	(Cumulative total)	13	40	52
	Attendee companies	2	4	6

		Lecture started in Jul 2023	Lecture started in Jan 2024
Self-innovation challenge: LCA beginner's test course	Attendees	54	21
	(Cumulative total)	54	75
	People who passed the test (Cumulative total)	39	9



Kanako Okabe
Business Planning Division,
Polymer Global Accounts
Department

Comments: Those qualified the test

By learning fundamental ideas through the LCA test, I'm able to think about how Group products and services can contribute to the environment and social issues, and have found new perspectives to bring to conversations with business partners.

Manufacturing company Visualization

Manufacturing company Reduction

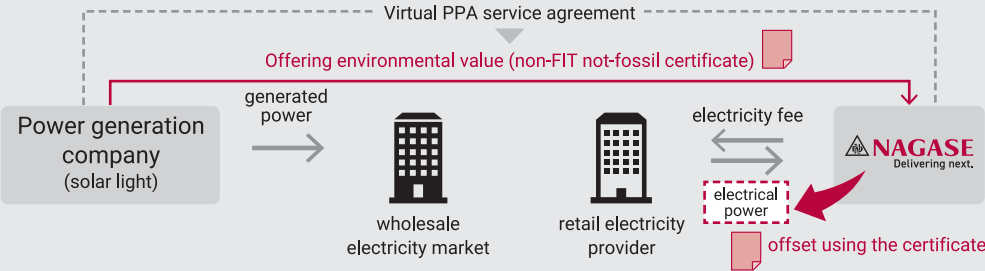
Utilizing on-site PPA and virtual PPA

NAGASE has introduced on-site PPA and virtual PPA in order to achieve our goal of carbon neutrality. PPA stands for Power Purchase Agreement.

For on-site PPA, we have begun a demonstration project to supply renewable energy along with industrial batteries through Fukui Yamada Chemical Co., Ltd., a Group manufacturing company. This project involves an on-site PPA for internal consumption, which supply electricity to the

factory by installing solar panels (497kW) and storage batteries (538kWh) on the factory site. Additionally, Nagase & Co., Ltd. has signed a virtual PPA service agreement with Clean Energy Connect Inc. This agreement is one of our initiatives to achieve Nagase & Co., Ltd.'s zero emissions under Scope 2, a non-financial goal from NAGASE's Medium-Term Management Plan **ACE2.0**. Based on this agreement, NAGASE will procure all additional environmental value generated by newly developed non-FIT solar power plants as a non-FIT non-fossil certificate for the long term. This is the NAGASE Group's first virtual PPA service, and moving forward, we will continue to contribute to the expansion of renewable energy.

Virtual PPA initiative



Improve Employee Engagement

Current status / Ideal NAGASE

Current status	Ideal NAGASE for FY2025
The NAGASE Group recognizes that employee engagement improvement is very important for sustainable corporate growth, and aims to realize a state in which companies (organizations) and employees understand and improve each other. Since fiscal 2021, we have launched a group-wide project implementing initiatives based on the engagement surveys.	<ul style="list-style-type: none">• A higher level of motivation enables the self-directed growth for both the Company and its employees.• PDCA cycle of improvement activities based on the continuous engagement surveys has taken root in the organization.

Employee Engagement Improvement Project

It consists of a project committee of about 10 people, led by the Directors, with employees from around the world as members and secretariat. The project regularly hold active discussions aimed at improving employee engagement throughout the NAGASE Group across the region and positions, and plans and implements new dialogue meetings and various initiatives. In fiscal 2023, project members from NAGASE Group companies around the world gathered at the Tokyo Head Office for a global summit to discuss the current situation and the future plan.

N-Meetup meeting with the President



NAGASE's President and CEO outlines the Company's current status and future direction, as well as other points he has in his mind, on less paper simply, which is then disseminated to employees on a quarterly basis as the Q Paper, and he has also been traveling throughout Japan holding wine and cheese networking events with employees at different business locations so that he can communicate directly with employees. These meetings provide a safe, relaxed environment for a free, enthusiastic, and wide-ranging exchange of views that extends across the whole organization, and which embodies a key aspect of NAGASE's corporate DNA: generating innovation from connections. Going forward, there will be a further expansion of this kind of small-scale dialog between the President and employees.

Dialogue events with NAGASE's local employees worldwide

We have been undertaking employee engagement improvement with employees of NAGASE Group companies throughout the world, with NAGASE's Chairman playing a leading role, and we have been engaging in dialogue with local employees of Group companies outside Japan. The content of this dialogue includes not only matters that are directly work-related but also private talk. Being able to ask directly about senior management's experience of failure and success has provided an opportunity to stimulate employees' motivation and enhance their job satisfaction.



Sharing examples of engagement initiatives in the internal journal

We highlight the engagement improvement of each organizations and share videos of engagement improvement know-hows on the intranet to promote awareness of employee engagement. Examples include 1on1 meetings between supervisors and subordinates, dialogue sessions with divisional managers, study sessions for younger employees, business generation meetings, knowledge-sharing tools, mentoring systems, and other initiatives at each organization, mainly at the head office. In fiscal 2023, we also spotlighted group companies' activities and shared lunch meetings and forums on the theme of engagement globally. The entire group is fostering momentum to improve engagement.



