Note: This document is a translation for the convenience of non-Japanese speakers. In the event of any discrepancy between this translation and the original Japanese document, the latter shall prevail.

Notice of Convening The 154th Ordinary General Meeting of Shareholders

NSG GROUP

- In order to prevent the spread of COVID-19, please kindly consider refraining from attending this general meeting of shareholders in person and exercise your voting rights in advance by mail or via internet .
- Souvenirs will not be provided to the shareholders attending the meeting in person. We would like to ask for your understanding.

Date and Time:

10:00 A.M., Thursday, 16 July 2020

(Reception to open from 9:00 A.M.)

Venue:

Shinagawa Intercity Hall

15-4, Konan 2-Chome, Minato-ku, Tokyo

(Please refer to the “Map of the Venue for the Ordinary General Meeting of Shareholders” attached at the end.)

Matters to be Resolved:

Proposal: Election of Nine Directors

Deadline to exercise the voting rights in writing or via the Internet:

5:45 P.M. (Japan time)

Wednesday, 15 July 2020

Nippon Sheet Glass Company, Limited

Securities Code: 5202

Contents

- Notice of Convening the 154th Ordinary General Meeting of Shareholders.....1
- Information concerning Exercising Voting Rights.....3
- Reference Materials to Proposals.....5

Proposal and the References thereto

Proposal: Election of Nine Directors

[Attached Documents]

- Business Report

1. Matters Relating to the Current State of the Company's Group.....17
2. Matters Related to the Shares.....30
3. Policy on Return of Our Profits to Shareholders. 31
4. Matters Related to the Stock Acquisition Rights, etc. 32
5. Matters Related to Directors and Executive Officers.....33
6. Accounting Auditor.....42
7. Status of Corporate Governance.....43

- Consolidated Financial Statements.....51
- Financial Statements.....55

Securities Code: 5202

1 July 2020

Shigeki Mori
Director,
Representative Executive Officer, President and CEO
Nippon Sheet Glass Co., Ltd.
5-27, Mita 3-Chome, Minato-ku, Tokyo

Notice of Convening the 154th Ordinary General Meeting of Shareholders

Dear Shareholders,

Thank you for your continuing support and patronage of NSG Group.
As described below, this is to notify you of the forthcoming 154th Ordinary General Meeting of Shareholders of the Company.

Concerning this general meeting, in order to prevent the spread of COVID-19, please kindly concider refraining from attending the meeting in person, regardless of your health conditions, as we consider the safety of the shareholders our highest priority.

You remain capable of exercising your voting rights either in writing or by electronic or magnetic means (via the Internet), so even in the case of your absence from the meeting, we would much appreciate it if you could take your time to review and consider the "Reference Materials to Proposals at the General Meeting of Shareholders" below, and then exercise your voting rights according to the explanations and instructions described in page 2 by no later than 5:45 P.M. (Japan time) of 15 July (Wed.) 2020.

Note:

1. Date and Time	10:00 A.M., Thursday, 16 July 2020
2. Venue	Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo (Please refer to the "Map of the Venue for the Ordinary General Meeting of Shareholders" attached at the end.)
3. Agenda	Matters to be Noted 1. Business Report, Reports of the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit Committee on the Consolidated Financial Statements, for the 154th fiscal period from 1 April 2019 to 31 March 2020 2. Reports of the Financial Statements for the 154th fiscal period from 1 April 2019 to 31 March 2020 Matters to be Resolved Proposal: Election of Nine Directors

Notes: In terms that the Meeting will be held in July, it will be described as a special note that the Record Date for the 154th Ordinary General Meeting of Shareholders was changed to 4th June 2020 from 31st March 2020, which is stipulated in the Articles of Incorporation of the Company, by issuing a public notice pursuant to Article 124 of the Companies Act, and the date of the Meeting is different from that of other ordinary years.

End

Other Matters related to this Convening

◎ Reference Materials to Proposals at the General Meeting of Shareholders and those Business Report, Consolidated Financial Statements, and Financial Statements which need to be attached to this Convening Notice are all as duplicated and shown in pages from 5 to 58 below, with the exclusion of Notes to the Consolidated Financial Statements and Notes to the Financial Statements which are posted and made available on the Company's website at https://www.nsg.com/ in accordance with the relevant laws and ordinances, and Article 14 of the Articles of Incorporation.
Accordingly, those Consolidated Financial Statements and Financial Statements attached to this Convening Notice respectively constitute such part of Consolidated Financial Statements and Financial Statements as were audited by the Accounting Auditor and the Audit Committee in the course of their conduct of audit in order to prepare for and produce their respective audit reports.

◎ If it should become necessary to make any amendments to any of the Reference Materials to Proposals at the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Financial Statements, such amendments shall be notified to you by mail, or on the Company's website at https://www.nsg.com/.

◎ Voting results of the meeting will be filed and shown via EDINET (https://disclosure.edinet-fsa.go.jp/) in the form of an Extraordinary Report (in Japanese only), and also disclosed on the Company's website at https://www.nsg.com/ (in English) and at https://www.nsg.co.jp/ (in Japanese). You are kindly asked to acknowledge and confirm that these actions are intended to operate as substitute in place of the issue and posting of a resolution notice.

Exercising Voting Rights

➢ When exercising voting rights in writing

Indicate your approval or disapproval of the proposals in the enclosed voting rights exercising card and send it so that it reaches us no later than 5:45 p.m. (Japan time) of 15 July (Wed.) 2020.

➢ When exercising voting rights via the Internet

When exercising voting rights via the Internet, please carefully read "**Information concerning exercising voting rights via the Internet**" as shown below (page 3) and then exercise the rights by no later than 5:45 p.m. (Japan time) of 15 July (Wed.) 2020.

➢ When attending the meeting on the day

Please present the enclosed voting rights exercising card to the reception.

Electronic Voting Platform for Institutional Shareholders

The Electronic Voting Platform operated by ICJ, Inc. is available for institutional shareholders.

Information concerning Exercising Voting Rights via the Internet

Exercising your voting rights via the Internet can be carried out only through the website above specified by the Company.

- Exercise of voting rights by “Smart Voting” (available only in Japanese)
  Please scan the “Smartphone use voting right exercise website login QR cord” on the lower right of the enclosed voting rights exercising card with a smartphone or tablet. The URL that then appears will bring you to the voting right exercise website screen by clicking on it. Please follow the screen instructions to exercise your voting rights.
- Exercise of voting rights by the voting rights code and password (available only in Japanese)
  Please access the website for exercising voting rights, https://www.web54.net, with a personal computer or other Internet-capable device of yours and enter your approval or disapproval for each proposal by using the voting rights code and password described in your enclosed voting rights exercising card and afterwards follow the screen instructions shown in the screen.
- Contact the following for any inquiries regarding the exercise of voting rights via the Internet
  Web support desk of Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
  Telephone number: 0120-652-031 (from 9 a.m. to 9 p.m. Japan time, toll free in Japan)

Voting Rights

- When a shareholder exercises his or her voting rights both in writing and via the Internet, the voting rights exercised via the Internet shall take precedence over the one in writing. When a shareholder exercises his or her voting rights multiple times via the Internet, the last valid exercise of voting rights via the Internet shall be considered as the shareholder's final vote.
- Though voting rights may be exercised via the Internet till 5:45 p.m. (Japan time) of 15 July (Wed.) 2020, it would be greatly appreciated if you could kindly exercise the rights earlier.

Password and voting rights code

- The password is very important information to enable us to identify those who would exercise the voting rights as our shareholders themselves truly, so please treat it very carefully.
- If you mistakenly enter a wrong password on a certain specified number of occasions, this password will become invalid. If you wish the reissue of another password please follow the instruction shown on the screen.
- The voting rights code written on voting rights exercising card shall be valid only for this General Meeting of Shareholders.

Inquiries regarding Exercising Voting Rights

- Contact the following for any other query regarding your shareholding and its related matters

  1) If you have a shareholder account in a securities company
     Please contact the securities company administrating your shareholder account
  2) If you do NOT have a shareholder account in a securities company
     Please contact the Administration Center of Transfer Agency of Sumitomo Mitsui Trust Bank

  Telephone number: 0120-782-031 (Weekdays from 9 a.m. to 5 p.m. Japan time, toll free in Japan)

Reference Materials to Proposals at General Meeting of Shareholders

Proposal and the References thereto

Proposal: Election of Nine Directors

The term of office of all the eight Directors shall expire as of the end of this Ordinary General Meeting of Shareholders. Hence the shareholders are hereby asked to approve of election of nine Directors based on and pursuant to the decision of Nomination Committee of the Company. Those director candidates are as follows. For further information on each director candidate please refer to the pages from 6 to 14 of this Convening Notice:

No.	Name	Position	Current Responsibilities at NSG Group			Record of attendance at Board meeting
			NC	AC	CC	
1	Shigeki Mori To be re-elected	Representative Executive Officer, President and CEO	Member		Member	100% (10/10)
2	Clemens Miller To be re-elected	Representative Executive Officer, Executive Vice President and COO				100% (10/10)
3	Kenichi Morooka To be re-elected	Representative Executive Officer, Executive Vice President and CFO				100% (10/10)
4	Toshikuni Yamazaki To be re-elected	External Independent	Member	Chairman	Member	100% (10/10)
5	Yasuyuki Kimoto To be re-elected	External Independent	Member	Member	Chairman	100% (10/10)
6	Jörg Raupach Sumiya To be re-elected	External Independent		Member	Member	100% (8/8)
7	Hiroshi Ishino To be newly-elected	External Independent				—
8	Kunihito Minakawa To be newly-elected	External Independent				—
9	Yoshihiro Kuroi To be newly-elected	External				—

Notes:

1. Messrs. Toshikuni Yamazaki, Yasuyuki Kimoto, Masatoshi Matsuzaki, Jörg Raupach Sumiya, Hiroshi Ishino, Kunihito Minakawa and Yoshihiro Kuroi are all candidates for the External Directors stipulated in Article 2.15 of the Companies Act. In addition, all of them except Mr. Yoshihiro Kuroi have been notified to Tokyo Stock Exchange (hereinafter called "TSE") as Independent Directors. The Company has on its own created and applied more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which five candidates for External Directors also meet. For the detail of the criteria, please see pages from 15 to 16.
2. The Company has entered into an agreement on limitation of liabilities with all the candidates of the External Directors whose tenure is expiring (Messrs. Toshikuni Yamazaki, Yasuyuki Kimoto and Dr. Jörg Raupach Sumiya) respectively to the effect that the level of the liability of each of the External Directors in having performed their duties in good faith and without gross negligence on their part should be capped by the amount allowed by law. The Company further intends to enter into an agreement on similar limitation of liability with Messrs. Hiroshi Ishino, Kunihito Minakawa and Yoshihiro Kuroi once elected, to the effect that the level of his liability in having performed his duties in good faith and without gross negligence on his part should be capped by the amount allowed by law.

To be re-elected

1 Mr. Shigeki Mori

Positions/responsibilities at NSG Group	Director, Representative Executive Officer, President and CEO, a member of Nomination Committee and Compensation Committee
Date of birth	22 July 1958 (61 years old)
Record of attendance at Board of Directors meetings	100% (10/10)
Number of the Company's common shares owned	34,212
Material Positions concurrently held with third parties	n/a
Special interest the candidate the Company	n/a

Brief career history

Apr. 1981	Joined the Company
Apr. 2003	General Manager of Planning Dept. Architectural Glass Company
Jan. 2005	General Manager of Functional Glass production & Technology, Architectural Glass Company and President of NSG Kanto Co., Ltd. (currently NSG Building Products Co., Limited)
Jul. 2010	Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass (UK)
May 2012	Senior Corporate Officer, Head of Architectural Glass Japan
Jun. 2012	Senior Corporate Officer, Head of Technical Glass SBU
Apr. 2015	Representative Executive Officer, President and CEO (Incumbent)
Jun. 2015	Director (Incumbent)

Reasons for recommendation as a Director

After having worked for the functions of human resources and corporate planning in the Group, Mr. Shigeki Mori served for a number of important positions of the Group including the president of a material subsidiary in the Architectural Glass business and the Head of the Technical Glass Strategic Business Unit. For two years from July 2010 he was based in the UK as the Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass business. Based upon such ample experiences and delivery of results gained in both of administrative role and plural business lines he was appointed Representative Executive Officer, President and CEO in April 2015 and since then, has taken leadership in the whole Group business. He was also appointed Director in June 2015. It is expected that his knowledge and experience of the Group business should continue to contribute to the decision-making function of the Board.

To be re-elected

2 Dr. Clemens Miller

Positions/responsibilities at NSG Group	Director, Representative Executive Officer, Executive Vice President and COO
Date of birth	21 February 1959 (61 years old)
Record of attendance at Board of Directors meetings	100% (10/10)
Number of the Company's common shares owned	20,700
Material Positions concurrently held with third parties	n/a
Special interest existing between the candidate and the Company	n/a

Brief career history

Jul. 1992	Joined Flachglas AG (currently Pilkington Deutschland AG)	Apr. 2010	Senior Corporate Officer, Vice President of Commercial and Solar Energy Products, NSG Group
Dec. 2002	Head of Business Planning, Building Products Europe Managing Director, Fire Protection, Building Products Europe	Jun. 2011	Director (Incumbent), Executive Officer, Head of Building Products Worldwide, NSG Group
Jun. 2005	Managing Director, Fire Protection & Coatings, Building Products Europe	Feb. 2012	Executive Officer, Head of Architectural glass SBU and Technical Glass SBU, NSG Group
Apr. 2007	Managing Director, Solar Energy Business Managing Director, Fire Protection & Coatings, Building Products	Apr. 2012	Representative Executive Officer, Executive Vice President and COO, Head of Architectural glass SBU and Technical Glass SBU, NSG Group
Aug. 2007	Managing Director, Building Products Europe Managing Director, Fire Protection & Coatings, Building Products	Jun. 2012	Representative Executive Officer, Executive Vice President and COO, NSG Group (Incumbent)
Jun. 2008	Senior Corporate Officer, Head of Building Products Europe, NSG Group		

Reasons for recommendation as a Director

After having engaged in work of production, business planning and marketing in the Group's Architectural Glass business, Dr. Clemens Miller held a succession of such important posts as the Head of the Architectural Glass and Technical Glass Strategic Business Units and so forth. He was appointed Director, Executive Officer of the Group in June 2011 and since April 2012 he has taken leadership in the Group business as the Director, Representative Executive Officer, Executive Vice President and COO. It is expected that he should continue to contribute to the decision-making function of the Board by making best use of his abundant experiences, knowledge and perspectives with regard to the Group's business, operation and management.

To be re-elected

3 Mr. Kenichi Morooka

■ **Positions/responsibilities at NSG Group**	Director, Representative Executive Officer, Executive Vice President and CFO
■ **Date of birth**	12 December 1956 (63 years old)
■ **Record of attendance at Board of Directors meetings**	100% (10/10)
■ **Number of the Company's common shares owned**	28,565
■ **Material Positions concurrently held with third parties**	n/a
■ **Special interest existing between the candidate and the Company**	n/a

Brief career history

Apr. 1979	Joined The Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation)	Jun. 2011	Senior Corporate Officer, CFO, Specialty Glass, General Manager of SG Administration, and Head of Corporation Planning Communication, NSG Group
Apr. 1993	Senior Assistant General Manager, International Affairs (Tokyo), The Sumitomo Bank, Limited	Feb.2012	Senior Corporate Officer, Head of Corporation Planning Communication, NSG Group
Jun. 2002	President, SMBC Securities, Inc., and Vice President, SMBC Capital Markets, Inc.	May 2012	Senior Corporate Officer, Deputy CFO, NSG Group
Dec. 2006	General Manager, Promotion of Business Integration, and Senior Manager, Finance, NSG Group	Apr. 2013	Executive Officer, Deputy CFO, NSG Group
Jun. 2008	Corporate Officer, Head of Financial Planning, NSG Group	Jun. 2013	Director (Incumbent), Executive Officer, Executive Vice President, NSG Group
Apr. 2011	Corporate Officer, CFO, Specialty Glass, General Manager of SG Administration, and Head of Corporation Planning Communication, NSG Group	Apr. 2016	Representative Executive Officer, Executive Vice President and CFO, NSG Group (Incumbent)

Reasons for recommendation as a Director

Mr. Kenichi Morooka joined the Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) and held a number of important posts there. He joined NSG Group in December 2006 and engaged himself in business planning, accounting, finance and business administration in both Japan and the UK. He became appointed as Director, Executive Officer, Executive Vice President in June 2013 and since September 2013, has taken leadership in the area of the Group's business planning, human resources, finance in Japan and external communications, and he became Director, Representative Executive Officer, Executive Vice President and CFO in April 2016. It is expected that he should continue to contribute to the decision-making function of the Board by making best use of his abundant experiences and knowledge and perspectives with regard to the Group's accounting, finance, human resources, business and management.