Stakeholders Communication

Dialogue chart

Stakeholders	Value provided	Main opportunities for dialogue
Employees	<ul style="list-style-type: none">○ 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	<ul style="list-style-type: none">○ Annual policy explanations○ Employee engagement surveys○ Employee training (hierarchical education / vision education, etc.)○ Opportunities and events for dialogue with management○ Events offering employee opportunities for communication and building connection○ Internal portal website / internal newsletters○ Whistleblowing system / consultation office
Business partners	<ul style="list-style-type: none">○ A cooperative structure that allows deeper understanding of business partners and offer broad range of possibilities○ Solutions to social issues and issues that should be dealt with across the entire value chain	<ul style="list-style-type: none">○ Daily operating activities○ Exhibitions / online seminars○ Websites○ Continuous dialogue with business partners○ Taking part in supply chain programs like Ecovadis / Sedex / CDP
Society and consumers	<ul style="list-style-type: none">○ 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 <p>Relationship with industry organizations NAGASE's Representative Director, President and CEO serves as the full-time Director of the Japan Foreign Trade Council. As a member of the Sustainability Committee, the Company participates in committee activities and promotional efforts.</p>	<ul style="list-style-type: none">○ Activities contributing to society (special sponsorship of the NAGASE Cup)○ Participation in and sponsorship of local events, etc.○ Cultural preservation activities (Hayashibara Museum of Art, etc.)○ Support of scientific engineers (Nagase Science and Technology Foundation)○ Support for developing next-generation chemical expert human resources (on-site classes and competition sponsorship), etc.
Shareholders	<ul style="list-style-type: none">○ Trustworthiness and peace of mind through highly transparent management system and timely information disclosure as appropriate○ Maximization of corporate value by enhancing both economic and social value, and by continuous business creation	<ul style="list-style-type: none">○ Shareholders' Meeting○ IR briefings (financial results briefings / explanatory meetings for individual investors)○ Small meetings with institutional investors○ Websites (IR / investor information)○ Issuing integrated reports

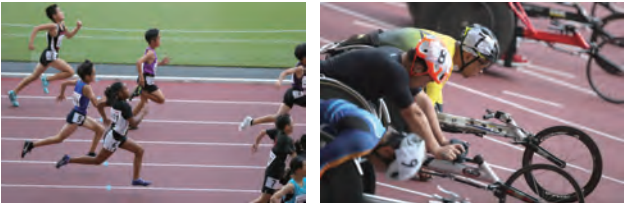
Special sponsorship of the NAGASE Cup —a track and field competition

Starting in 2022, the Company has been contributing to society through special sponsorship of the NAGASE Cup Para Athletics Competition (below, the NAGASE Cup), organized by Japan Para Athletics and the Tokyo Athletics Association. The NAGASE Cup is WPA approved and counts toward the WPA world rankings.

The NAGASE Cup is a track and field competition in which athletes compete with each other, regardless of disability, age, or country, under the concept of "inclusive competition where anyone can participate." At the 2nd NAGASE Cup in 2023, held at the Japan National Stadium in Tokyo, a total of 1,424 Japanese and foreign athletes competed, including about 450 para-athletes, with many records being set, including some world records. Over two days, a cumulative total of approximately 6,600 spectators attended, offering huge applause at the sight of 120 kids running around the track with all their might in the newly established elementary school

kids group. Additionally, about 50 NAGASE Group employees volunteered to participate in the event, supporting operation of the competition.

The NAGASE Group has offered various sports-related support and has hosted related events for visually-impaired runner Shinya Wada, after welcoming him as an employee in 2018. As we felt the bravery of athletes trying to set records regardless of ability or disability, and the impact they have had on society, we asked ourselves what we could offer to society. The answer was the NAGASE Cup. Moving forward, the Company will continue to make efforts to grow the competition as a "place for having new experiences and discovering new values" for all athletes, spectators, and volunteers.





Toshio Wakuda

Executive Officer
General Manager, Human
Resources & General
Affairs Department

Ritsuko Nonomiya

Outside Director

Dialogue | Growth for each employee is the key to leaping forward

Human resources measures to support strategy execution

Wakuda ● Much is being said about the importance of human capital as a primary source of corporate growth and competitiveness. What are your thoughts?

Nonomiya ● Japan is often said to be a country with very few resources, and I think that's especially true for human resources. The HR departments in Japanese companies have been assigned with creating personnel systems and then making sure they operate effectively. But simply maintaining a personnel system is not enough to strengthen human capital, and I believe personnel strategies have to fundamentally change.

Wakuda ● One of our management topics is to determine how to link the management, business, and human resource strategies. Under the new divisional CHRO structure, each division assigns a Divisional Chief Human Resources Officer (Divisional CHRO) who works with the HR Business Partner (HRBP) of the Human Resources & General Affairs Department to formulate and implement ideas for human resource development and organizational reform that will support our business strategies. The new personnel system Nagase & Co., Ltd. adopted in fiscal 2024 guides the career paths for

management personnel who will lead the organization as well as for specialist personnel pursuing high-level expertise.

Nonomiya ● NAGASE has trading company, manufacturing, and R&D functions, and the most important asset of all three is the people who make them all work. There is not just one correct personnel system, but the system must be created by observing and understanding what motivates each employee to pursue their career path. I also think that strengthening the ties between the business and HR divisions is a wonderful measure for linking the corporate culture and business.

Respecting employee diversity How to create a fulfilling work environment

Wakuda ● From your interactions with NAGASE employees, how would you characterize the NAGASE Group's human resources?

Nonomiya ● My impression from talking with employees is that they have a lot of individuality and uniqueness, but at the same time, I feel like they fully embody NAGASE's unique culture. One outstanding element is how strongly the employees trust each other. Even though this is a relatively large company, the

employees are close to each other and there is a sense of unity. We have a large corps of capable individuals who we can rely on to lead NAGASE in the future.

Wakuda ● I'm very glad to hear we have a "large corps" of capable people. At the same time I believe that as our business grows around the world, the NAGASE culture will also need to change.

Nonomiya ● With a global business, you cannot assume a relationship of trust will mean both sides will naturally have the same perspective, so it will be important to clearly communicate your intentions in words. I think an important part of diversity at NAGASE will be creating a workforce of people with different backgrounds and viewpoints who work together without making anyone feel separate or marginalized.

Wakuda ● I agree. We intend to implement measures that transcend all corporate environment and cultural boundaries to make NAGASE a group where diverse employees around the world trust each other, are not afraid to take on new challenges, and work with a sense of fulfillment every day.

Promoting D&I worldwide

Wakuda ● One of the new initiatives expands the overseas training system to cover global employees. We've had a system for Japanese employees from the head office to stay at a Group site in another country for six months to gain experience living and working in a foreign country. The system is currently being expanded so employees from throughout the Group can participate.

Nonomiya ● An organization like NAGASE with such a large pool of talent can afford to send some of its best employees out for specialized training. Developing human resources cannot be done all at once, so it's important to start the process one step at a time.