To be re-elected Candidate for External Director
Candidate for Independent Director

4 Mr. Toshikuni Yamazaki

Positions/responsibilities at NSG Group	Director, a member of Nomination Committee and Compensation Committee, and Chairman of Audit Committee
Date of birth	13 January 1946 (74 years old)
Length of incumbency as External Director	5 years (as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (10/10)
Number of the Company's common shares owned	7,778
Material Positions concurrently held with third parties	Representative Director and President, Ryugasaki Country Club
Special interest existing between the candidate and the Company	n/a

Brief career history

Apr. 1968	Joined Nippon Kokan K.K. (Currently JFE Holdings, Inc.)
Jun. 1999	Director, Nippon Kokan K.K.
Apr. 2000	Vice President (Corporate Officer), Nippon Kokan K.K.
Apr. 2001	Senior Vice President (Corporate Officer), Nippon Kokan K.K
Apr. 2005	Corporate Officer, Executive Vice President, JFE Holdings, Inc. (Retired in March 2009)
Jun. 2005	Representative Director, JFE Holdings, Inc.
Apr. 2009	Director, JFE Holdings, Inc.
Jun. 2009	Corporate Auditor (Full-time), JFE Holdings, Inc. (Retired in June 2013)
	Corporate Auditor, Universal Shipbuilding Corporation (Retired in December 2012)
Apr. 2010	Corporate Auditor, JFE Engineering Corporation (Retired in April 2013)
	A member of Investment Advisory Committee, Government Pension Investment Fund, Japan (GPIF) (Retired in March 2013)
Mar. 2015	Representative Director and President, Ryugasaki Country Club (Incumbent)
Jun. 2015	Director, NSG Group (Incumbent)

Reasons for recommendation as an External Director

Mr. Toshikuni Yamazaki has been elected as an External Director of the Company since June 2015. He has the career and experiences of serving as Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) and full-time corporate auditor of a major international manufacturing company, and a member of the Investment Advisory Committee of the Government Pension Investment Fund, Japan (GPIF). It is expected that he should continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management and finance and accounting.

To be re-elected Candidate for External Director
Candidate for Independent Director

5 Mr. Yasuyuki Kimoto

Positions/responsibilities at NSG Group	Director, a member of Nomination Committee and Audit Committee, and Chairman of Compensation Committee
Date of birth	26 February 1949 (71 years old)
Length of incumbency as External Director	4 years (as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (10/10)
Number of the Company's common shares owned	5,781
Material Positions concurrently held with third parties	n/a
Special interest existing between the candidate and the Company	n/a

Brief career history

Apr. 1971	Joined The Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation)
Jun. 1998	Director, The Sumitomo Bank, Limited
Jun. 1999	Director, Executive Officer, The Sumitomo Bank, Limited
Jun. 2002	Director, Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Apr. 2004	Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Jun. 2005	Senior Managing Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation (Retired in April 2006)
May. 2006	President and CEO, The Japan Research Institute, Limited
Apr. 2012	Special Adviser, The Japan Research Institute, Limited (Retired in February 2019)
	Chairman of the Board of Director, Olympus Corporation (Retired in June 2015)
Jun. 2015	Corporate Auditor, DMG Mori Co., Ltd. (Retired in March 2019)
Jun. 2016	Director, NSG Group (Incumbent)

Reasons for recommendation as an External Director

Mr. Yasuyuki Kimoto has been elected as an External Director of the Company since June 2016. In addition to his experience of having led an independent-majority board of a major international manufacturing company in his role as chair of the board, in relation to a certain UK subsidiary of a major Japanese financial institution he also had the career and experiences of having led its board in his capacity as then president and chair, comprising a plural number of non-Japanese independent directors as its members. It is expected that he should continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant international experiences and broad knowledge and perspectives with regard to business management.

To be re-elected | Candidate for External Director | Candidate for Independent Director

6 Dr. Jörg Raupach Sumiya

Positions/responsibilities at NSG Group	Director, a member of Audit Committee and Compensation Committee
Date of birth	17 January 1961 (59 years old)
Length of incumbency as External Director	1 year (as of the end of this General Meeting of Shareholders)
Record of attendance at Board of Directors meetings	100% (8/8) *
Number of the Company's common shares owned	1,799
Material Positions concurrently held with third parties	Professor, College of Business Administration Ritsumeikan University
Special interest existing between the candidate and the Company	n/a

Brief career history

Jun. 1990	Senior Consultant, Roland Berger Strategy Consultants
Oct. 1995	Senior Executive Managing Director, Trumpf Corporation
Jul. 1999	Research Fellow, German Institute for Japanese Studies
Jun. 2001	General Manager, Administration, NEC Schott Components Corporation (Currently Schott Japan Corporation)
Dec. 2002	President, Representative Director, NEC Schott Components Corporation
Jun. 2011	Manager, Innovation, Schott Electronic Packaging GmbH
Sep. 2011	Professor, FOM University (Germany)
Apr. 2012	Professor, College of Business Administration Ritsumeikan University (Incumbent)
Jun. 2019	Director, NSG Group (Incumbent)

Reasons for recommendation as an External Director

Dr. Jörg Raupach Sumiya has been elected as an External Director of the Company since June 2019.He has international experience in the field of both business and academia, and is currently a professor at the college of business administration, Ritsumeikan University, one of the Japan's famous private university. It is expected that he should continue contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to an academic expert and business management.

* Note: Dr. Jörg Raupach Sumiya was newly appointed as Director at the 153rd Ordinary General Meeting of Shareholders held on 27 June 2019 therefore it shows the total number of the Board of Directors meetings held and attended after his assumption.

To be newly-elected Candidate for External Director
Candidate for Independent Director

7 Mr. Hiroshi Ishino

Positions/responsibilities at NSG Group	—
Date of birth	10 April 1951 (69 years old)
Length of incumbency as External Director	n/a (as a new candidate for External Director.)
Record of attendance at Board of Directors meetings	—
Number of the Company's common shares owned	0
Material Positions concurrently held with third parties	Senior Corporate Advisor,Kansai paint Co.,Ltd.
Special interest existing between the candidate and the Company	n/a

Brief career history

Apr. 1975	Joined Mitsubishi Corporation
Mar. 2003	Joined Kansai paint Co.,Ltd.
Jun. 2006	Director, Deputy General Manager, International Affairs, Kansai paint Co.,Ltd.
Jun. 2008	Managing Director, Sales, Coatings Business, Kansai paint Co.,Ltd.
Apr. 2010	Senior Managing Director, Sales, Kansai paint Co.,Ltd.
Jun. 2011	Director, Senior Managing Executive Officer, Sales, International Affairs and Procurement, Kansai paint Co.,Ltd.
Jun. 2012	Representative Director, Senior Managing Executive Office, Sales,International Affairs and Procurement, Kansai paint Co.,Ltd.
Apr. 2013	Representative Director and President, Kansai paint Co.,Ltd.
Jun. 2019	Senior Corporate Advisor, Kansai paint Co.,Ltd. (Incumbent)

Reasons for recommendation as an External Director

Mr. Hiroshi Ishino was in charge of overseas operations at a major trading company, and since then has been promoting the Group's global strategy as president and CEO of a major international manufacturer.It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management.

To be newly-elected Candidate for External Director
Candidate for Independent Director

8 Mr. Kunihito Minakawa

■ **Positions/responsibilities at NSG Group**	—
■ **Date of birth**	15 August 1954 (65 years old)
■ **Length of incumbency as External Director**	n/a (as a new candidate for External Director.)
■ **Record of attendance at Board of Directors meetings**	—
■ **Number of the Company's common shares owned**	0
■ **Material Positions concurrently held with third parties**	External Director, Sony Corporation (Scheduled to retire in June 2020) External Director, Santen Pharmaceutical Co., Ltd.
■ **Special interest existing between the candidate and the Company**	n/a

Brief career history

Apr. 1978	Joined RICOH CO.,LTD.
Oct. 1997	SVP and CFO, Ricoh Americas Corporation
Jun. 2008	Business Planning Manager and Business Management Manager, Business Management Centre, Overseas Division, RICOH CO.,LTD.
Apr. 2010	Corporate Vice President and General Manager, Finance and Accounting, RICOH CO.,LTD.
Apr. 2012	Corporate Senior Vice President and General Manager, Finance and Accounting, RICOH CO.,LTD.
Jun. 2013	Corporate Auditor (Full-time), RICHO CO.,LTD.
Jun. 2017	External Director, Sony Corporation (Scheduled to retire in June 2020)
Jun. 2018	External Director, Santen Pharmaceutical Co., Ltd. (Incumbent)

Reasons for recommendation as an External Director

Mr. Kunihito Minakawa has been a Managing Executive Officer and an Audit & Supervisory Board Member at a major international manufacturer, and has global experience, a wide range of insights and practical experience in finance and auditing.It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management and finance and accounting.

To be newly-elected Candidate for External Director

9 Mr. Yoshihiro Kuroi

■ **Positions/responsibilities at NSG Group**	—
■ **Date of birth**	18 August 1954 (65 years old)
■ **Length of incumbency as External Director**	n/a (as a new candidate for External Director.)
■ **Record of attendance at Board of Directors meetings**	—
■ **Number of the Company's common shares owned**	0
■ **Material Positions concurrently held with third parties**	Advisor, Japan Industrial Solutions Co., Ltd.
■ **Special interest existing between the candidate and the Company**	An advisor at Japan Industrial Solutions Co., Ltd., which is a general partner of Japan Industrial Solutions Fund II, a holder of Class A Shares issued by the Company.

Brief career history

Apr. 1977	Joined Mitsubishi Corporation
Apr. 1994	Managing Director, MCF Financial Services Limited
Jun. 2004	Seconded to Mitsubishi Motors Corporation CSR Promotion Office to rescue the Company
Jan. 2007	General Manager, Investor Relations, Mitsubishi Corporation
Apr. 2010	Senior Vice President, Mitsubishi Corporation
Jul. 2010	Executive Officer, Corporate Planning Office, Mitsubishi Motors Corporation
Jun. 2016	Senior Vice President, Mitsubishi Motors Corporation
Apr. 2018	Senior Managing Executive Officer, Kasai Kogyo Co., Ltd
May. 2020	Advisor, Japan Industrial Solutions Co., Ltd. (Incumbent)

Reasons for recommendation as an External Director

Mr. Yoshihiro Kuroi has been a president of an overseas subsidiary at a major trading company, and has a wealth of practical experience in overseas business, IR departments, etc. as an executive officer at a major automobile manufacturer and major automobile parts manufacturer.It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management.

For Reference: Criteria of Independency for External Director at NSG

External Directors of Nippon Sheet Glass Company, Limited ("NSG" or the "Company") falling into any of the following categories are considered to lack independency as an External Director.

(1) As to the External Director him/herself, where:-

a) He/she is, has become or once served as an executive director, executive officer, corporate officer or employee of the NSG Group (hereinafter collectively referred to as "executive/employee");

b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended or (in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as executive/employee of the organization), OR NSG Group is a Major Business Partner for him/her/it

- Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year

; OR,

ii) he/she has a business relationship with the Company and paid the Company the following sum during the Company's any single financial year of those past three years most recently ended, or he/she is a Major Business partner of the NSG Group (or in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as executive/employee of the organization);

- Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year

Note: For the purpose of this criteria protocols, the expression "Major Business Partner(s)" means, as between the NSG Group and the group having business relationship with us, those persons which could be, in terms of magnitude of its business relationship, expected to exert the same degree of influence on the decision-making process of the other as would exist among parent-subsidiary relationship or affiliated group.

c) He/she is an Certified Public Accountant retained as Accounting Auditor for the Company (or in case the accounting firm is retained as Accounting Auditor then he/she serves as partner or employee of the firm) or he/she has engaged in any audit activities of the NSG Group businesses at any time during the past three years;

d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (or in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she belongs to any such organization);

e) He/she has material business relationship with or is materially interested in the NSG Group (or in case where an organization such as legal entity has such relationship or interest, he/she is an executive/employee of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);

f) He/she holds cross-directorships or has significant links with other Directors/Executive Officers of the Company through involvement in other companies/bodies;

g) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (or in case where the organization such as legal entity falls into such a shareholder, then he/she currently is or was employed as an executive/employee of the organization at any time during the past five years); or

h) He/she is an individual who has fallen into the above d), e) or f) during the Company's any single financial year of those past three financial years most recently ended.

(2) As to the close relative(s) of the External Director (his or her spouse, or those relatives who are within the second degree of kinship or live in the same dwelling as him or her), where:-

a) He/she is or was in the past five years an executive director/officer or senior employee of the NSG Group (collectively "Senior Manager");

b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended (in case where the organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager thereof), OR the NSG Group is a Major Business Partner for him/her/it

- Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year

; OR

ii) he/she has a business relationship with the Company and paid the Company the following sum in any single financial year of the Company during its past three years most recently ended, or is a Major Business Partner of the NSG Group (in case where an organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager of the organization);

- Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year

c) He/she is a Certified Public Accountant retained as an Accounting Auditor (or in case the accounting firm is retained as Accounting Auditor then he/she is a partner or Senior Manager thereof) or has engaged in any audit activities of the NSG Group businesses at any time during the past three years;

d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she serves as partner, associate or Senior Manager of the organization);

e) He/she has material business relationship with or is materially interested in the NSG Group (in case where an organization such as legal entity has such relationship or interest, then he/she is a Senior Manager of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);

f) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (in case where the organization such as legal entity falls into such a shareholder, then he/she currently serves as Senior Manager of the organization); or

g) He/she has fallen into either or both of d) and/or e) at any time during the past three financial years of the Company most recently ended.

End

154th Business Report of
Nippon Sheet Glass Company, Limited

From 1 April 2019
To 31 March 2020

1. Matters Relating to the Current State of the Company's Group

(1) Overview and Results of Business Activities

The Group experienced increasingly difficult trading conditions in its core markets during the year with underlying market conditions deteriorating from the third quarter. COVID-19 impacted the Group's Technical Glass business from January 2020 and severely impacted the Group's Automotive and Architectural businesses from March 2020. In some regions, vehicle production fell to near-zero levels towards the end of the year, as the Group's main automotive customers temporarily ceased production, particularly at plants in Europe and the Americas. Vehicle production continued at customers in Asia, albeit at much reduced levels. In Architectural, construction activity also weakened significantly towards the end of the year in response to COVID-19 lockdown restrictions, particularly in Europe and South America, but also in other regions. Demand for Solar Energy glass remains robust. Conditions facing the Group's Technical Glass business were also negatively impacted by COVID-19, although conditions began to stabilize somewhat by the end of the year. The Group recorded the impairment of goodwill and other intangible assets for the Automotive Europe and Rest of World Cash Generating Units, as the exceptional items.
As a consequence, the Group's year-end results were as shown in the table below.

Consolidated Revenue	
¥556,178m	(down 9.2%)

Consolidated Operating Profit	
¥21,177m	(down 42.5%)

Consolidated Profit before Taxation(loss)	
¥(13,549)m	—

Consolidated Profit for the Period(loss)	
¥(17,518)m	—

Consolidated Profit Attributable to Owners of the Parent(loss)	
¥(18,925)m	—

Notes:
Operating profit in the above table is defined as being operating profit stated before exceptional items.

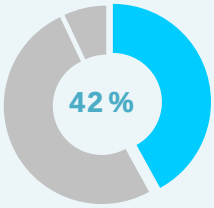
The performance by segment is as follows.

Architectural Glass Business

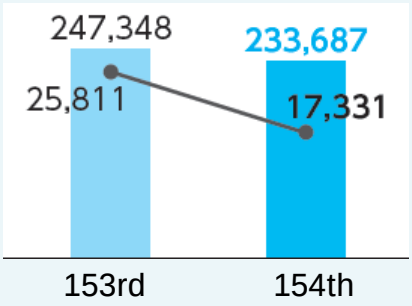
Revenue ¥ 233,687million **Operating profit** ¥ 17,331million

Main Focus of the Business :-
Architectural, representing 42 percent of the Group's annual revenue, includes the manufacture and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the Solar Energy sector.

Ratio of sales to Group revenue



Revenue
Operating profit (Millions of yen)



The Architectural business recorded revenues of ¥ 233,687 million (FY2019 ¥247,348 million) and an operating profit of ¥ 17,331 million (FY2019¥ 25,811 million).

Architectural revenues fell from the previous year, mainly due to the translational impact of foreign exchange movements. Currency effects, together with the impact of increasingly challenging market conditions also led to a reduction in reported profits.

In Europe, representing 37 percent of the Group's architectural sales, revenues fell, due to lower volumes and restructuring projects concluded during the previous year, together with the impact of foreign exchange movements. Prices weakened from the third quarter, reflecting capacity additions in the region. Profits also fell in line with the lower prices, reduced volumes, and currency effects. Volumes declined sharply towards the end of the year due to the COVID-19 pandemic.

In Asia, representing 39 percent of the Group's architectural sales, revenues were similar to the previous year with increased dispatches of solar energy glass largely offsetting difficult domestic markets. Revenues from conventional architectural glass in Japan remained stable, and underlying profitability in Japan was also positive, although reported profits were hit by a one-off inventory valuation adjustment in an earlier quarter. On 31 March 2020 the Group announced the suspension of the Chiba #1 furnace effective from July 2020. On 30 January 2020 the Group announced the commencement of production at its second furnace in Vietnam, dedicated to the production of glass for Solar Energy.

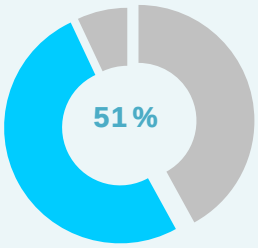
In the Americas, representing 24 percent of the Group's architectural sales, revenues and profits were below the previous year. Domestic market conditions in North America were more challenging than the previous year, with increased flat glass supply causing an erosion of market prices. Sales of glass for solar energy improved however. In South America, revenues fell mainly due to the translational impact of foreign exchange movements. In addition, volumes were impacted by COVID-19 towards the end of the year.

Automotive Glass Business

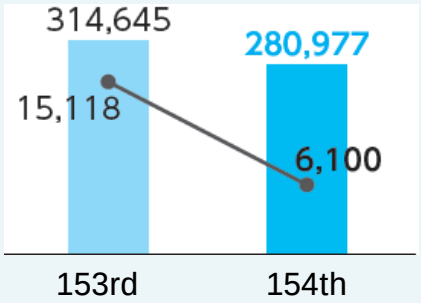
Revenue ¥ 280,977 million **Operating profit ¥ 6,100 million**

Main Focus of the Business :-
Automotive, representing 51 percent of the Group's annual revenue, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Ratio of sales to Group revenue



Revenue
Operating profit
(Millions of yen)



The Automotive business recorded sales of ¥ 280,977million (FY2019 ¥ 314,645 million) and an operating profit of ¥ 6,100 million (FY2019 ¥ 15,118 million).

In the Automotive business, revenues and profits were below the previous year due to the translational impact of foreign exchange movements, together with a decline in new car production in Europe.

Europe represents 43 percent of the Group's automotive sales. Revenues and profits fell, due mainly to a reduction in volumes as a result of declining light-vehicle build levels. Volumes were significantly affected by COVID-19 related stoppages at customer's plants towards the end of the year.

In Asia, representing 24 percent of the Group's automotive sales, revenues were below to the previous year, and profits also declined. In Japan, revenues were below the previous year, as an improvement in sales volumes during the first two quarters was more than offset by a reduction from the third quarter after the imposition of increased sales taxes from 1 October 2019. Profits also fell from the previous year, being impacted by raw glass cost increases and the reduction of volumes from the third quarter.

In the Americas, representing 33 percent of the Group's automotive sales, revenues fell due to the translational impact of foreign exchange movements and weakening market conditions particularly towards the end of the year with a significant impact from the COVID-19 pandemic. In North America, despite OE volumes being slightly below the previous year, profits strengthened, benefitting from further manufacturing efficiency improvements. Profitability in South America was similar to the previous year.

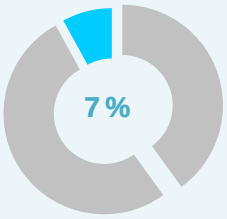
Technical Glass Business

Revenue ¥ 40,143 million **Operating profit** ¥ 7,116 million

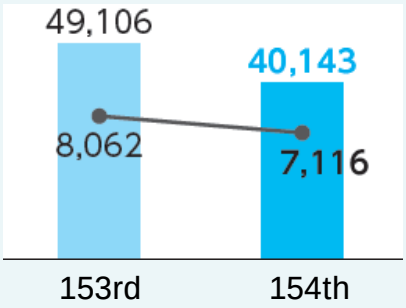
Main Focus of the Business :-

Technical Glass, representing 7 percent of the Group's annual revenue, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

Ratio of sales to Group revenue



Revenue
Operating profit (Millions of yen)



The Technical Glass business recorded revenues of ¥ 40,143 million (FY2019 ¥ 49,106 million) and an operating profit of ¥ 7,116 million (FY2019 ¥ 8,062 million).

Revenues and profits fell in the Technical Glass business due to the challenging market conditions in some areas.

In the fine glass business, continued cost reduction efforts and a better sales mix provided a strong foundation for a further improvement in results. In the information devices business, demand for glass components used in printers and scanners declined. Demand for glass cord used in engine timing belts fell, reflecting conditions in the automotive sector generally, particularly towards the end of the year. Results in the battery separator business remained stable.

Other Operations and Eliminations

The Other Operations and Eliminations recorded revenues of ¥ 1,371 million (FY2019 ¥ 1,690 million) and operating costs of ¥ 9,370 million (FY2019 cost of ¥ 12,136 million).

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc.

(2) Capital Expenditure

The capital expenditure of the Group totaled ¥66,971million during the fiscal year under review, broken down by segment as follows:

(Millions of yen)

Business	Expenditure
Architectural	¥ 43,770
Automotive	¥ 13,476
Technical Glass	¥ 1,672
Other	¥ 8,053

(3) Financial Situation

Total assets at the end of March 2020 were ¥ 765,197 million, representing an increase of ¥ 3,328 million from the end of March 2019. The increase in assets was largely caused by the recognition of Right-of-Use assets, within Property, Plant & Equipment, as a result of the adoption of IFRS16 “Leases”. Total equity was ¥ 88,194 million, representing a decrease of ¥ 44,312 million from the March 2019 figure of ¥ 132,506 million. Total equity fell mainly as a result of the strengthened yen when compared to many of the Group’s currencies, the loss recorded for the period and the acquisition and cancellation of Class A shares.

Net financial indebtedness increased by ¥ 72,468 million from 31 March 2019 to ¥ 390,169 million at the period end. The increase in indebtedness arose from the adoption of IFRS16, and also from capital expenditure in growth investment projects. Gross debt was ¥ 435,007 million at the period end. As of 31 March 2020, the Group had un-drawn, committed facilities of ¥ 65,511 million.

Cash inflows from operating activities were ¥ 30,444 million. Cash outflows from investing activities were ¥ 56,888 million, including capital expenditure on property, plant, and equipment of ¥ 60,868 million. Capital expenditure increased due to the progression of strategic investment projects in the U.S., Vietnam and Argentina. As a result, free cash flow was an outflow of ¥ 26,444 million.

(4) Issues to be Addressed

①The business environment and the issues to be addressed

The current pandemic of novel coronavirus is not only threatening the health and lives of people across the globe but also affecting the global economy significantly. It likely impacts on both manufacturing and consumption for the next several years. The Group’s core businesses – Architectural and Automotive have been considerably affected and the Group will carefully watch demand trends going forward.

The longer-term trend is going to be more commoditization and lower prices of flat glass products with the higher presence of glass manufacturers in emerging markets. On the other hand, expectations for new kinds of glass products are increasing, which can contribute to the environment and people’s health and safety, further to the once-in-a-century technical innovation in the automotive industry. In addition to the momentam toward information technology revolution and digital transformation to date, the post-COVID-19 work and life style would lead us to much more expectation that glass materials could make a contribution in fields such as life science, IoT and cloud computing.

The Group views these changes as an innovative opportunity to transform its business stcucture, responding to them agilely and flexibly and adapting to the new business environment.

②Management principle

The NSG Group announced its new management principle “Our Vision” at the company’s 100th anniversary in 2018. “Our Vision” comprises the Mission (core purpose), Aspiration (desired future position) and Core Values (the basis on which work and conduct ourselves). With “Our Vision,” The NSG Group is striving to realize a sustainable society by offering new values and services with glass swiftly and appropriately to meet the growing needs of our customers and society.

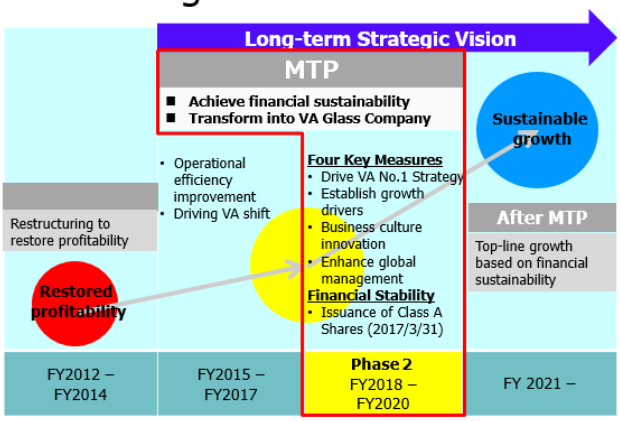


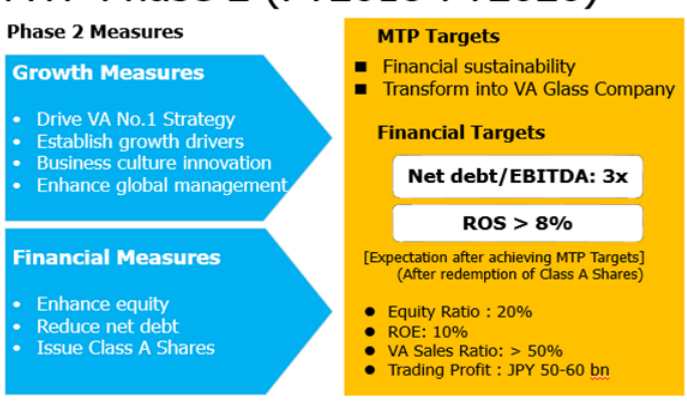
③Long-Term Strategic Vision, Medium-term Plan (MTP) Phase2 and its review

・ Long-Term Strategic Vision and Medium-Term (MTP) Phase2

Based on the Group’s Long-Term Strategic Vision announced in May 2014 to transform NSG Group into a VA Glass Company (VA stands for value-added), the NSG Group developed and executed the Medium-term Plan (MTP) Phase 2 over a three-year period from FY2018 to FY2020. The objectives of MTP Phase 2 were to achieve financial sustainability and start the transformation into the VA Glass Company. The two financial targets were net financial debt/EBITDA of lower than 3x and operating return on sales (ROS) of greater than 8 percent*.

*ROS: based on trading profit (profit before amortization of non-tangible assets)





・ Review of MTP Phase 2

Since the start of MTP in FY2015, the Group’s profitability improved steadily, and the VA shift progressed during the first half of MTP Phase 2. With the growth measures to pursue the “VA No. 1” strategy, the Group successfully established an advantageous position in the field of online coating in the Architectural Glass business and was increasingly awarded new business of VA glass in automotive business.

Financially, the Group improved the equity ratio by issuing Class A Shares in 2017; achieved the target to reduce financial expenses one year earlier; and resumed dividend distribution for the first time in the last six years and thereby,

successfully contributing to the improvement of net profitability.

In order to further expedite the growth with strategic investment, the Group decided to expand manufacturing facilities for solar panels in Vietnam and North America and to construct a new float plant in South America (Argentina), a promising emerging market. The float line in Vietnam started operation in February 2020.

In order to accelerate new business development and create new customer value, the Business Innovation Center was established in July 2018.

Although the Group steadily improved the profits up to FY2019 as mentioned above, it has been severely impacted by the sharp drop of automotive production in Europe and the deterioration of supply and demand balance in architectural glass markets since the beginning of FY2020. As a result, the Group failed to achieve the financial targets of MTP Phase 2 in FY2020, the final year of MTP Phase2.

・Open issues in view of the previous MTP Phase 2

In the review of MTP Phase2 based on the achievements mentioned above, the Group has identified the following issues to be addressed and approach to them as follows.

Review of MTP Phase 2	Approach
Stronger business less vulnerable to economic fluctuations ・ Even with the VA sales ratio of 46%, still bound to commodity-centric and price-competitive business model ・ Insufficient reduction of fixed cost ratio	・ Increasing “number one” and “only one” products ・ Promotion of leaner-asset management
Top line growth based on launches of new products ・ Accelerated with the establishment of BIC but not enough	・ Reinforcement of R&D including BIC
More stable financial foundation ・ Delay in improvement, while equity enhanced with Class A Shares	・ Improvement of business profitability ・ Capital expenditure within depreciation ・ Disposals of non-core business/assets

④Next Steps and Business Plan

・Challenges and mitigation plan against the coronavirus pandemic

The most urgent and critical challenge for the Group now is how it mitigates the adverse impact on the business due to the novel coronavirus infection spread worldwide.

Currently, the Group’s main businesses – Architectural and Automotive are severely suffering the impact across the world in the uncertainties of the pandemic.

In light of these circumstances, the employees’ safety and health are our first priority, and the Group has formed the management structure to enable agile decision makings by the local management of each region and implemented the following emergency actions.

Safety measures for employees and their family	・ Establishing and maintaining workplace to prioritize safety of employees and their family first and foremost ・ Creating and following the guidelines to prevent the spread of infection within the Group in accordance with the government policy of each country the Group in accordance with the government policy of each country
Funding activities	・ Securing cash position and unused commitment lines and if necessary, additional funding

	・ Freezing new capital expenditure except most critical projects ・ Minimizing discretionary spending and maximize utilization of government subsidies
Production mitigation	・ Temporary line suspension and layoffs and furloughs in response to declining demand ・ Preparation for flexible restart of operation including the introduction of additional safety measures as demand recovers

With a possibility of prolonged influence in mind, the Group will continue to review its business direction from time to time.

・Enhancement of financial foundation

The Group recognizes that the improvement of its financial stability is critical and urgent. It will continue to make efforts such as below to recover its equity ratio, which declined in FY2020.

1) Recovery and improvement of profitability

In order to enhance its profitability and cash flow, the Group will reinforce profitable businesses and reform the cost structure of underperforming businesses drastically, while accelerating new business development with the reinforcement of R&D and Business Innovation Center activities. 2) Reduction of interest-bearing debt

The Group will control capital expenditure and dispose non-core businesses and assets to reduce interest-bearing debt.