Wakuda ● As companies are being pushed to globalize, I am beginning to see various issues that will have to be addressed. The first may be to determine if the corporate environment in Japan is ready to bring in the foreigners that will be needed for globalization.

Nonomiya ● What are the objectives of the new overseas training system that you will be implementing?

Wakuda ● The increase in interactions among employees with different backgrounds, cultures, ways of thinking, and values will have various effects. The outcome I expect is innovation that could only come from NAGASE, which is precisely the "value of diversity" that the system is intended to produce.

Closing the gender gap requires increasing the percentage of female hires

Wakuda ● What is your impression of the gender gap at Nagase & Co.?

Nonomiya ● It's like an old private school for boys that

suddenly became co-educational (laughs). The Corporate Governance Code calls for increasing the ratio of women in management positions, but increasing the ratio of women in executive and managerial positions will not happen overnight. I think the quickest way would be to increase the percentage of women hired among new college graduates.

Wakuda ● You're right. We noticed the low number of female applicants to the Company and started taking steps to better introduce ourselves. In fiscal 2023, this included creating a video about a day in the life of our female employees, which helped boost the number of female applications by 30% compared to the previous year. As a result, women represented 60% of the new recruits we hired in April 2024.

Increasing engagement will drive our growth

Wakuda ● NAGASE has grown and expanded its business over the course of its long history. In this era of rapid change, I believe employee engagement will be a key factor for continuing employee growth and enhancing corporate value. Making the office environments more comfortable for work and expanding the personnel systems, including adding remote work, helped increase the engagement score, but the biggest point increase found in the fiscal 2023 survey was for items related to learning opportunities. We were motivated by President Ueshima's proactive efforts to provide more opportunities for employees to learn.

Nonomiya ● I think expectations are high both inside and outside the Company for his unconventional reforms. The N-Meet up!! meetings and other initiatives to meet directly with employees and explain management's plans and objectives have been wonderful. Communicating with employees at all levels and stages of their careers should be a positive stimulus.

Wakuda ● Yes, definitely. The N-Meet up!! meetings are casual events with wine and cheese where President Ueshima talks to employees about the changes he is trying to make and employees can ask him questions directly. I would like the Company to continue providing opportunities like that for dialogue because employees can connect their careers to the Company's strategies and transformation to make them their own.

Nonomiya ● Another thing that is important for increasing engagement, and which is also related to providing opportunities for learning and dialogue, is giving individual feedback on employee performance. Employee engagement in the Company is what increases corporate value.

Wakuda ● We will continue actively investing in our human capital so that NAGASE will continue to be an attractive corporate group to all stakeholders. NAGASE aims for its human capital to be innovative, global, and leaders of change.

Nonomiya ● NAGASE has a long history, but it must be forward-looking and not hesitate to take action and take on new challenges. Change is already under way, and I look forward to NAGASE continuing to evolve in the future.

Human resources strategy

Maximizing human capital through the “Pursuit of Quality”

The Medium-Term Management Plan is steadily improving the quality of human resources

As we have implemented the **ACE 2.0** plan with its key theme of the “Pursuit of Quality” over the past three years, the quality of our human resources has been steadily improving. When the plan was launched, we set three areas where we would seek to enhance the quality of our individuals and of our group. The first area was People: In the rapidly changing business conditions, how can we strengthen our human capital of innovative and global individuals who will lead our change without being bound by precedent or past successes? The second area was Environment: How can we create workplaces and ways of working that are comfortable and safe, and allow employees to fully express their creativity? The third was Culture: How can we create a culture in which people with diverse backgrounds and values can take on challenges with enthusiasm and in their own way? The answers to these questions are the basis for measures that we are now implementing.

Pursuing quality in our People, Environment, and Culture to transform our company

◆ People: Opportunities to understand, learn, and grow

We are providing more opportunities for Group employees to understand our objectives through regularly scheduled meetings that we call “N-Meetup!!” where the president talks about why NAGASE Group needs to change now, and employees from across the Group can engage in discussion. Meetings are held in Tokyo, Osaka, Nagoya, and at Group companies in Japan and overseas where members of management share their ideas and thoughts with employees to deepen their mutual understanding and bring them closer together.

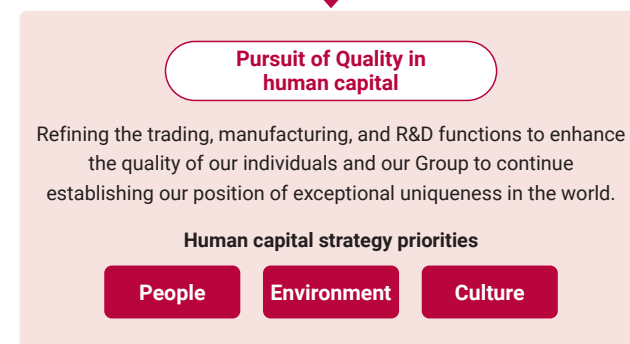
Providing more opportunities for employees to learn includes not only business school training but also dispatching employees to liberal arts-type training programs. It takes more than one person to change an organization. Our aim

is to improve people’s abilities to engage with and influence the actions of others. In addition to the standard rank-based training, we have also increased the number of training sessions open to employees of any age or rank who are motivated to learn and acquire new skills. This increase in opportunities to learn is being conducted both in Japan and overseas. The overseas training system, which was previously only available to employees at the head office, has been modified and expanded to cover global employees. With the percentage of overseas business growing each year, developing the skills of local staff around the world will be essential to the Company’s growth.

Providing growth opportunities means placing the right people in the right positions. To do this, we are creating data visualization of our global-level talent, conducting succession planning for key posts, and accelerating promotions of talented young employees.

◆ Environment: Facilitating horizontal exchange and pursuing our “uniqueness”

In fiscal 2021, Nagase & Co., Ltd. introduced the Activity-Based Workplace (ABW) system enabling employees to choose where to work depending on their duties and circumstances for the day. This has eliminated barriers caused by hierarchies and departments and is stimulating vertical and horizontal communication that leads to innovation. First adopted at the Tokyo Head Office, the Nagoya and Osaka office environments are being prepared to accommodate the system in fiscal 2023 and 2024.