・New medium-term management plan and long-term direction

The Group has decided to postpone the announcement of a new medium-term management plan, which was planned to start in FY2021, considering the current uncertainties of our business environment due to the novel coronavirus pandemic.

However, the Group believes its overall long-term direction remains valid, but will be re-confirmed once the longer-term impact of the pandemic is better understood. The broad direction is shown below.

Innovation Company, Changing our Surroundings with Advanced Ideas

- Establish stable financial base
- Core business as basis for a certain level of profitability
  - Contribution from the strategic investment projects
  - Continuous drive for VA shift
  - Improvement of underperforming businesses
- New business development led by BIC to drive the Group's growth
- Portfolio transformation based on profitability, capital efficiency and growth
- Promotion of lean and agile organization and culture

Even when the current coronavirus pandemic subsides, our society and economy may change drastically in future. Irrespective of such changes, however, the Group believes that its strengths will continuingly enable us to make a contribution in fields such as; environment (glass for solar panels, energy saving glass for ZEB and ZEH); health and welfare (PCR test device and antivirus glass); and increased telecommunication demands associated with new working styles (optical telecom devices).

Despite the current uncertain and ambiguous socio-economic circumstances, the Group will make its best effort in solidarity to transform the business structure into the one suitable for sustainable growth under the new management principle – "Our Vision."

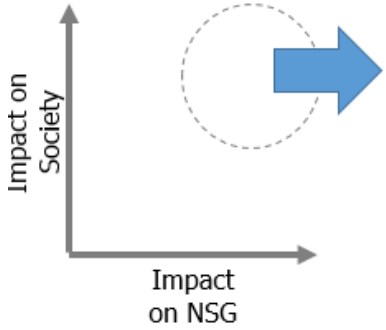
・New Materiality defined for sustainable growth

Based on "Our Vision", the Group redefined the Materiality in the process of discussion in trying to forulate a new mid-term management plan.

The following five items have been identified as Materiality to attain sustainable growth of the Group and contribute to a sustainable society in the medium- to long-term. The Group selected these five items according to their significance as assessed on the matrix measuring the axes of impacts on both society and the Group.

The Group will set targets for each item and take specific actions accordingly.

New Materiality



Ethics and Compliance	Carry off significant trust from stakeholders by constant address on Ethics and Compliance
Society Shift and Innovation	Identify significant challenges to society and providing technology/product/service to their solution in a timely fashion
Environment	Target Carbon Neutral by 2050 with GHG emissions reduction by eco-friendly manufacturing process and sales expansion of eco-friendly products
Safe and High-Quality Products and Services	Enhance both the products and service quality through improvement of quality and supply chain control
Human Capital	Ensure sustainable growth of the Group and contribute employees' welfare through a variety of initiatives to enhance developing Change Leaders at global level, safety, health, and Inclusion and Diversity

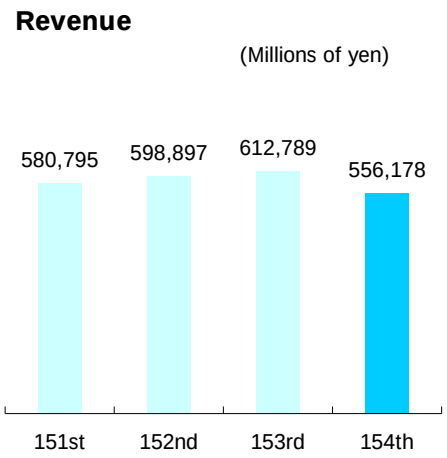
(5) Assets and Business Results (Consolidated)

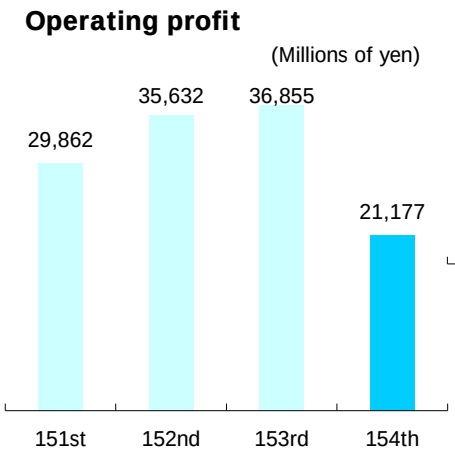
(Millions of yen, except per-share figures)

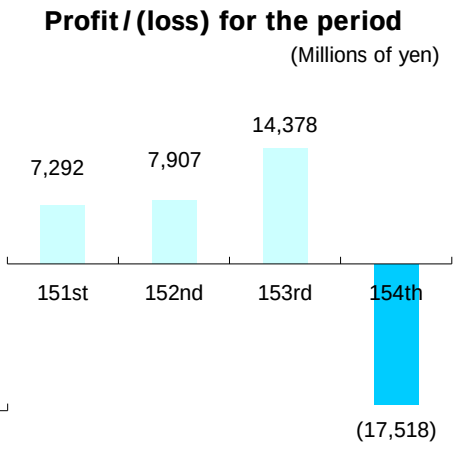
	151st (FY2017)	152nd (FY2018) Note 4	153rd (FY2019)	154th (FY2020)
Revenue	580,795	598,897	612,789	556,178
Operating Profit	29,862	35,632	36,855	21,177
Profit/(loss) before taxation	14,751	22,146	22,730	(13,549)
Profit/(loss) for the period	7,292	7,907	14,378	(17,518)
Profit/(loss) Attributable to Owners of the Parent	5,605	6,164	13,287	(18,925)
Earnings/(loss) per Share Attributable to Owners of the Parent (yen)	62.04	48.27	115.16	(235.96)
Total Shareholders' Equity	124,146	135,192	123,760	73,612
Total Shareholders' Equity per Share (yen)	941.76	1,042.72	978.50	470.88
Total Assets	790,192	788,592	761,869	765,197

Notes:

1. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). Operating Profit in the above table is operating profit before exceptional items.
2. Basic earnings per share attributable to owners of the parent is calculated by dividing the profit attributable to owners of the parent, after deducting dividends and acquisition premium payable related to Class A shares, by the weighted average number of common shares in issue during the year. The dividends related to Class A shares are calculated by the dividend rate defined in the terms and conditions of the shares. The weighted average number of common shares excludes common shares purchased by the Company and held as treasury shares.
3. Total shareholders' equity per share is calculated by dividing the total shareholders' equity, after deducting the amount to be paid in for the Class A Shares and dividends and acquisition premium payable related to Class A shares, by the number of common shares in issue as at the end of the financial year excluding common shares purchased by the company and held as treasury shares.
4. FY 2018 data is restated as a result of adopting IFRS15 'Revenue from Contracts with Customers'.







(6) Overview of Major Subsidiaries

Subsidiary undertakings	Capital stock		% Ownership	Business
Japan				
NSG Building Products Co. Limited	JPY million	350	100	Architectural
Europe				
Pilkington United Kingdom Limited	GBP thousand	328,483	100 (100)	Architectural
Pilkington Automotive Limited	EUR thousand	532,961	100 (100)	Automotive
Pilkington Technology Management Limited	GBP thousand	441,320	100 (100)	Architectural and Automotive
Pilkington Deutschland AG	EUR thousand	69,290	96.3 (96.3)	Architectural
Pilkington Automotive Deutschland GmbH	EUR thousand	18,996	100 (100)	Automotive
Pilkington Automotive Poland Sp. z o.o.	Zloty thousand	30,511	100 (100)	Automotive
Pilkington Italia SpA	EUR thousand	112,996	100 (100)	Architectural and Automotive
NSG Holding (Europe) Limited	JPY million	42,071	100	Holding company
NSG UK Enterprises Limited	GBP thousand	426,962	100 (100)	Holding company
Pilkington Group Limited	GBP thousand	736,866	100 (100)	Holding company
Asia (excluding Japan)				
NSG Vietnam Glass Industries Limited	USD thousand	150,070	100 (52.2)	Architectural
Americas				
Pilkington North America Inc.	USD thousand	17,701	100 (100)	Architectural and Automotive
Vidrieria Argentina S.A.	Arg.Peso thousand	1,561,974	51.0 (51.0)	Architectural
Pilkington Brasil Limitada	Real thousand	333,008	100 (100)	Architectural and Automotive

Note:

1.The % Ownership above in parentheses stands for the percentage owned indirectly through the Company's subsidiary/subsidiaries.

2. The criteria of major subsidiaries were changed from FY2020.

(7) Main Offices and Plants

The Company	Head Offices	Tokyo head office (Tokyo); Osaka head office (Osaka)
	Branch Offices	Toyota branch office (Aichi); Hiroshima branch office (Hiroshima)
	Plants/Laboratory	Chiba plant (Chiba); Sagamihara plant (Kanagawa); Yokkaichi plant (Mie); Tsu plant (Mie); Tarui plant (Gifu); Kyoto plant (Kyoto); Maizuru plant (Kyoto); Research laboratory (Hyogo)
Major Subsidiaries	Japan	NSG Building Products Co. Limited (Chiba)
	Europe	Pilkington United Kingdom Limited (UK) Pilkington Automotive Limited (UK) Pilkington Technology Management Limited (UK) Pilkington Deutschland AG (Germany) Pilkington Automotive Deutschland GmbH (Germany) Pilkington Automotive Poland Sp. z o.o. (Poland) Pilkington Italia SpA (Italy) NSG Holding (Europe) Limited (UK) NSG UK Enterprises Limited (UK) Pilkington Group Limited (UK)
	Asia (excluding Japan)	NSG Vietnam Glass Industries Limited (Vietnam)
	Americas	Pilkington North America Inc. (USA) Vidrieria Argentina S.A. (Argentina) Pilkington Brasil Limitada (Brazil)

Note:The criteria of major subsidiaries were changed from FY2020.

(8) Permanent Employees

Segments	Number of employees (Consolidated)
Architectural	8,578
Automotive	15,390
Technical Glass	1,146
Other	1,689
Total	26,803 (up by 62 year on year)

Note: The table above doesn't include the number of temporary employees.

(9) Main Lenders

Lenders	Amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	89,931
Development Bank of Japan	37,190
Mizuho Bank, Ltd.	37,188
Sumitomo Mitsui Trust Bank, Limited	35,154
MUFG Bank, Ltd.	24,151
Aozora Bank. Ltd.	18,980
Shinsei Bank, Limited	15,240
Japan Bank for International Cooperation	12,543
The Norinchukin Bank	12,000
The Mie Bank, Ltd.	10,000
Resona Bank, Limited	10,000

Note: The figures shown in the above table include the amount borrowed from those lenders as parties to syndicated loan agreements.

2. Matters Related to the Shares

(1) Authorized Number of Shares to be Issued and Authorized Number of Shares to be Issued by Class:

(a) Authorized Number of Shares to be Issued		177,500,000 shares
(b) Authorized Number of Shares to be Issued by Class	Common Shares	177,500,000 shares
	Class A Shares	40,000 shares

(2) Total Number of Shares Issued:

Common Shares		90,642,499 shares
	(Shares held as treasury:	21,279 shares)
Class A Shares		30,000 shares

(3) Number of Shareholders:

Common Shares	58,333
Class A Shares	3

(4) Top 10 Shareholders

Shareholders	Number of Shares (common share)	Percentage of Shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,125,000	6.75
Japan Trustee Services Bank, Ltd. (Trust Account)	3,232,800	3.56
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,942,200	2.14
JUNIPER	1,857,200	2.04
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	1,559,900	1.72
Client stock ownership of Nippon Sheet Glass	1,215,678	1.34
STATE STREET BANK WEST CLIENT-TREATY 505234	1,099,800	1.21
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,008,900	1.11
Japan Trustee Services Bank, Ltd. (Trust Account 9)	975,700	1.07
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	926,840	1.02

Note: Where the percentage of shares is calculated, treasury shares are excluded from the total number of issued shares and it has been rounded down to the second decimal.

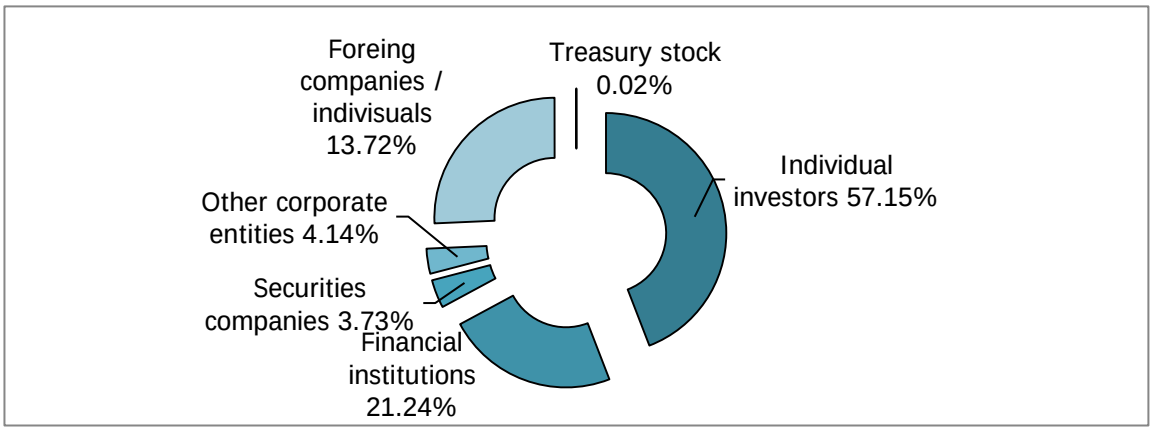
(5) Other Important Matters Related to the Shares

①On 6 June 2019, the Company acquired, in exchange for cash, 5,000 Class A Shares (outstanding 35,000 Shares in total immediately before the acquisition) pursuant to the Article 10-6 of the Company's Articles of Incorporation and cancelled the same pursuant to the provisions under Article 178 of the Companies Act. Consequently, on the same date, the number of the ontstanding Class A Shares became 30,000.

②The Class A Shareholders' right of request to the Company to acquire Class A Shares in exchange for the Company's Common Shares under the Company's Articles of Incorporation may be exercised by them only on or after 1 July 2020, as provided in the underwriting agreement (the "Agreement") entered into by and among the Company and Class A Shareholders. However, the Class A Shareholders are entitled to exercise such right even on or before 30 June 2020, should the Event of Conversion Restriction Removal occur as set out in the Agreement. One of the Events occurred such that, the amount of Consolidated Operating Profits of the Group for FY2020 could not reach the threshold as provided in the Agreement.

(Note) The acquisition price for Class A Shareholders exercising their right to request for acquisition in exchange for the company's common shares will be 846.5JPY (except for the case if the acquisition price described in the Articles of Incorporation would be amended).

■Distribution of NSG Group Shareholders of common shares



■Shareholders of Class A Shares

Japan Industrial Solutions Fund II	15,000shares
UDS Corporate Mezzanine No.3 Limited Partnership	6,750shares
UDS Corporate Mezzanine No.4 Limited Partnership	8,250 shares

3. Policy on Return of Our Profits to Shareholders

- The Group's dividend policy is to secure dividend payments based on sustainable business results. Once and after all Class A Shares have been redeemed and cancelled, while the Group maintains this basic policy in all respects, the Group will continue to use the sincere efforts to declare dividends with introduction of consolidated dividend payout ratio of 30% as a guide.
- After considering the factors such as the current Group's financial position and its level of profitability, the Board of Directors regrettably have decided not to declare a dividend for the year to 31 March 2020. The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows.The Board of Directors resolved to distribute the disgnated amount of dividends for Class A Shares.

4. Matters Related to the Stock Acquisition Rights, etc.

Stock Acquisition Rights (Stock Options) Owned by Directors and Executive Officers as of the End of the Fiscal Year

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Directors (excluding External Directors) and Executive Officers	Stock acquisition rights issued in Sep. 2008 (Stock- compensation type)	¥ 4,975.1 per share	¥ 1 per share	From 28 Sep 2008 to 27 Sep 2038	26	2,600 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2009 (Stock- compensation type)	¥ 2,551.2 per share	¥ 1 per share	From 1 Oct 2009 to 30 Sep 2039	52	5,200 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2010 (Stock- compensation type)	¥ 1,394.2 per share	¥ 1 per share	From 1 Oct 2010 to 30 Sep 2040	44	4,400 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Oct. 2011 (Stock- compensation type)	¥ 1,262.8 per share	¥ 1 per share	From 15 Oct 2011 to 14 Oct 2041	72	7,200 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2012 (Stock- compensation type)	¥ 214.3 per share	¥ 1 per share	From 29 Sep 2012 to 28 Sep 2042	314	31,400 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Oct. 2013 (Stock- compensation type)	¥ 882.8 per share	¥ 1 per share	From 16 Oct 2013 to 15 Oct 2043	498	49,800Common shares (100 Common shares per right)	5
	Stock acquisition rights issued in Sep. 2014 (Stock- compensation type)	¥ 900.9 per share	¥ 1 per share	From 1 Oct 2014 to 30 Sep 2044	310	31,000Common shares (100 Common shares per right)	5
	Stock acquisition rights issued in Sep. 2015 (Stock- compensation type)	¥ 749.6 per share	¥ 1 per share	From 1 Oct 2015 to 30 Sep 2045	450	45,000Common shares (100 Common shares per right)	5
	Stock acquisition rights issued in Oct. 2016 (Stock- compensation type)	¥ 656.29 per share	¥ 1 per share	From 15 Oct 2016 to 14 Oct 2046	661	66,100 Common shares (100 Common shares per right)	5
	Stock acquisition rights issued in Sep. 2017 (Stock- compensation type)	¥ 775.06 per share	¥ 1 per share	From 30 Sep 2017 to 29 Sep 2047	747	74,700 Common shares (100 Common shares per right)	6
	Stock acquisition rights issued in Jul. 2018 (Stock- compensation type)	¥ 1,117.66 per share	¥ 1 per share	From 27 Jul 2018 to 26 Jul 2048	775	77,500 Common shares (100 Common shares per right)	7
	Stock acquisition rights issued in Jul. 2019 (Stock- compensation type)	¥ 669.97 per share	¥ 1 per share	From 25 Jul 2019 to 24 Jul 2049	1,026	102,600 Common shares (100 Common shares per right)	8
Total	—	—	—	—	4,975	497,500 Common shares	8

5. Matters Related to Directors and Executive Officers

(1) Name etc. of Directors and Executive Officers

A) Directors

Name	Non-executive position		Material concurrent positions s
Günter Zorn	Director, Chairman of the Board	A member of Compensation Committee, Nomination Committee and Audit Committee	➢ Representative Director/President, Z-ANSHIN K.K. ➢ External Director ,JAC Recruitment Co., Ltd.
Toshikuni Yamazaki	Director	Chairman of Audit Committee, and a member of Nomination Committee and Compensation Committee	➢ Representative Director/President, Ryugasaki Country Club
Yasuyuki Kimoto	Director	Chairman of Compensation Committee, and a member of Nomination Committee and Audit Committee	—
Masatoshi Matsuzaki	Director	Chairman of Nomination Committee, and a member of Audit Committee and Compensation Committee	➢ Director and Chairman of the Board, Konica Minolta, Inc. ➢ External Director, Ichigo Inc. ➢ External Director, Nomura Research Institute, Ltd. ➢ External Director and Chairman of the Board, LIXIL Group Corporation
Jörg Raupach Sumiya	Director	A member of Audit Committee and Compensation Committee	➢ Professor at the College of Business Administration, Ritsumeikan University
Shigeki Mori	Director	A member of Nomination Committee and Compensation Committee	—
Clemens Miller	Director	—	—
Kenichi Morooka	Director	—	—

Notes:

1. Messrs. Günter Zorn, Toshikuni Yamazaki, Yasuyuki Kimoto ,Masatoshi Matsuzaki and Jörg Raupach Sumiya are External Directors as stipulated in Article 2.15 of the Companies Act. All of them have been notified to Tokyo Stock Exchange (hereinafter called “TSE”) as Independent Directors. In addition to such criteria set by TSE, the Company has on its own created and applied more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group’s directors and/or Group’s major shareholders, which four External Directors also meet. For the details of such criteria, please see pages from 15 to 16.
2. Mr. Toshikuni Yamazaki, Chairman of Audit Committee, has specialized knowledge and expertise particularly on finance and accounting to a respectable degree with his career of Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) of the major international manufacturing company.
3. We have no full-time Audit Committee member appointed for the time being, given mainly that as a company with three committees, our Audit Committee has conducted and implemented its audit in an organizational manner including by liaising with the external Accounting Auditor, Group Internal Audit and other internal control functions of the Company. We have also appointed and made available certain employees as dedicated Support Staffs of Audit Committee and they report to and provide necessary information to/for Audit Committee.
4. Mr. Yuji Takei resigned from Director on 27 February 2020. On 27 February 2020,Mr. Yuji Takei is concurrently in the position of Director, Japan Industrial Solutions Co., Ltd., which is the general partner of one of Investment LPS to which Class A Shares are issued.

B) Executive Officers

Name	Executive position		Material concurrent positions
Shigeki Mori	Representative Executive Officer	President and CEO	—
Clemens Miller	Representative Executive Officer	Executive Vice President and COO	—
Kenichi Morooka	Representative Executive Officer	Executive Vice President and CFO	—
Tony Fradgley	Senior Executive Officer	Head of Automotive AGR SBU and Head of Automotive OE SBU	—
Koichi Hiyoshi	Senior Executive Officer	Chief Legal Officer (CLO) and Company Secretary	—
Satoshi Ishino	Senior Executive Officer	Chief Development Officer (CDO) and Head of Business Innovation Center	—
Hiroshi Nishikawa	Senior Executive Officer	Head of Technical Glass SBU	—
Jochen Settelmayer	Senior Executive Officer	Head of Architectural Glass SBU	—
Phil Wilkinson	Senior Executive Officer	Global Head of Automotive AGR SBU	—
Tim Bolas	Executive Officer	Finance Director – Operations	—
Mike Greenall	Executive Officer	Chief Technology Officer (CTO)	—
Hiroshi Kishimoto	Executive Officer	Chief Risk Officer (CRO)	—
Shiro Kobayashi	Executive Officer	Global Sustainability Director	—
John Mercer	Executive Officer	Chief Procurement Officer (CPO)	—
Yutaka Nakashima	Executive Officer	Chief Human Resources Officer (CHRO)	—
Iain Smith	Executive Officer	Finance Director – Global Finance	—
Milena Stanisci	Executive Officer	Head of Manufacturing Excellence and Head of Manufacturing, Automotive OE SBU	—

(2) Compensation for Directors and Executive Officers

A) Principles of Compensation for Directors, and Executive Officers

1. Organization & Responsibilities for determining Compensation

The company has in place the statutory Compensation Committee (the “Committee”) as adopting a “Company with Committees” structure. Its current membership consists of the five Independent External Directors of NSG Group and one Director who concurrently serves as Representative Executive Officer, President and CEO. The current chairman is Mr. Yasuyuki Kimoto, an External Director.

No member of the Committee is allowed to be present when matters relating to their specific compensation are being discussed. The Committee is supported by a secretariat from the Human Resources function and may use information from specialist external advisers when necessary. In addition, such member(s) of the Legal and Company Secretarial department based on the terms of reference of Committee acts as in-house legal adviser for any legal aspects or matters.

The Committee has formal authority to determine:

- The policy on individual compensation and other perquisites payable to the Directors and Executive Officers of the Company
- Individual compensation and other perquisites payable to the Directors and Executive Officers of the Company.

The Committee may also give recommendation or advice to the Representative Executive Officer, President and CEO on the policies and details with respect to compensation for the Group’s senior management other than Directors and Executive Officers, keeping a consistency with the policy of 3. below.

2. Activities of the Committee in Compensation related Decision-Making Process

During FY2020, the Committee met on four occasions, and the Committee resolved the individual amount of basic salary, the number of stock options to be allotted, the performance indicators and method for determining the payment amount of incentives (performance-linked compensation), and the actual payment amount based on the achievement against the previous year’s indicators. Accordingly, it monitored the progress against the relevant indicators of the running incentives. Attendance rate was 100%, all members attended all Compensation Committee meetings.

3. Compensation Policy for Executive Officers

＜A＞Basic Policy

NSG Group is a global business, having principal operations in around 30 countries and sales in over 100 countries. The objectives of the compensation policy are to ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest calibre on a worldwide basis in an international business.

The policy aims to ensure that each individuals basic salary and incentives are aligned with the performance of the Group and the interests of shareholders, as well as reflecting the commitment and achievements of the individuals concerned. While some of the elements of the packages of the Executive Officers will vary depending on the market conditions in the countries in which they are directly employed, annual bonus and long-term incentive plans (constituting our performance-linked compensation) follow a global policy and are structured, designed and co-ordinated at Group level.

＜B＞Reward Structure and Compensation Composition Ratio

(Reward Structure)

Compensation packages for the Executive Officers principally consist of basic salary, Management incentive Plan (annual bonus) and Long- term incentive plan.

The Group operates a global grading structure across the Group, and management grade is determined based on job evaluation by the Group common scale using the HAY management grade methodology, a globally recognised job

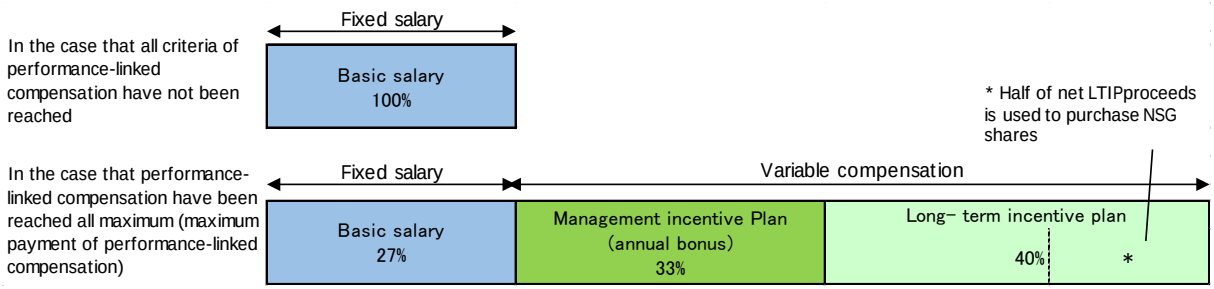
evaluation methodology. Management grade determines the maximum quantum levels for participants in both the annual and long-term incentive structures.

Category of compensation		Summary of compensation system
Fixed salary	Basic salary	・Set a market competitive levels compared to local markets in which the executive is employed.
Performance-related compensation	Management Incentive Plan (annual bonus)	・Assessed against the achievement of annual performance indicators which are mainly financial. ・Aligned to NSG Group's Medium-Term Plan ・Payment levels: Ranging between 0% and 125% against each individual's basic salary dependent upon the management grade
	Long-term incentive plan	・Assessed against the achievement of long-term performance indicators over a three-year period ・Issued annually ・Payment levels: Ranging between 0% and 150% against each individual's basic salary dependent upon the management grade ・Require the purchase of NSG Shares by using part of the cash award from the plan ・Shareholding targets set for Executives ・Plans contain Malus (ability for the value of award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participants to repay the value they received after the award has vested)

Note: In addition to the above-mentioned compensation, restricted shares are issued annually to some Executive Officers under Japanese employment terms as a retirement saving plan. Restricted shares have been introduced from the FY2021 in place of stock compensation-type Stock Options which was abolished in the FY2020.

(Compensation ratio)
The ratio of basic salary and incentives is, rather than specifically and equally applied, set according to individuals' management grades.

<CEO's compensation ratio>



Note: For clarification, the above diagram includes only base salary plus annual and Long-term incentive plan compensation, no additional benefits are included. In addition, the impact of the share price movement element of the Long-term incentive plan is not taken into account.

＜C＞Basic salary

The salaries of Executives are reviewed annually. The policy is to broadly align salaries with market medians for a global business. In determining what are the appropriate market rates, account is taken of turnover, market capitalization and the complexity and breadth of internationalization. In reviewing salaries, account is also taken of the scope and responsibilities of the role, the performance of the individual, the progress the Company is making against its targets and plans and of salary increases planned for other managers.

＜D＞Management Incentive Plan (annual bonus)

Each Executive Officer participates in an annual performance-related incentive scheme. The Committee establishes the performance criteria and sets the appropriate bonus parameters. The incentive plans are based on challenging financial performance targets relating to the annual budget which is approved by the Board, and the Company ensures that such financial performance targets are clearly aligned to the overall Medium-Term strategy of the Group. The potential payment levels for Executive Officers range between 0 and 125% against each individual's basic salary according to the respective management grade.

In the financial year FY2021 due to the impact of COVID-19 on trading and markets the setting of realistic annual incentive plan targets will be extremely challenging. Like many other organisations NSG has reviewed their approach for FY21 only, due to the availability of data around which to set stretching targets. For FY21 only the Company will apply an exceptional approach to the annual incentive plan.

At the end of FY2021 a review will be done of a number of key milestones and deliverables and a discretionary decision taken in relation to a payment level. Deliverables will be focussed in three main areas, as a number one priority Health and Safety of employees, generation of and management of cash, transition and effectiveness of response to the pandemic and preparation of the business for the future.

This exceptional approach will be taken for one year only due to the unprecedented circumstances.

＜E＞Long-term incentive

Each Executive Officer may be invited to participate in a Long-Term Incentive Plan (LTIP). These plans are designed to reward the achievement of the Group's longer-term objectives over a three-year period whilst concurrently designed to align the interests of the Executive Officers with those of the shareholders by requiring them to use a part of the proceeds for purchase of NSG shares and thus owning the shares of the Company. An LTIP may be issued annually. Therefore, at any point in time there may be up to three overlapping plans in operation.

i) Performance measures and weight

Plan commencing in FY2018

Measure	Ratio
EPS	100%

Plans commencing in FY2019 and the FY2020

Measures	Ratio
EPS	50%
ROS	50%

ii) Reasons for selected the measures

Measures	Reasons
EPS	The Company commenced the use of two indicators for

ROS	plans issued from FY2019 onwards. Two performance measures ensure clear link with the Medium-Term Plan, incentivising executives to further strengthen earning power and enhance shareholder value.

iii) Determination of LTIP Payment Level

- Payment is calculated by multiplying basic salary for the year the plan started by the total achievement rate calculated, each measure has equal weighting within the plan. Maximum quantum levels are determined by management grade, in the case of the LTIP the range is between 0 and 150% against each individual's basic salary.
- No payment is made if the entry point is not met on the scale.
- "Entry" is set in such a way to ensure that the business is meeting the minimum required performance level and the "Maximum" point on the scale has appropriate stretch. The scales are set and approved by the Committee.
- In order to align Executive Officers with shareholders, the award earned from these plans are factored up or down according to the share price movement during each three-year plan period, and LTIP payment level is adjusted based on the price movement of the monthly average share price in the month before the start of the plan and the monthly average share price of the last month of the plan.

iv) Nature of share-based compensation and Malus & Clawback

- The LTIPs require Executive Officers (including those residing in Japan) and other eligible participants to mandatorily invest 50% of any LTIP proceeds to purchase ordinary NSG shares, a mandatory with-holding operates in order to acquire NSG shares on behalf of the Executive. The mandatory investment leads to further alignment of the Executive Officers with shareholders, allowing Executive Officers to enjoy the benefits of share ownership and continue to be motivated to help build shareholder value.
- To drive share retention and alignment with shareholders, shareholding targets are set for each Executive Officer and are expressed as a percentage of basic salary. Assessment of progress towards the shareholding targets is reviewed annually. The target levels continue to be reviewed by the Compensation Committee in line with market practice, the shareholding targets for Executive Officers are currently between 25 and 100% of basic salary dependent upon the management grade.
- All LTIPs incorporate Malus (ability for the value of the award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participant to repay the value they receive after the award has vested). The Group can exercise these provisions if one of a list of trigger events occurs. Trigger events include the Misstatement of results, an error that causes an award to be paid at too high a level, a serious illegal act, or a material breach of the Group Code of Ethics.