ACE 2.0 Human Resource Strategy

Priority	Keys to solutions	ACE 2.0 priority measures	2023 (200th anniversary of our founding)
People Innovative and global talents leading innovation	<ul style="list-style-type: none"> • A system for independent career development • Various opportunities for skill development • The right people in the right positions worldwide • Recruitment activities linked to our business strategies • Acquisitions and retention of talented human resources globally 	<ul style="list-style-type: none"> • Provide open opportunity training sessions • Strengthen training for overseas staff • Introduce a global training system • Create visualization of our global talent portfolio • Strengthen succession planning • Enhance the HRBP function and CHRO system for business divisions (See page 64 for details) 	Improve engagement Sustained growth and development for employees and the Company Realize the NAGASE Vision and create and strengthen NAGASE's competitive advantage
Environment Comfortable, safe and inspiring workplaces and workstyles	<ul style="list-style-type: none"> • An environment with communication across hierarchical and organizational boundaries • System reform to flexibly accommodate work styles • Health and productivity management 	<ul style="list-style-type: none"> • Advance Project Bridge* • Implement a free dress code • Expand telecommute, shift work, and flextime eligibility • Create visualization and enhance analysis of employee health status 	
Culture Corporate culture that embrace challenges and diverse personalities	<ul style="list-style-type: none"> • Mutual understanding between employees and management teams • Dynamic staffing and promotion • Stronger mid-career recruitment, including highly specialized personnel • D&I 	<ul style="list-style-type: none"> • Revise the Head Office personnel system for career-track employees • Conduct diversity training at all levels • Actively recruit and promote female career-track employees 	

* Internal initiative to update our offices and work styles

We are also making our work system more flexible. In addition to enabling remote work and shift work and providing hourly paid leave, we are expanding the flextime system, which had been only for people in certain research positions, to more employees and making it adaptable to people’s personal needs, such as for employees who are raising young children or providing nursing care.

◆ Culture: Diversity is the key to innovation Closing the gender gap

We overhauled our personnel system in fiscal 2024 and introduced a new system for managerial positions and above that allows each individual to thrive and grow in their own way. The new system adopts role-based and job-based grade systems as a hybrid model. The system, which we are continuing to modify and improve, assists individuals in mapping career paths for “management personnel” who will one day be guiding the Group and “specialist personnel” to pursue high-level expertise.

To increase the diversity of perspectives that go into our decision-making, we are taking steps to close the gender gap by actively recruiting and seeking to retain talented female employees. Diverse human resources is key to generating innovation and ensuring effective risk management.

Employee engagement is the key to effective human capital management. Our role is to provide opportunities to employees.

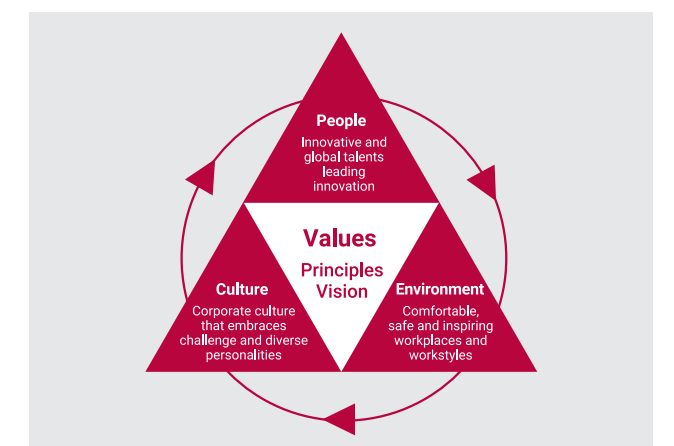
When we have raised the quality level in the three areas I’ve described, the next objective is to improve employee engagement.

As I said at the start, the source of NAGASE’s value creation is its human resources, and the key to corporate growth is how well we develop the potential of our employees. People feel a sense of growth and purpose when they are

committed to solving a customer or social issue and it produces a successful result. If we can make every employee feel this, we can create a high level of engagement between our company and employees, and that in turn would enhance our corporate value. That is why I believe it is management’s duty to provide opportunities and work environments so that employees will understand and get behind the NAGASE vision and truly feel they are growing in their jobs every day.

Employees are increasingly aware how the Company’s policies and management concepts relate to their work. In addition, our annual engagement survey findings indicate that employees are highly motivated to solve social issues, which makes me believe that the NAGASE vision has deeply penetrated our workforce.

The 190-year history of NAGASE is a story of transformation. We will continue changing and evolving while remaining true to our core management philosophy of “maintaining the highest standards of integrity.” We will also not be afraid to change how we approach our human capital and continue to incorporate new ideas and perspectives as part of our pursuit of the “Ideal NAGASE.”



Promoting Diversity

Current status / Ideal NAGASE

Current status	Ideal NAGASE for FY2025
Diversity is one of the key elements in realizing our human capital strategy. We place a high priority on the career support of female employees and are expanding opportunities for them to play an active role by hiring and promoting career development and management positions.	<ul style="list-style-type: none">• A culture and ethos that not only support women's empowerment but also enable diverse talents to demonstrate and challenge themselves.• Progress in both creating innovation and risk management, by transforming ourselves into a group of diversity.

Diversity management training for managers

We hold regular diversity management training programs for department and section managers, having started in fiscal 2023. The aim of this training is to strengthen awareness of the strategic importance of building a diversity-focused organization and to help managers understand the key aspects of managing diverse human talent. The first instance of this training program involved extensive discussion of the significance of diversity & inclusion (D&I) promotion and how to cultivate diverse subordinates; the training also provided an opportunity for managers to think deeply about the current organizational issues that they face in their managerial roles.



The second instance of the training program was conducted by Women's Ways, a general incorporated association involved in work related to women's body and hygiene issues, which invited leading sportspeople to give talks to help participants learn about the physical and psychological differences between men and women. Approximately 130 managers from Nagase & Co., Ltd. and Group companies attended the training sessions, and there



was a lively discussion. We will continue to hold these training activities in the future, with the aim of realizing workplaces where employees, embodying a high level of diversity (including gender, nationality, religion, etc.), can pursue their own individual workstyles.

N-Circle activities aimed at reducing the gender gap

Launched in fiscal 2023, N-Circle comprises a variety of measures focused on strengthening retention of female employees on the management career track. In fiscal 2023, we held round-table discussion meetings for groups of 4–6 female career-track employees, which has helped to build internal networks of female career-track employees within NAGASE, and enabled exchange of ideas on how the Company can further promote women's empowerment. We believe that, through these activities, we can build a better working environment for female employees on the management career track so that they can fulfil their potential, while also increasing the pool of potential candidates for promotion to managerial roles in the future by providing exposure to role models, both within and outside the company.



KPIs and results achieved

As indicators for monitoring the promotion of women's empowerment within the Company, we set ourselves the target of increasing the percentage of women among new career-track hires at Nagase & Co., Ltd. to at least 30%, and increasing the percentage of female managers to at least 6% by the end of fiscal 2025. As of fiscal 2023, the percentage of women among new career-track hires was 25%, and 5% of the Company's managers were women. Going forward, we will continue to implement various measures in order to meet the targets for fiscal 2025.

	FY2021	FY2022	FY2023	Target for FY2025
Percentage of women among new career-track hires	17%	17%	25%	At least 30%
Percentage of female managers	4.6%	4.3%	5.0%	At least 6.0%

Talent Management

Current status / Ideal NAGASE

Current status	Ideal NAGASE for FY2025
NAGASE has provided learning opportunities for employees with a focus on grade-specific training. The talent cultivation system provides training in basic skills for younger employees, in management literacy and leadership for mid-career employees, and in managerial perspectives and skills and organizational management for managerial staff.	<ul style="list-style-type: none">• The recruitment and cultivation of human talent links the Company's business strategy with its human resources strategy.• Realize talent visualization at a global level and ensure that the right people are placed in the right roles.• An environment that enables diverse human talent to grow professionally.

Coordination between HRBPs and CHROs

Within the Human Resources & General Affairs Department, a human resources business partner (HRBP) is assigned to each of NAGASE's business units, and a system has been adopted for undertaking organization building and human capital development based on a thorough understanding of the Company's business strategy. In addition, so as to be able to implement business strategy while keeping a human resources perspective, personnel have been appointed in each business unit to fulfil the Chief Human Resources Officer (CHRO) role.

By collaborating closely with each other, the HRBP and CHRO of each business unit are able to identify all of the personnel involved with the business, and the issues affecting the organization. The adoption of human resources initiatives at the level of the segment or division to address individual issues helps to accelerate the execution of the Company's business strategy.

Human capital development

Our basic approach to human capital development

The NAGASE Group positions human capital development as representing the strengthening of operational foundations that support the Group's growth. We aim to realize human capital development by the Group as a whole, by having grade-specific training implemented jointly throughout the Group, and by strengthening training for local staff at overseas Group companies.

Key points for strengthening human capital development

Among the wide-ranging human capital cultivation measures that we implement, the following three items are particularly important. Going forward, we will continue working to strengthen our human capital development as necessary in line with changes in the external environment and with the NAGASE Group's strategy.

1 Expanding elective training

To ensure the strength of NAGASE as a business group, we provide sufficient opportunities for employees to acquire necessary knowledge and skills. We also hold lecture sessions at which leading figures from various sectors are invited to give talks.

2 Strengthening training for local staff

at overseas Group companies

Besides realizing visualization of our human capital portfolio and strengthening succession planning for senior managers, we are also strengthening talent cultivation programs for local staff at overseas Group companies.

3 Globalization of overseas business training systems

The Overseas Business Training program, which in the past involved employees of Nagase & Co., Ltd. in Japan being sent on overseas assignments, is now being implemented globally, so that employees of overseas Group companies can be sent on assignments to Japan, or to a third country.

Human capital development and training systems

Position	Managerial responsibilities / Specialist responsibilities		
	Compulsory Training	Selective Training	Elective Training
Department Manager or higher		Domestic or overseas business school	
Department Manager candidate	Career Training II	NAGASE Management Program	Domestic business school
Section Manager	Management Training	New Manager Training	

Position	Career development responsibilities		
	Compulsory training	Selective training	Elective training
Section Manager Section Manager candidate	Career Training I		
Section Manager candidate Supervisor	MBA Fundamentals Program	Practical training Leader ship training	MBA Fundamentals Program Overseas business training
Supervisor	Second year follow-up training Introductory practical seminar Initial training		

Training expenditure and hours of training

Training per employee (FY2023)

Annual training expenditure	229,000 yen
Annual hours of training	40.4 hours

Human capital development and training systems (including elective training, etc.)

System	Overview
Overseas business training	System for employees to undergo training at overseas Group companies
Support for self-realization	<ul style="list-style-type: none">• Financial assistance for company-approved training programs• Support for various certification (test fees, textbooks, and opportunities for study sessions, etc.)• Financial reward for obtaining qualifications
Assignment to attend external training or seminars (elective and selective)	Liberal arts training and business schools
Diversity training	Discussion of organization where diverse talents can demonstrate themselves, for advancing NAGASE's D&I

Work Style Innovation

Current status / Ideal NAGASE

Current status	Ideal NAGASE for FY2025
We are proceeding with the creation of "offices where employees can exercise their creativity" and a system for realizing "work styles independent of time or place" so that we can achieve the building of workplaces and workstyles that enable people to innovate in comfort and safety.	<ul style="list-style-type: none"> We can generate innovation by accelerating horizontal and vertical communication through removal of barriers between employee grades and between organizational units. We have cultivated a working environment and corporate ethos that enables diverse human talent to fulfil their potential in a manner that is comfortable for them, and with improved systems for realizing flexible workstyles.