4. Compensation Policy for Independent External Directors

Objectives	・To ensure that independent external directors can adequately and effectively fulfill their supervisory roles ・To ensure that they have the capability and experience required to fulfill this role
Compensation level	・Set at the appropriate level based on comparisons with other companies using benchmark data provided by specialist external advisers.*

Compensation Structure	・Only Basic salary ・Not eligible for Management incentive plans (annual bonuses) and Long-term incentive plans ・Independent External Directors receive additional payment if they act as Chair at either the Board or any of the Committees.

* In the case that a Non-Independent External Director is elected, compensation will be set at an adequate level for his/her duties in a way commensurate with the duties discharged by Independent External Directors including in terms of whether or not they are appointed as member of any of three Committees and so forth.

B) Amount of Compensation for Directors and Executive Officers

(i) Amount of Compensation for Directors and Executive Officers Paid by the Company

The amounts shown in the table below are payments earned in respect of the Group's Financial Year from 1st April 2019 to 31st March 20, and those paid or clearly expected to be paid during the said period, by NSG.

Category	Headcount	Compensation (Million Yen)				
		Basic salary	Performance -linked compensation		Others	Total
			Annual bonus	Long-Term Incentive pay		
Directors who do not concurrently serve as Executive Officers (External Directors)	6	78	-	-	-	78
Executive Officers	8	272	0	0	87	359

Notes:

(1) The amounts shown for Executive Officers relate to all compensation paid or to be paid to Shigeki Mori, Kenichi Morooka, Koichi Hiyoshi, Satoshi Ishino, Hiroshi Nishikawa, Hiroshi Kishimoto, Shiro Kobayashi and Yutaka Nakashima.

(2) In addition to the amounts shown in this table which are amounts paid by NSG, additional amounts were paid to other Executive Officers by subsidiaries of the Company, and these are shown in table (ⅱ) below. Payments to Executive Officers, as shown in this table, consist of; Basic Salary, Performance-linked compensation and Other benefits for the eight Executive Officers.

(3) Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(4) The data for Directors includes those who assumed office during the Group's Financial Year from 1st April 2019 to 31st March 2020 (FY2020).

(5) The data for Executive Officers includes those who assumed office during the Group's Financial Year from 1st April 2019 to 31st March 2020.

(6) The Performance-linked compensation in the table are the Annual Bonus for the year from April 2019 to March 2020 and the Long-Term Incentive Plan covering the three financial years from April 2017 to March 2020.

(7) Other Benefits for Executive Officers include an amount of 68.7 Million Yen for Stock Options awarded to eight Executive Officers, which are the Stock Compensation-type Stock Options introduced as a retirement saving plan in accordance with the abolishment of director's retirement allowance scheme in 2007 under Japanese employment terms.

The restricted shares have been introduced from the FY2021 in place of stock compensation-type Stock Options which was abolished in Y2020.

(8) Other Benefits include pension fund contributions, healthcare provision and accommodation costs and so forth.

(ii) Amount of Compensation for Executive Officers Paid by Subsidiaries

Category	Headcount	Compensation (million Yen)				
		Basic salary	Performance -linked compensation		Other Benefits	Total
			Annual bonus	Long-term incentive pay		
Executive Officers	9	331	0	0	69	400

Notes:

(1) The amounts shown relate to all compensation paid or to be paid to Clemens Miller, Tony Fradgley, Jochen Settelmayer, Phil Wilkinson, Tim Bolas, Mike Greenall, John Mercer, Iain Smith and Milena Stanisci as Executive Officers, by the subsidiaries of the Company which has direct privity of contract with them in the form of a certain services contract. The Company has not directly paid for such compensations, but all of which have been reviewed and approved by the Compensation Committee of the Company.

(2) The Performance-linked compensation in the table are the Annual Bonus for the year from April 2019 to March 2020 (FY2020) and the Long-Term Incentive Plan covering the three financial years from April 2017 to March 2020.

(3) Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(4) The data for Executive Officers includes those who assumed office during the Group's Financial Year from 1st April 2019 to 31st March 2020.

(5) Other Benefits include pension fund contributions, healthcare provision, transport accommodation costs and so forth.

(6) Where amounts in UK sterling and EURO have been converted to Japanese Yen this has been done at an average exchange rate for the year of GBP1:138.0JPY and EUR1: 121.05JPY respectively.

(3) Matters related to External Directors

A) Material Concurrent Positions held by External Directors (those positions if any concurrently held by them with or for other organizations in their capacity as executive positions such as an executive director and executive officer or an external director)

Name	Concurrent Position
Günter Zorn	➢ Representative Director/President, Z-ANSHIN K.K. ➢ External Director ,JAC Recruitment Co., Ltd.
Toshikuni Yamazaki	➢ Representative Director/President, Ryugasaki Country Club
Yasuyuki Kimoto	—
Masatoshi Matsuzaki	➢ Director and Chairman of the Board, Konica Minolta, Inc. ➢ External Director, Ichigo Inc. ➢ External Director, Nomura Research Institute, Ltd. ➢ External Director and Chairman of the Board, LIXIL Group Corporation
Jörg Raupach Sumiya	➢ Professor at the College of Business Administration, Ritsumeikan University

Notes: Mr. Yuji Takei resigned from Director on 27 February 2020. On 27 February 2020,Mr. Yuji Takei is concurrently in the position of Director, Japan Industrial Solutions Co., Ltd., which is the general partner of one of Investment LPS to which Class A Shares are issued.In relation to all other External Directors we have no special relationship in business with any of the companies listed above as those where they have such concurrent offices.

B) Major Activities of External Directors during Fiscal Year

Name	Major Activities
Günter Zorn	Attended all 10 Board of Directors meetings, all 6 Nomination Committee meetings, all 11 Audit Committee meetings, and all 4 Compensation Committee meetings held during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager.
Toshikuni Yamazaki	Attended all 10 Board of Directors meetings, all 6 Nomination Committee meetings, all 11 Audit Committee meetings, and all 4 Compensation Committee meetings held during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager.
Yasuyuki Kimoto	Attended all 10 Board of Directors meetings, all 6 Nomination Committee meetings, all11 Audit Committee meetings, and all 4 Compensation Committee meetings held during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager.
Masatoshi Matsuzaki	Attended all 10 Board of Directors meetings, all 6 Nomination Committee meetings, 10 of 11 Audit Committee meetings, and all 4 Compensation Committee meetings held during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager.
Jörg Raupach Sumiya	Attended all 8 Board of Directors meetings, all 3 Compensation Committee meetings held after his assumption of the office of Director on 27 June 2019 during the fiscal year ,and all three Audit Committee meetings held after his assumption of the member of the Audit Committee on 1 January 2020 during the fiscal year under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced academic expert and business manager.

Notes:

1.Dr. Jörg Raupach Sumiya has served as Director since 27 June 2019,and a member of the Audit Committee since 1 January, 2020 .

2. Mr. Yuji Takei resigned from Director on 27 February 2020,who attended all 9 of Board of Directors meetings held during his tenure under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced business manager.

C) Outline of an Agreement on Liability Limitation

An agreement has been entered into between the Company and each of the External Directors, to the effect that the liability of each of the External Directors in having performed their duties in good faith and without gross negligence be capped to the amount permitted by law.

6. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Fees, etc., to Accounting Auditor with respect to the Fiscal Year

Fees, etc., to Accounting Auditor with respect to the fiscal year under review	¥ 136 million
Monetary and/or other property benefits payable by the Company and its subsidiaries to Accounting Auditor	¥ 136 million

Notes:

1. The audit contract entered into between the Company and the Accounting Auditor does not differentiate the fees payable to it from their audit in their capacity as Accounting Auditor pursuant to the Companies Act and those payable to from their audit pursuant to the Financial Instruments and Exchange Act. It is not practically possible to differentiate them, either. As such, the “Fees, etc., to Accounting Auditor for the fiscal year” referred to in the above table show the total sum payable for these services.
2. Ernst & Young also acts as principal auditors for material subsidiaries of the Group.

(3) The Reason for which Audit Committee Consented to the Fees, etc. to the Accounting Auditor

Audit Committee consented to the amount of the fees, etc. payable to the Accounting Auditor as set forth in Article 399.1 of the Companies Act, after, among others, having reviewed their audit plan, last year’s performance and the rationale of fee estimate based on the received documents as necessary and hearing from the Executive Officers, relevant departments and Accounting Auditor themselves.

(4) Policies on Dismissal or Non-reappointment of Accounting Auditor

In addition to the dismissal of the Accounting Auditor by the Audit Committee where the Accounting Auditor is considered to fall into any of the causes described in Article 340.1 of the Companies Act, the Audit Committee would, in principle, propose an agenda for dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders when the Audit Committee considers that it would be difficult for the Accounting Auditor to perform its duties properly, due to their violation of law or other matters impairing its eligibility or independence.

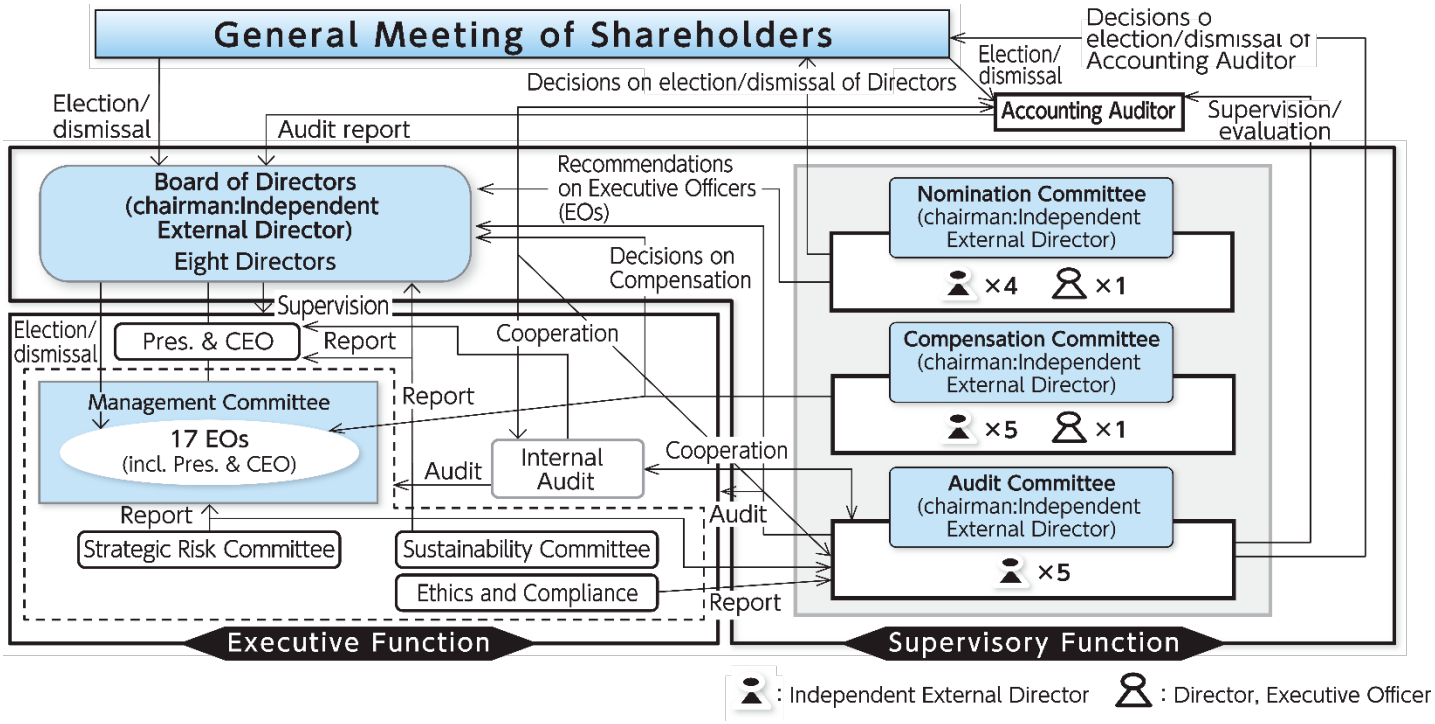
7. Status of Corporate Governance

(1) Policy and Structure

The Group adopts a company with three committees structure, under which we intend and seek to introduce additional safeguards for shareholders, increase the transparency of management, and enhance corporate governance by separating the functions of execution and oversight, with the role of the Independent External Directors strengthened.

NSG Group established the “NSG Group Corporate Governance Guidelines” supporting the Principles of the TSE Corporate Governance Code. These Guidelines provide the basic principles and framework of the corporate governance for the Group to enhance its corporate values in a sustainable manner, on a medium-to-long term basis, and thus increasing the common value of the Group for our various stakeholders including our shareholders.

(2) Management System



- **Board of Directors** decides or approves matters delegated to it by resolution of the General Meeting of Shareholders as well as especially important matters on the execution of the Company’s business, in addition to the matters provided by laws and ordinances or by the Articles of Incorporation, and supervises the execution of duties by Directors and Executive Officers.
- **Nomination Committee** decides the details of the agenda items on election and removal of Directors to be submitted to the General Meeting of Shareholders, supervise succession plans for President, CEO and other important offices, and give recommendation or advice on candidates for Executive Officers to the Board of Directors.
- **Audit Committee** audits the execution of duties by Directors and Executive Officers, prepares for audit reports, and decides the details of agenda items on the appointment and removal or non-reappointment of Accounting Auditor.
- **Compensation Committee** makes decisions on principles with respect to compensations for Directors and Executive Officers and on individual compensations of Directors and Executive Officers under such principles.
- **Management Committee** gives direction to the management of the Group and monitor the status of its implementation from time to time.

(3) Board Effectiveness Evaluation

The Group conducted an effectiveness review and evaluation of the Board as well as the Nomination, Audit and Compensation Committees in FY2019. As for this review, the independent directors were entrusted to lead and supervise the whole process of analysis and evaluation under the leadership of the Chairman of the Board so that sufficient adequacy and independence was maintained throughout. The effectiveness review endorsed that the Board and the Committees were all properly and soundly operated to ensure their effectiveness. With regard to the growth strategy and the establishment of a robust risk management system, which are important ongoing issues for the Group, while steady progress has been seen, simultaneously, the following points were confirmed that a more in-depth analysis should be conducted in the deliberation of these key issues at the Board and that this is particularly important since FY ended March 2020 is the last year of the MTP Phase 2 on which the Company will incorporate its analysis of the results into the next medium-term management plan. With the aid and on the basis of such results and views, the Board has created and carried into effect the specific action plans, one of whose aim is to ensure increased opportunities for in-depth discussion and validation of those strategic issues. Those action plans are the subject of regular review in light of their status of implementation and effect as well as the contents themselves. However, the effectiveness review has been suspended concerning the discussion on the New Mid-term Plan to be commenced in FY2021 due to the repercussions of the worldwide pandemic of COVID-19. The Board plans to have thorough discussion on the next MTP when we can figure out a more clear-cut business outlook.