Activity-based workplace (ABW)

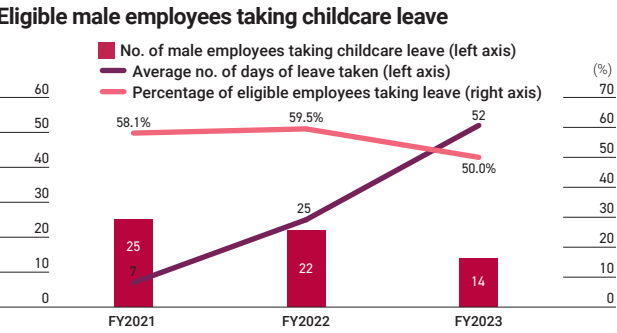
We believe that having varied workstyles that strengthen the productivity and efficiency of individual employee is vital for enhancing the productivity and work-life balance of the NAGASE Group as a whole.

The activity-based workplace (ABW) concept, which was introduced in the Tokyo Head Office of Nagase & Co., Ltd. in 2022, involves having all employees share spaces so that employees can choose their own working spaces that will allow them to maximize their performance based on the content and status of their current work tasks. An updated version of ABW has been adopted at the Nagoya office and the Osaka office over the period from fiscal 2023 to 2024.



Support for balancing childcare, nursing care, and work responsibilities

We are focusing on the cultivation of a corporate ethos that enables employees to continue working for the Company over the long term, by expanding systems and measures that provide support to help employees balance their childcare, nursing care, and other responsibilities with their work responsibilities. In recent years, we have increased the number of days' leave for male employees wishing to take childcare leave. We have also expanded the scope of the flextime system, which was previously limited to certain research positions, so employees with childcare or nursing care responsibilities can make use of the system.



Health management promotion

The NAGASE Group has drawn up and announced the NAGASE Health Declaration to provide support for Group employees to maintain and enhance their health, and encourages this movement. Nagase & Co., Ltd. has been selected as a Certified Health & Productivity Management Outstanding Organization (which recognizes corporations that have realized particularly impressive health management), and has maintained this certification every year since fiscal 2018. This has been extended to NAGASE Group companies with a total of seven NAGASE Group companies (including Nagase & Co., Ltd.) obtaining the certification.

One of our initiatives is the Online Smoking Cessation Program, undertaken in collaboration with NAGASE's Health Insurance Society, for both employees and their family members. Participants can receive free consultations until they succeed in quitting smoking. We also hold the NAGASE Smoking Cessation Classes twice a year since fiscal 2023. Around 80% of the attendees from the Group have succeeded in stopping smoking. We have also designated the week starting May 31 (World No Tobacco Day) as NAGASE No Tobacco Week, during which employees are prohibited from using the smoking rooms raising awareness on smoke-free workplace.



Employment of people with disability

The NAGASE offices in Tokyo, Osaka, and Nagoya have massage rooms with visually impaired masseurs. Employees are free to use these rooms, which contribute toward improving employee welfare. We also employ persons with disabilities for cleaning, and for data entry work performed at home, in line with their particular disability. Starting from August 2022, people with disabilities have been employed to do indoor farm work at the "Work Happiness Farm Plus Yokohama" run by S-Pool Plus, Inc. in Yokohama City, which has been renamed as the "NAGASE Sincerity Green Farm" to enhance its appeal. Inside the farm, vegetables are cultivated using the hydroponic method. The vegetables are distributed to NAGASE Group employees which becomes a good opportunity to understand the employment for people with disabilities as well as for mutual communication.



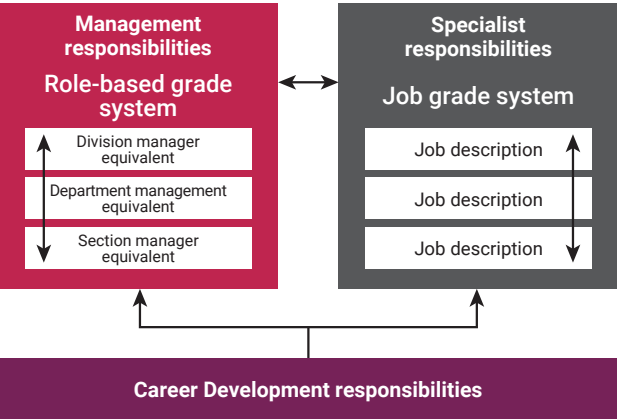
Human Resources Initiatives

Current status / Ideal NAGASE

Current status	Ideal NAGASE for FY2025
To cultivate a corporate culture and ethos that respect diverse talents and challenges, we believe that highly satisfactory work-styles and career development for employees in line with their abilities and ambitions with lead to sustainable corporate growth. We are actively working to reform our human resources systems and share HR strategies and initiatives throughout the Group.	<ul style="list-style-type: none"> Both managerial talent and specialist talent can fulfil their potential with greater job satisfaction Group companies both within and outside Japan share human resources strategies and foster mutual understanding by facilitating communication between Group companies, so that the Group as a whole is able to achieve effective coordination. The design and adoption of human resources systems linked to management strategy is promoted within the Group.

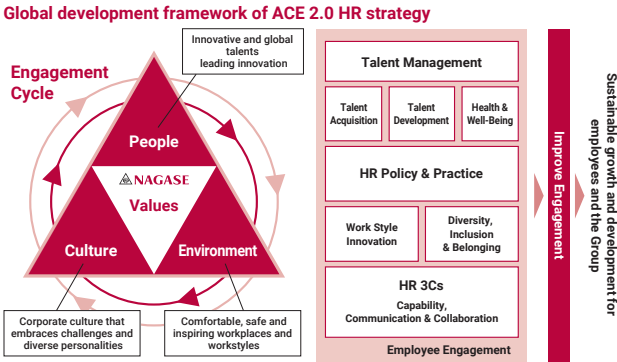
Adopting a new human resources system

In April 2024, NAGASE introduced a new human resources system, with the aim of strengthening the cultivation of innovative global talent able to drive change in an era in which the business environment is being dramatically transformed. By adopting a new role-based grade system in which grades are assigned based on the importance and difficulty of the work performed, and a new job grade system, the new framework does away with the practice of appointing employees to positions largely on the basis of years of service (seniority), and with roles and jobs being clarified, they can be linked more closely with employee compensation. This in turn will facilitate more dynamic talent assignment and utilization, and will enable the Company to secure and make use of a more diverse range of high-level specialist talent. We will proceed with the effective utilization of this new system, which maps out a career development path for both the management talent who will handle the running of the NAGASE Group in the future and specialist talent with a high level of specialist expertise, and which provides opportunities for employees with diverse personalities and values to grow and play an active role in the company in a way that suits them.



Disseminating the HR strategy throughout the Group

With the aim of disseminating NAGASE's human resources strategy throughout the NAGASE Group and promoting the coordination of strategy implementation between business locations, starting from 2020 a Human Resources global meeting has been held online every two months. In regard to issues such as talent management and employee engagement, by encouraging participants to share their views without being too focused on ideas that have originated in Japan, it is possible to develop measures that embody a close integration of the global strategy with local conditions in each region.



Besides the regular study meetings at which human resources managers from NAGASE Group companies in Japan meet to exchange information regarding the revision of human resources systems within Japan and the latest revisions to human resources related laws and regulations, we also distribute the quarterly bulletin Jinso Pics, containing human resources news and details of individual Group companies' initiatives, to Group companies in Japan and communication between companies is ongoing. By sharing important measures and information with individual Group companies in a timely manner, we provide support that enables the NAGASE Group's human resources to be handled in a coordinated manner, facilitating the linking of organizational operations with management strategy and allowing initiatives to be implemented more effectively.

Special Feature: Roundtable Discussion with President Ueshima and High School Students

What chemistry can do for the well-being of people and the planet

Hayato Yamashita

Eleventh Grade
Science Club, Shizuoka
Kita High School

Kento Hagiwara

Eleventh Grade
Science Club, Shizuoka
Kita High School

Tsuyoshi Endo

Twelfth Grade
Science Club, Shizuoka
Kita High School

Hiroyuki Ueshima

Representative Director,
President and CEO
Nagase & Co., Ltd.

The NAGASE Group was a special sponsor of the 19th The Grand Contest on Chemistry for High School Students held in October 2023. The 2023 winner of the NAGASE Award was the Water Quality Team of the Science Club at Shizuoka Kita High School. We invited the members of the winning group to the NAGASE Head Office in Tokyo to meet President Ueshima and talk about the challenges and insights they learned from the process of researching their project “Making phosphate fertilizer from wastewater,” their thoughts on using chemistry to solve social issues, and their future aspirations.

How do you convey the details of your research to those around you?

Ueshima ● Congratulations on winning the NAGASE Award at the 19th The Grand Contest on Chemistry for High School Students. As I said at the time, I think your project to make phosphate fertilizer from wastewater is an amazing idea.

Yamashita ● Thank you. A few years ago, some members of the school Science Club created a technology using iron to recover phosphoric acid and applied for a patent. An auto parts company learned about that and approached us to see if we could find a way to recover phosphorous acid from nickel plating and then extract phosphoric acid. Nickel plating wastewater contains high concentrations of environmental pollutants, and there were no effective methods to treat the water. We thought that finding a way to take out the phosphoric acid could both protect the environment and

reduce disposal costs. After we extracted the phosphoric acid, we continued researching because we thought we could make something truly useful for society by reusing the phosphoric acid in fertilizer. It took us two years, but I think we finally attained the result we were aiming for.

Ueshima ● It's remarkable for high school students to carry out such high level experiments. Is there anything about the research that left an impression on you?

Yamashita ● The biggest challenge was the oxidation of the phosphorous acid. We needed to create a catalyst, but it took a long time to get the results we wanted. We tried all the catalysts in the textbooks, including copper, iron, tin, nitric acid, bromine, iodine, and vitamin C, until we finally discovered a catalyst mechanism that continuously reduced oxidation. I'll never forget the shock and excitement I felt when we found it.

Endo ● When it came time to present all this research, we then had to figure out how to make the process understandable to the general public. We failed at several competitions as we tried to figure out the best way to show what we wanted to communicate. The moment when I finally felt that people were understanding what we were trying to show, I felt so happy and gratified.

Ueshima ● Communicating so someone fully understands is really hard. One of my fundamental approaches is to view “everyone as a teacher.” I try to listen to the person who is speaking and remember that they are living a different life from me. That heightens my interest in what they are saying. However, many people don't listen to people that way. The trial and error you went through to find how to get people to listen and be interested in your project is a very good experience.

The Grand Contest on Chemistry for High School Students

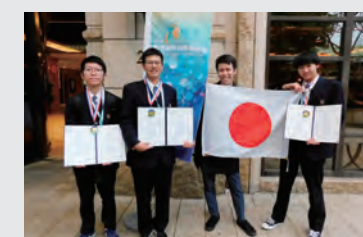
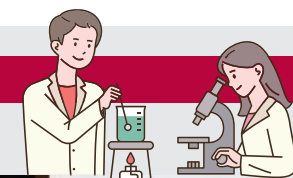
19th The Grand Contest on Chemistry for High School Students is an educational support program to foster human resources who can play an active role in the field of science in the future. The contest is designed to encourage students in high school and at technical colleges (up to third year students) to engage in learning and research activities and to cultivate scientific creativity through independent investigation.

NAGASE has been an award sponsor since the 16th contest in 2019. At the 18th competition, we presented the NAGASE Award to the Water Quality Team from the Science Club of Shizuoka Kita High School. The NAGASE Award recognizes research that embodies our slogan “Delivering next.” and creates excitement for the future. This year's award recognized the team's approach of considering social issues, the environment, practicality, and potential for commercialization.

NAGASE Award winner Shizuoka Kita High School

Shizuoka Kita High School is part of the Shizuoka Institute of Science and Technology and is designated Super Science High School by the Ministry of Education, Culture, Sports, Science and Technology. The school's Science Club includes approximately 100 people engaged in research activities in chemistry, biology, and geology.

The research by the Science Club's Water Quality Team on the topic of “Resolving the Phosphate Fertilizer Dilemma through Progressive Wastewater Treatment” received the NAGASE Award as well as the Chemistry Future Award for second place in the High School Chemistry Grand Contest. The team's project also won the First Award in the chemistry category at the Taiwan International Science Fair 2024 held during January 28 to February 2, 2024.



Special Feature:
Roundtable Discussion with President Ueshima and High School Students

Since you are a team, you listen to each other's opinions. What were your goals for the team?