(4) Systems to Ensure that Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Businesses

1. System for ensuring that the performance of duties by Executive Officers and employees of the Company, and directors, statutory auditors and employees of the subsidiaries of the Company (collectively referred to as the "Group Employees") complies with laws, regulations, and the Articles of Incorporation

- On the basis and strength of the management principles "Our Vision", the NSG Group (the "Group") aims to ensure high levels of ethics and compliance throughout the Group in conducting businesses, proactively fulfilling its social responsibilities for the sustainable growth.
- Under the management principles "Our Vision", the Group establishes the "NSG Group Code of Ethics" providing business ethics and compliance with laws/regulations/internal policies and procedures, and uses its internal communication network to continually disseminate and provide educational training about the contents of the Code of Ethics for the Group Employees, together with other important internal policies and procedures of the Group (e.g. Group Policies, procedures or manuals).
- Each Strategic Business Unit ("SBU") and function in charge of securing compliance with the relevant laws and regulations, will monitor such compliance status in coordination with Internal Audit function, and also report it to the Audit Committee.
- The Group establishes a Group central function responsible for developing and maintaining the effective framework of ethics and compliance throughout the Group (hereinafter generally referred to as "Ethics and Compliance Function").
- Ethics and Compliance Function will, throughout the Group,:-
  - work closely with regional team in charge of ethics and compliance matters to promote and ensure compliance by adherence to strict standards and to promote ethics and compliance awareness through communication and training programs; and
  - as it may deem necessary, conduct audits in cooperation with Internal Audit function and other Internal Control Functions.
- Ethics and Compliance Function will also report to the Audit Committee.
- The Group establishes a global reporting of concerns hotline not subject to usual reporting structure for execution of the businesses ("hotline"), which enables the Group Employees to voice any ethics and compliance related issues through an independent external vendor as points of contact; whereby the Group ensures the framework under which it is able to promptly detect and address any such issues.
- Ethics and Compliance Function shall, periodically or from time to time as appropriate, update the Audit Committee on the status of the implementation and operation of the hotline as well as on the issues brought from the hotline.
- The Group Employees can make a report via the hotline with anonymity where legally allowed, and the Group must explicitly guarantee that no retaliation or unfavorable personnel treatment will be taken against the Group Employees in question for reason of the report.

2. Rules relating to the management of the risk of loss and other relevant risk management system with respect to the Group

- The Group establishes internal policies and procedures to adequately address various risks associated with its business operations and identify and manage all possible risks in a holistic way throughout the enterprise that it could be exposed to. For effective facilitation of the overall enterprise risk management, the Group constitutes the Strategic Risk Committee which is to be led by a representative executive officer of the Company and reports to the Management Committee and the Audit Committee, with its assigned responsibilities to conducts a review of the status regularly of identification, evaluation and remediation of the major risks identified.
- The Group establishes internal policies and procedures that clearly define how to treat specific risks associated with such as ethics and compliance, environment, safety, disaster management, product quality, information security, funding, raw material procurement, research and development and credit control, and each SBU and function shall manage such risks in their respective areas of responsibility according to these internal policies and procedures.
- The Group shall make sure that Ethics and Compliance Function manages and controls significant ethics and compliance-related risks including by preparation of adequate internal policies and procedures, in cooperation with Internal Control Functions including Legal and Internal Audit function.
- Risk control measures will be managed and taken, as necessary, including risk diversification and insurance on a group basis. In particular the Group establishes the internal policy on group insurance and takes out and renews global insurance programme annually thereby aiming to secure adequate transfer of material risks of the Group.
- The Group develops and has in place policies and procedures to prepare against and deal with major incidents for risk management purposes that may occur globally or regionally.
- The Group establishes the control system to ensure the integrity of its financial reporting as well as the

appropriateness and timeliness of other corporate disclosures.

3. System for retaining and managing information pertaining to Executive Officers' performance of duties

- Executive Officers properly retain and manage documents, records and any other information regarding their performance of duties in accordance with the applicable laws and internal policies and procedures.

4. System for ensuring effective and efficient performance of duties by the Group's Employees

- The Group formulates an annual business targets for the Group based upon its medium to long-term business plans resolved by the Board. Also it clearly communicates the targets throughout the whole organization to ensure that all Group businesses are managed and coordinated in a consistent manner.
- The Board authorizes the Executive officers to make decisions on the business and affairs of the Group Board within the remit permitted by law.
- The Group establishes the Management Committee comprising the Executive Officers as its core member. Discussions and deliberations at the meetings thereof will be of assistance for the Executive Officers to make bold and prompt decisions on the Group businesses in an effective and efficient way, under the framework of the Group's basic policies and goals set by the Board.
- The Group clearly defines the area of duties and responsibilities assigned to respective Executive Officers and other Group Employees pursuant to the resolutions by the Board and those internal policies and procedures providing for allocation of role/duties and authorities.
- The Group prepares for internal policies and procedures in relation to various internal meeting or conference structures within the Group including in relation to Management Committee and ensures that all business decisions for the Group be made in manner complied with the standards and process for deliberation provided in such policies and procedures.
- The Group develops and maintains information systems that improve the efficiency of business operations.

5. Reporting-line structure within the Group

- The reporting-line structure will be built up and maintained within the Group for each and every SBU and function formed on a group-wide basis.
- The Group formulates the internal policy with respect to the management of the Company's subsidiaries which ensures each material subsidiary to notify the Company regularly of the matters relevant to it regarding: internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls and the status of risks or exposures associated with such areas.
- Internal audit will be conducted on a group basis.

6. Systems to ensure effectiveness of audits conducted by the Audit Committee

- The Audit Committee, as a part of oversight function of the Board, is tasked to audit execution of duties by Directors and Executive Officers, on the basis of this Fundamental Policy on Internal Control System, from a viewpoint of whether:-
  - an internal control system is established, maintained and implemented by the Executive Officers in an appropriate manner;
  - and this Fundamental Policy itself is still valid or requires no improvement.
- For the purpose of securing effectiveness of such audit:-
  - the Audit Committee may have its members attend Management Committee meetings and other important meetings of the Group. When other forms of decision-making processes are used in lieu of discussion at a meeting, the Audit Committee has the right of access to any information related to or used in such decision-making processes;
  - the Audit Committee may, as it deems necessary, interview any of those Group Employees with senior positions to obtain information necessary to conduct its audits;
  - the Audit Committee receives regular reports about the current risk exposures of the Group with respect to the followings from departments and functions responsible therefore:-
    - internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls;
  - the Audit Committee has the right of access to any material corporate document containing material information including but not limited to papers used for Management Committee meetings and internal approval documents;
  - the Audit Committee receives explanation from the Executive Officer in charge of financial affairs on the Group's quarterly and full-year financial statements before they are presented to the Board for reporting or approval;
  - the Audit Committee shall meet with Internal Audit function and Accounting Auditor on a regular basis to obtain necessary information; and
  - Members of the Audit Committee may conduct onsite inspections of the Group's major sites to monitor the

status of the business and assets when it deems further necessary to do so in light of the purpose of audit prescribed above in this section.

7. System for reporting by the Group's Employees to the Audit Committee and other systems concerning reporting to the Audit Committee

- Directors and Executive Officers shall report the followings to the Audit Committee immediately when:-
  - an individual has found any fact that could have a substantially adverse effect on the Group
  - a Group Employee has committed or could be considered to commit such an act as may constitute a violation of any law, regulation or the Articles of Incorporation.
- Without prejudice to generality of the foregoing section, the Audit Committee may request any of the Group Employees to prepare and submit such reports as it deems necessary for audit.
- The Group explicitly guarantees that no retaliation or unfavorable personnel action in any manner should be taken against those who report to the Audit Committee by reason of such reporting.

8. Matters relating to Directors and/or Employees who support the execution of duties by the Audit Committee

- The Group shall establish an Audit Committee Office that assists the execution of duties by the Audit Committee, and shall assign such number of employees as it deems necessary for the performance of its functions (hereinafter referred to as "Support Staff of the Audit Committee").
- Under the instructions of the Audit Committee members, Support Staff of the Audit Committee shall:-
  - by themselves, or by liaising with relevant departments, investigate, analyze or report the matters subject to its audit, and
  - where necessary, assist the Audit Committee in conducting onsite inspections of the Group's major sites to monitor the status of their business and assets.

9. Matters relating to i) independence of the above Directors and/or Employees from Executive Officers, and ii) how to ensure effectiveness of Audit Committees' instructions thereto

- Decisions on personnel matters of Support Staff of the Audit Committee shall require the prior notice to and consent of the Audit Committee.
- The head of Support Staff of the Audit Committee shall be prohibited from concurrently holding any position that may be involved in the execution of businesses and affairs of the Group, and shall report only to the Audit Committee.

10. Matters relating to policy with regard to advance payment or, reimbursement of the expenses incurred (but limited only to those to accrue relating to execution of duties of the Audit Committee), or any other treatment of such expenses and debts

- If a member of the Audit Committee requests an advance payment of the expenses to be incurred in the course of his performance of the duties or otherwise makes such requests as provided in each section of article 404.4 of the Companies Act, the Company shall not refuse such request except where the Company proves that the said expenses or debts relating to such request is not necessary for the performance of the duties of the committee member in question.

(5) Summary of the Operation Status of "Systems to Ensure that Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Businesses"

1. Actions with regard to the Group's Ethics and Compliance

- The NSG Group Code of Ethics broadly covers the ethical behavior expected of our employees in the work place, including compliance with the law and all major Grouppolicies, and procedures guidelines. The Code is available in all 19 Group languages on its intranet.
- The Group has in place the Reporting of Concerns system including the Ethics and Compliance (E&C) Hotline. The confidential hotline, available in multiple languages, is operated by a qualified third partyallowing anyone to report E&C related concerns anytime, even anonymously except as prohibited legally. THotline reports are handled consistently in accordance with the relevant Group policies and procedures, being appropriately investigated where warranted. Any form of retaliation against an individual who has reported in good faith is expressly prohibited. In FY2020, 93 allegations were reported via the Reporting of Concerns system.
- Under the Group E&C Director's leadership, E&C regional managers are responsible for to embedding E&C culture into the whole organization within the major regions of the Group as well as covering risks in each region.
- The Group requires its employees to report or obtain prior permission from Group E&C egarding certain high risk areas such as competition law compliance (CC) and Anti-Bribery and Anti-Corruption (ABAC) via the designated online system. In addition, Group employees are required to report conflict of interests to the company.
- The Group is monitoring third parties such as agents, consultants and joint venture partners that meet certain risk criteria of the ABAC policy.
- Globally, Group E&C screens business partners against all necessary sanctions lists on a daily basis.
- Group E&C facilitates participation in trade-related programs such as C-TPAT (Customs-Trade Partnership Against Terrorism), AEO (Autorizized Economic Operator) at multiple locations around the Group. These programs demonstrate the Group's commitment to supply chain and facility security as well as strong adherence to Customs regulations.
- The Group annually provides relevant online trainings to CC and/or ABAC key roles. Further, additional areas such as Code of Ethics, General Data Protection Regulation (GDPR), Social Media, Fraud and Inclusion & Diversity are covered accordingly in annual training campaign and/or onboarding.
- Group E&C periodically issues E&C briefings, which are translated in 14 languages and available on the Group's intranet. In addition, each E&C regional manager publishes regional E&C newsletters for E&C communication and education for local employees.
- Group E&C regularly shares material E&C issues with the relevant SBU/Function heads as well as reports to Audit Committee on its performance and action plans.
- The Group has set specific metrics and KPIs with statistical data in several areas regarding E&C activities from FY2021 to measure, control and ensure the effectiveness of Group E&C program.

2. Actions with regard to the Group's Risk Management

- We identify and assess annually the material risks which should be controlled on a group basis in accordance with NSG Group Risk Management Policy.
- We have established and been operating Strategic Risk Committee whose member consists of Executive Officers including CEO; Chief Risk Officer ("CRO") is also appointed from among the Executive Officers.Strategic Risk Committee is entrusted, among others, to provide for an overall framework for an enterprise risk management of the Group and differentiate the high level risks which could be expected to have a material adverse effect on the Group from the risks to be properly managed by each division and then monitor the status of counter-measures taken against those risks and require the division in charge to react accordingly in the event of deficiencies found. Strategic Risk Committee appoints a risk owner for each of the high-level risks so identified and control the process of information gathering and progress of the measures taken regarding such risks.CRO presides over any and all of the meetings of Strategic Risk Committee and as representative of the Committee regularly reports to, and receives review of, Management Committee and

Audit Committee in relation to effectiveness of the fundamental system of the internal control and risk management structure of the Group.

- Each Strategic Business Unit (SBU) and Function in support of SBUs constituting the Group manages and controls risks associated with execution of its own duties and reports, regularly and on an as-needed basis, to the Strategic Risk Committee.
- Internal Audit Function has the role of giving independent assurance to efficacy of such overall enterprise risk management of the Group.
- In addition to the risk management and control implemented by SBUs and Functions, we have also created and been operating the NSG Group Entities Management Policy in order to enable us to comprehensively identify and manage and control material risks particularly in light of each legal entity constituting the Group. The Executive Officer in charge is responsible for regularly reporting to Management Committee and the Board of Directors regarding the outcome.
- We have, in preparation for potential major incidents and calamities, organized and constituted a major incident management team at and for each operating site where major incident management plan is also prepared and in operation, on the basis of NSG Group Business Continuity Policy and Major Incident Guidelines.
- Executive Officers of the Company preserve, maintain and control such information or data as may be relevant to their performance of the duties in their capacity in accordance with the NSG Group Record Retention Policy and IS Security Policy.

3. Actions to Ensure the Group's Efficient and Effective Management

- The Group has established the Management Committee (MC) as advisory board for the President/Chief Executive Officer (CEO) in order for the policies and goals established by the Board of Directors to be efficiently and adequately carried out. 11 MC meetings were held during FY2020.
- We have promoted the initiative of separation of oversight and executive role whereby we strengthen the supervisory role and duties of the Board over the executives whilst making necessary delegation of powers and authorities to the executives, thus seeking to enhance transparency and agility of whole management process.
- We set in place the internal rule clarifying the roles and decision-making authorities of each layer of management from Representative Executive Officers to each regional SBU heads. As such the Group operates the organization in which we can make business decisions appropriately and timely addressing changes of market and business environment etc.
- We have introduced and effected IT-operated authorization flow process for efficient and effective business management, including in relation to performance management against progress or results of management plans such as long and medium-term plan or annual plan and approval process for capital expenditures requisition.
- We operate the organization with its reporting lines clarified by having the specific organization charts by each SBU and function which supports SBUs.

4. Actions to Ensure the Effectiveness of the Group's Audit

- Group Internal Audit implements audits on a group basis in accordance with annual audit plan agreed by Audit Committee, and reports such audit results to Audit Committee, Executive Officers and external Accounting Auditor.
- Three dedicated Support Staffs of the Audit Committee are appointed for assistance of Audit Committee, and report to and provide necessary information to Audit Committee.
- A member of Audit Committee and Support Staff of Audit Committee attends internal material meetings such as MC in order to ensure the effectiveness of their audit. They have rights to access necessary important documents and so on for their audit.
- Audit Committee periodically meets with Group Internal Audit and other internal control functions and exchange views with them.
- Audit Committee meets with the Accounting Auditor on a periodical and as-necessary basis, keeping close communication with them.

The above reports are prepared by rounding off any fraction of one million yen to the nearest one million yen. Any future and prospective matters contained above are described by reference to the then status existing as of the end of FY2020.