The difficult balance between practicality and profitability of valuable technology

Hagiwara ● Our goal is to develop technologies that can be put to practical use. Also, rather than adding to the economic value of something, we are researching material recycling and other ways to increase external economic value, such as for the environment. We look for both practical and profitable ways to apply recycling technology. For example, one kilogram of phosphate fertilizer sells for ¥712, while the material cost is ¥124. The fertilizer is very environmentally compatible and also profitable, so I think the technology can be developed for practical use.



Ueshima ● That's a great idea. That perspective is indispensable for a business. What other research are you involved in?

Yamashita ● Environmental problems include climate change, soil and water quality, ocean and air pollution, and waste materials. Resources of phosphorus, fresh water, natural gas, oil, copper, and rare earth elements are also being depleted. Our research is particularly focused on areas related to climate change and resource depletion. Because the Japanese government set a target to attain carbon neutrality by 2050, we are researching carbon capture and methane synthesis technologies to see if we can synthesize plastic and fuels like methane.

Ueshima ● That would be incredible to not just capture carbon dioxide, but then to draw methane off it to put to other uses. Both how to capture carbon dioxide and what to use it for are major issues right now.

The highest priority is the well-being of people and the Earth

Yamashita ● Nagase & Co., Ltd. is also using its businesses to help find solutions for social issues. What issue do you think is the most critical to address right now?

Ueshima ● Climate change. I believe we have borrowed the Earth from the children of the future, and we have a responsibility to return it to them more beautiful than it is now. We have to go beyond carbon neutral and think about becoming carbon negative. If global warming continues, we will not have a planet where people can live with peace of mind. I believe our highest priority is the well-being of humanity and the planet.

Yamashita ● As both a trading company and a manufacturer, does NAGASE select research and development themes that are centered on important social issues? We always have trouble trying to find where to direct our research. How do you find what to focus your research on?

Ueshima ● NAGASE has been working closely with its clients and business partners for over 190 years. Over that time, we have constantly asked our clients to tell us about the problems they are facing, and responded by continuously adapting our business to meet their needs. We started by supplying dyes to a kimono dyeing factory in Kyoto. Later, we began importing advanced technologies and chemical products from overseas to support the Japanese chemical industry. Then, when the market in Japan grew, we set up companies overseas and created joint venture companies so we could start our own manufacturing business.

Endo ● You have a keen sense for identifying issues and then using that to think about what the company should do next.

Ueshima ● Our research depends on the needs of our clients, and it seems like our recent research has been mostly related to social and environmental issues. Since we follow our clients' needs, it's possible that we will not always be a trading company; as our clients' needs change, so could our business.

Endo ● I chose biology to fulfill my science requirement. In nature, the species that survive are the ones that are the most adaptable. Both the ability to identify needs and problems and to adapt seem to be essential.

Ueshima ● That's very true. That's why I think your decision to research a technology that can provide solutions for an environmental issue was an excellent choice. If your research continues progressing, it's possible that our company can provide funding and ultimately manufacture and sell what you produce. It's even interesting to imagine one day in the future making a company with your team. These days, anyone can



use their abilities, whether they're a high school student, a working adult, a company or an individual. We always want to partner with people who are highly capable and have keen business insight. I think the way all of you look at things is wonderful.

Hagiwara ● I appreciate that very much. Thank you.



A future combining interests and usefulness

Yamashita ● Mr. Ueshima, how do you think your experiences from when you were a student are influencing your career now?

Ueshima ● I've always been interested in the stars and outer space, and when I studied chemistry in high school, I was fascinated to learn that chemistry is everywhere in the universe. I loved learning things I didn't know and factorizing to find the answers to questions I had. That excitement to find more interesting things that I didn't know led me down the path of chemistry and to where I am today. Even now, when I'm in a business situation, I'm always thinking about how to create a chemical reaction between people. I think, underneath it all, it is about being interested in new things, asking questions, and questioning what everyone believes to be true. What do each of you want to do in the future?

Hagiwara ● I would like to be a researcher at a manufacturing company. Joining the Science Club and having my research in phosphorus produce results gave me a sense of accomplishment and belief that this technology will definitely be useful to society. For example, phosphorus is used for plating, but it can also be used as a flame retardant in curtains. I want to find more materials that have secondary functions like that, and then use them to create substances that will be useful in society.

Endo ● I also want the research I'm doing on phosphate fertilizer to become commercialized because I think it can, even just a little, help solve some of the food problems the world is facing. I want to continue researching phosphorus, but I'm also very interested in biomimetics technology, which incorporates the characteristics of organisms into the technology of human society. I'm also interested in ancient and deep-sea organisms. In any of these areas, I would like to do research that is useful to people and society.

Yamashita ● In addition to a research position, I'm also interested in becoming a pharmacist. If I were a researcher, I would like to study microplastics and find ways to collect the plastic pollution in our oceans. I live near Suruga Bay, and seeing the mounds of PET bottles and other plastic garbage makes me wonder if there isn't a way to make plastic that decomposes without harming the environment.

Ueshima ● I'm impressed by all three of you. It's excellent that you all have a clear idea what you want to do and why you want to do it. Your family and schoolteachers also deserve praise for giving you the opportunity and environment to think about those things.

I want our future leaders to meet people and see the world

Yamashita ● Yes, all of us are very grateful. You said earlier that you believe the Earth is borrowed from the children of the future. What are your expectations for us and the children of today?

Ueshima ● I really would like young people to meet and talk with a wide variety of people. A person's perspective can become quite narrow and rigid if they only communicate with people of the same generation, location, or community. Then it becomes difficult to create anything new. Meet and talk with people, break through what you think is common sense and destroy stereotypes.



Yamashita ● That sounds just like what we're doing today!

Ueshima ● That's true. Our business is matching companies with companies, which means people with people, and I hope we can be a bridge for people to connect with the people and companies they need. One more request I have is for young people to see the world. Seeing other countries lets you understand how wonderful Japan is and where we are in the world, and it will greatly expand your perspective when you think about the future. It's been wonderful hearing your stories and seeing your vitality and passion. Thank you very much.

All ● Thank you very much.