Consolidated Balance Sheet (as of 31 March 2020)

(In JPY millions)

ASSETS		LIABILITIES	
Non-current assets	541,108	Current liabilities	200,389
Goodwill	91,199	Borrowings	54,000
Intangible assets	47,390	Derivative financial instruments	4,664
Property, plant and equipment	294,545	Trade and other payables	124,145
Investment property	303	Contract liabilities	4,537
Investments accounted for using the equity method	17,083	Taxation liabilities	2,232
Retirement benefit assets	32,894	Provisions	9,423
Contract assets	622	Deferred income	996
Trade and other receivables	10,474	Liabilities related to assets for sale	392
Assets held at Fair Value through other Comprehensive Income	17,571		
Derivative financial instruments	51	Non-current liabilities	476,614
Deferred tax assets	28,658	Borrowings	373,728
Tax receivables	318	Derivative financial instruments	2,615
		Trade and other payables	382
Current assets	224,089	Contract liabilities	6,120
Inventories	118,388	Deferred tax liabilities	16,105
Contract assets	2,117	Taxation liabilities	2,646
Trade and other receivables	54,003	Retirement benefit obligations	58,589
Assets held at Fair Value through other Comprehensive Income	461	Provisions	13,261
Derivative financial instruments	1,179	Deferred income	3,168
Cash and cash equivalents	43,608		
Tax receivables	2,119	Total: Liabilities	677,003
Assets held for sale	2,214	EQUITY	
		Capital and reserves attributable to the Company's equity shareholders	73,612
		Called up share capital	116,607
		Capital surplus	155,222
		Treasury stock	(39)
		Stock subscription rights	576
		Retained earnings	(54,276)
		Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)
		Accumulated other comprehensive income	(76,430)
		Non-controlling interests	14,582
		Total: Equity	88,194
Total: Assets	765,197	Total: Liabilities and equity	765,197

Consolidated Income Statement (for the period of 1 April 2019 to 31 March 2020)

(In JPY millions)

Revenue		556,178
Cost of Sales		(421,881)
Gross profit		134,297
Other income	3,177	
Distribution costs	(51,430)	
Administrative expenses	(59,351)	
Other expenses	(5,516)	(113,120)
Operating profit before exceptional items		21,177
Exceptional items		(23,960)
Operating loss after exceptional items		(2,783)
Finance income	2,126	
Finance expenses	(13,969)	
Share of post-tax profit of joint ventures and associates accounted for using the equity method	1,077	(10,766)
Loss before taxation		(13,549)
Taxation		(3,969)
Loss for the period		(17,518)
Profit attributable to non-controlling interests		1,407
Loss attributable to owners of the parent		(18,925)

Consolidated Statement of Comprehensive Income (Reference only) (for the period of 1 April 2019 to 31 March 2020)

(In JPY millions)

Loss for the period	(17,518)
Other comprehensive income:	
Items that will not be reclassified to profit or loss:	
Re-measurement of retirement benefit obligations	9,177
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments	(1,974)
Sub total	7,143
Items that may be reclassified to profit or loss:	
Foreign currency translation adjustments	(25,908)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments	209
Cash flow hedges – fair value gains	(4,845)
Hyperinflation adjustment	4,386
Sub total	(26,158)
Total: Other comprehensive income for the period	(19,015)
Total comprehensive income for the period	(36,533)
Attributable to non-controlling interests	1,544
Attributable to owners of the parent	(38,077)

Consolidated Statement of Changes in Equity (for the period of 1 April 2019 to 31 March 2020)

(in JPY millions)

	Equity attributable to the Company's shareholders					
	Called up share capital	Capital surplus	Treasury stock	Stock subscription rights	Retained earnings	Retained earnings (Transition adjustment at the IFRS transition date)
1 April 2019	116,588	160,953	(37)	545	(40,530)	(68,048)
Impact of adoption of new standards					(3,576)	
At 1 April 2019 (after adjusted)	116,588	160,953	(37)	545	(44,106)	(68,048)
Comprehensive income for the year:						
Profit for the year					(18,925)	
Other comprehensive income					11,567	
Total comprehensive income for the year	-	-	-	-	(7,358)	-
Transactions with owners:						
Dividends paid					(2,822)	
Stock options	19	19		31		
Purchase of treasury stock			(5,752)			
Retirement of treasury stock		(5,750)	5,750			
Equity transaction with non-controlling interests					10	
Total transactions with owners	19	(5,731)	(2)	31	(2,812)	-
At 31 March 2020	116,607	155,222	(39)	576	(54,276)	(68,048)

(in JPY millions)

	Equity attributable to the Company's shareholders					Non-controlling interests	Total equity
	Exchange translation reserve	Fair value reserve	Hedging reserve	Total other comprehensive income	Total equity attributable to the Company's shareholders		
1 April 2019	(35,939	(6,377)	(3,395)	(45,711)	123,760	8,746	132,506
Impact of adoption of new standards				-	(3,576)		(3,576)
At 1 April 2019 (after adjusted)	(35,939)	(6,377)	(3,395)	(45,711)	120,184	8,746	128,930
Comprehensive income for the year:							
Profit/(loss) for the year				-	(18,925)	1,407	(17,518)
Other comprehensive income	(16,375)	(1,765)	(4,845)	(30,719)	(19,152)	137	(19,015)
Total comprehensive income for the year	(16,375)	(1,765)	(4,845)	(30,719)	(38,077)	1,544	(36,533)
Transactions with owners:							
Dividends paid				-	(2,822)	(508)	(3,330)
Stock options				-	69		69
Purchase of treasury stock				-	(5,752)		(5,752)
Retirement of treasury stock				-	-		-
Equity transaction with non-controlling interests				-	10	4,800	4,810
Total transactions with owners	-	-	-	-	(8,495)	4,292	(4,203)
At 31 March 2020	(60,048)	(8,142)	(8,240)	(76,430)	73,612	14,582	88,194

Consolidated Statement of Cash Flows (Reference only)
(for the period of 1 April 2019 to 31 March 2020)

(In JPY millions)

Cash flows from operating activities	
Loss for the period from continuing operations	(17,518)
Taxation	3,969
Depreciation and amortization	34,842
Impairment	17,507
Finance costs - net	11,843
Share of profit from joint ventures and associates	(1,077)
Decrease in provisions and retirement benefit obligations	(7,568)
Net change in working capital	8,729
Other	(6,854)
Cash flows generated from operations	43,873
Interest paid	(11,097)
Interest received	3,236
Tax paid	(5,568)
Net Cash inflows from operating activities	30,444
Cash flows from investing activities	
Dividends received from joint ventures and associates	1,490
Purchases of property, plant and equipment and intangible assets	(62,646)
Proceeds on disposal of property, plant and equipment and intangible assets	1,916
Other	2,352
Net cash outflows from investing activities	(56,888)
Cash flows from financing activities	
Dividends paid	(3,326)
Repayment of borrowings	(46,567)
Proceeds from borrowings	69,040
Purchase of treasury stock	(5,752)
Cpital contribution from non-controlling interests	5,248
Other	(438)
Net cash outflows from financing activities	18,205
Decrease in cash and cash equivalents (net of bank overdrafts)	(8,239)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	50,292
Effect of foreign exchange rate changes	(3,627)
Hyperinflation adjustment	2,086
Cash and cash equivalents (net of bank overdrafts) at end of period	40,512

NIPPON SHEET GLASS CO. LTD. **Financial Statements**

Balance Sheet (as of 31 March 2020)

(in JPY millions)

ASSETS		LIABILITIES	
Current assets	108,862	Current liabilities	77,481
Cash and cash deposits	6,350	Accounts payable-trade	14,713
Notes receivable	846	Bank borrowings	8,043
Accounts receivable-trade	13,135	Current portion of Long-term borrowings	31,039
Products and goods	16,090	Lease obligations	4
Work in process	2,588	Accounts payable - non-trade	7,324
Raw materials and consumables	6,552	Accrued income tax	242
Short-term loan receivable	57,027	Accrued expenses	1,550
Other current assets	7,172	Advanced received	896
Allowance for doubtful accounts	(1,078)	Customers' deposits	10,858
		Provision for employees' bonuses	877
Fixed assets	563,053	Provision for warranties	578
Tangible assets	49,817	Provision for restructuring expenditure	235
Buildings	7,615	Provision for payment under Position retirement program	123
Structures	1,165	Other current liabilities	999
Machinery & Equipment	16,413	Fixed liabilities	282,379
Vehicles	37	Long-term bank borrowings	272,729
Tools & Fixtures	3,659	Lease obligations	9
Land	16,769	Provision for retirement benefits	2,417
Leased assets	13	Provision for rebuilding furnaces	5,469
Construction in progress	4,146	Environmental provision	273
Intangible assets	386	Asset retirement obligations	704
Computer software	100	Deferred tax liabilities	213
Other intangible assets	286	Other fixed liabilities	565
Investments and other assets	512,850	Total: Liabilities	359,860
Investments in securities	979	NET ASSETS	
Investments in subs. & affiliates	504,802	Shareholders' equity	312,590
Long-term loan receivable	4,121	Capital stock	116,607
Long-term prepaid expenses	2,534	Capital surplus	153,428
Other assets	425	Legal capital surplus	44,929
Allowance for doubtful accounts	(11)	Other capital surplus	108,499
		Retained earnings	42,594
		Legal earned surplus	6,377
		Other retained earnings	36,217
		Reserve for adv'ed depreciation	1,297
		General reserve	24,977
		Retained earnings carried forward	9,943
		Treasury stock	(39)
		Valuation and translation adjustments	(1,111)
		Deferred gains or losses on hedges	(1,111)
		Stock subscription rights	576
		Net Assets	312,055
Total: Assets	671,915	Total: Liabilities and net assets	671,915

Income Statement (for the period of 1 April 2019 to 31 March 2020)

(in JPY millions)

Revenue		105,136
Cost of sales		(84,731)
Gross profit		20,405
Selling, general and administrative expenses		(21,753
Operating loss		(1,348)
Non-operating income		
Interest and dividend income	5,069	
Other income	815	5,911
Non-operating expense		
Interest expense	(4,789)	
Other expense	(2,302)	(7,091)
Ordinary loss		(2,528)
Extraordinary income		
Gain from sale of fixed assets	131	
Gain on sale of subsidiaries	1,693	
Gain from sale of securities	25	
Reversal of provision for rebuilding furnaces	937	2,786
Extraordinary loss		
Loss on sales of fixed assets	(2)	
Loss on scrapping of fixed assets	(504)	
Impairment loss	(2,321)	
Loss on disaster	(383)	
Restructuring expenditure	(148)	(3,358)
Net profit before tax		(3,100)
Income tax: Current	(594)	
Income tax: Deferred	207	(387)
Net loss		(2,713)

Statement of Changes in Net Assets (for the period of 1 April 2019 to 31 March 2020)

(in JPY millions)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained earnings					
	Capital stock	Legal capital surplus	Other capital surplus	Sub-total	Legal earned surplus	Reserve for advanced depreciation	General reserve	Retained earnings carried forward	Sub-total	Treasury stock	Sub-Total
Balance: as of 1 April 2019	116,588	44,910	114,249	159,159	6,377	1,373	24,977	15,402	48,129	(37)	323,839
Changes during the period:											
Reversal of reserve for advanced depreciation				-		(76)		76	-		-
Dividends				-				(2,822)	(2,822)		(2,822)
Net loss				-				(2,713)	(2,713)		(2,713)
Stock options	19	19		19					-		38
Acquisition of treasury stock				-					-	(5,752)	(5,752)
Retirement of treasury stock			(5,750)	(5,750)					-	5,750	-
Net changes of items other than shareholders' equity											
Total changes during the period	19	19	(5,750)	(5,731)	-	(76)	-	(5,459)	(5,535)	(2)	(11,249)
Balance: as of 31 March 2020	116,607	44,929	108,499	153,428	6,377	1,297	24,977	9,943	42,594	(39)	312,590

	Valuation and translation adjustments		Stock subscription rights	Total net assets
	Deferred gains or losses on hedges	Sub-total		
Balance: as of 1 April 2019	196	196	545	324,580
Changes during the period:				
Reversal of reserve for advanced depreciation		-		-
Dividends		-		(2,822)
Net loss		-		(2,713)
Stock options		-		38
Acquisition of treasury stock		-		(5,752)
Retirement of treasury stock		-		-
Net changes of items other than shareholders' equity	(1,307)	(1,307)	31	(1,276)
Total changes during the period	(1,307)	(1,307)	31	(12,525)
Balance: as of 31 March 2020	(1,111)	(1,111)	576	312,055

The following also attached to the Japanese original of this document (for reference only):

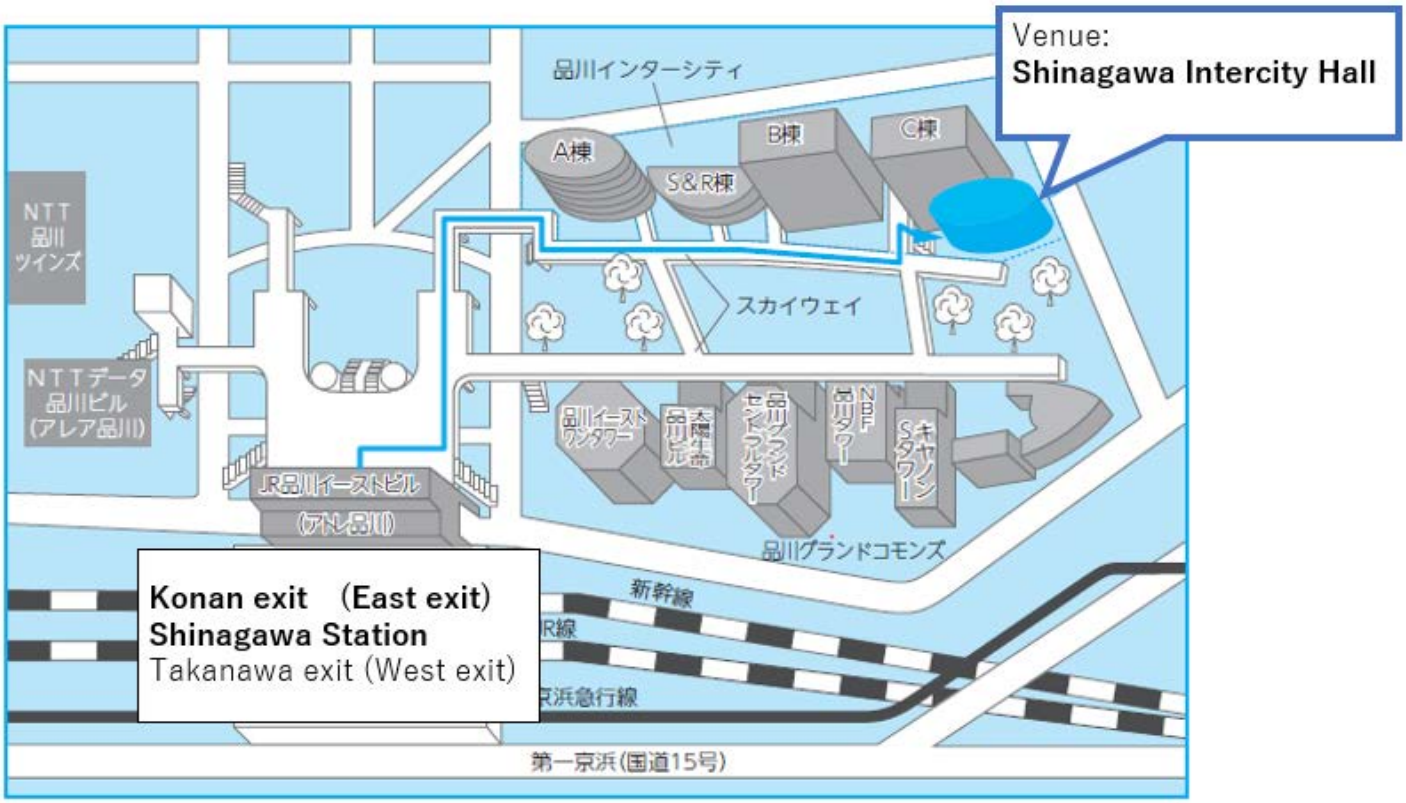
A. Conformed copy of the audit report of the Independent Accounting Auditor

- The related financial statements and its supplementary detail adequately representing the view of the assets and profits of the Company in all material respects.
- Absence of any notifiable interest between the Accounting Auditor and the Company

B. Conformed copy of the audit report of the Audit Committee

- Business Report
  - Business report and its supplementary detail correctly reflecting the position of the Company
  - Absence of unjust behaviour on the part of directors/executive officers or material facts in breach of law or Articles of Incorporation of the Company
  - Validity of the Board resolution re internal controls and absence of the matters to be notified in terms of business report or the performance of duties of directors/executive officers
- Confirming the validity of Accounting Auditor's manner of the audit and result re Consolidated financial statements
- Confirming the validity of Accounting Auditor's manner of the audit and results re financial statements and its supplementary detail (stand-alone basis)

Map of the Venue for the Ordinary General Meeting of Shareholders



Venue: Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo

Access: 8 minute-walk from JR Shinagawa Station, Konan exit (East exit)