[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Corporate Governance Report

Last Update: 13 July 2021

Nippon Sheet Glass Company, Limited

Shigeki Mori

Representative Executive Officer, President and CEO

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Securities Code: 5202

http://www.nsg.co.jp

The corporate governance of Nippon Sheet Glass Company, Limited (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Nippon Sheet Glass Group (the "NSG Group"and the "Group") has established the "NSG Group Corporate Governance Guidelines" below as constituting our basic views on the matter of corporate governance.

The Group considers achievement of an advanced level of corporate governance a key management objective and will implement the following.

(1) Organizational structure

a) The Group's ultimate parent company, Nippon Sheet Glass Company, Limited will adopt a Company with Three-Committee structure and the Company hence will establish and maintain the Board of Directors (the "Board"), the Nomination Committee, the Audit Committee, the Compensation Committee (individually referred to as the "Committee") and office of Executive Officers.

b) The Board will authorize the Executive Officers to make decisions on the execution of

businesses for the Company within the scope as permitted by law, thereby facilitating separation between business execution and oversight, enhancing the transparency of the management processes and strengthening the Board supervisory function over the executive management.

c) The Company will establish and maintain an internal control system operating on a Group-wide basis including in relation to financial reporting (J-SOX).

(2) Stakeholders Communication

a) The Group aims to be judged by as best in class by our many stakeholder groups in a variety of settings across the whole group (including shareholders, customers, suppliers and local communities) from their own perspectives and also will develop, maintain and enhance good relationship with any of such groups.

b) In relation to the matter of disclosure of corporate information whether or not it is to be made according to legal requirements, the Group always aims to act in a timely and appropriate manner both in terms of the substance and form, with a view to maintaining and invariably enhancing transparency of management of the Group.

(3) Code of Conduct

The Group will, in order to materialize those values, create the NSG Group Code of Ethics whichall entities and employees etc of the Group must comply with and will be regularly reviewed in light of the status of implementation/embedding within the Group and the contents.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] **[updated]**

The Company implements all of the principles of the Corporate Governance Code (before revision dated June 11, 2021), except for the following.

【Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness】

We have been working on global projects focused on inclusions & diversity since 2017 and are working on promoting diversity at our corporate body including the Board of Directors. . Regarding directors, one out of six is a foreign director in terms of internationality, and all of them are male at the moment in terms of gender, but the Nomination Committee recognizes the appointment of female directors as an important management issue and continues to be qualified. We are working on the selection of possible female candidates. Of the 13 executive

officers (including 1 person who also serves as directors), which is also an organization under the corporate law, 6 persons are foreign executive officers and 2 persons are female executive officers. The Group will continue to strongly promote the diversification of directors and executive officers.

[Disclosure Based on the Principles of the Corporate Governance Code] **[updated]**

【Principle 1.4 Cross-Shareholdings】

The Company and its material subsidiaries do not own politically held listed shares as a matter of principle except where such shareholding is or becomes necessary for the purpose of enhancing our sustainable enterprise value and serving the important business purposes such as strategic business alliance, the intent of which is adopted for as "Policy on nil ownership of politically held listed shares" disclosed in our website.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Principle 1.7 Related Party Transactions】

The Group has established strict procedure concerning the Related Party Transactions in order not to harm the common interest of the Company's shareholders according to the relevant laws and regulations such as Companies Act and its internal policies.

Visit our website for details.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/Principle_1_7_1812_E.pdf

【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】

According to the revision of asset management guidelines for defined benefit plans of Japan, we have revised the pension management policy in March 2018 and newly organized the asset management committee . We also have placed the staff in charge of the matter in Treasury and HR and have been conducting pension asset management while appropriately educating those in charge of asset management and operation in order for them to acquire necessary expertise in the area. In relation to the stewardship activities we use the opportunities of quarterly reports made by each fund manager by monitoring their activities in such respects. No conflict of interest will arise in regard to exercise of the voting rights as such exercise vests in the sole discretion of the fund managers insofar as the managed assets are concerned.

We continue to seek, with the aid of external support as well as expertise accumulated

internally within the Group, enhancing the expert quality of the asset managing process and thus strengthening the function of the pension scheme as asset owners.

【Principle 3.1 Full Disclosure】

(i) Business principles, business strategies and business plans

The Group has formulated the management principles "Our Vision", Medium Term Vision and Medium Term Plan respectively and made them publicly available in our website and various publications etc.

Management Principles "Our Vision"

Mission

Changing our surroundings, improving our world

Aspiration

Through innovation, becoming the most trusted partner in all industries we work in

Core Values

- Respect others and unleash their potential.
- Exemplify trust and integrity.
- Ensure efforts to serve society.
- Take the initiative.
- Embrace challenges and learn from failure.
- Follow through to get results.

https://www.nsg.com/en/about-nsg/our-vision

The NSG Group's Medium Term Vision :

A global glass supplier contributing to the world with high value-added glass products and services.

https://www.nsg.com/en/investors/management-policy-and-sustainability/management-strategy

Medium Term Plan "Revival plan 24"(RP24)

https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtprp24presentation2021_e01.pdf

(ii) Basic views and guidelines on corporate governance (NSG Group Corporate Governance Guidelines)

The Group has crystallized its basic views and guidelines on corporate governance in

the form of NSG Group Corporate Governance Guidelines and uploaded it in our website.
https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

(iii) Policies and procedures in determining the compensation for the senior management and Directors

The Compensation Committee, chaired by Independent External Director and composed of five (5) Directors including the Chairperson, four (4) of whom are Independent External Directors, determines the policy of, and individual contents of, compensation payable to Executive Officers and Directors.

Please see below "Compensation for Directors and Executive Officers (Shikkoyaku), Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management".

(Principles of Compensation for Directors and Executive officers)

https://www.nsg.com/~/media/NSG/Site%20Content/sustainability/Downloads%20attached%20to%20pages%20in%20sustainability%20section/Principle_3_1_3_2107_E.pdf

(iv) (v) Policies and procedures in the appointment and the dismissal of the senior management and the nomination of Director candidates

The Company will decide the candidate for director at the Nomination Committee, chaired by Independent External Director and composed of five (5) Directors including the Chairperson, four (4) of whom are Independent External Directors and submit the details to the ordinary general meeting of shareholders as a proposal. In addition, the Board of Directors will, on the basis of recommendation rendered by the Nomination Committee in advance, appoint or dismiss senior executive managers including Executive Officers. These decisions will be carried in accordance with "General Criteria to Select Candidates for Directors" or "Policy and Procedure on Appointment and Dismissal of Executive Management", which details are accessible in our website.

https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle_3_1_4_2107_e.pdf

【Supplementary Principles 4.1.1 A brief summary of the scope of authority delegated to the management】

It is the purview of the Board that makes decisions on the defined material matters

including the adoption of a fundamental management policy for the Group such as business and financial strategy and medium to long-term business plan and election of Executive Officers as well as those actions otherwise required to be determined by laws or the Articles of Incorporation of the Company. The Board authorizes the Executive Officer(s) to decide on all other matters as matter of principle in order to enable nimble and flexible decision-making by the executive management as well as enhance effectiveness of supervision by the Board.

An overview of the scope of such delegation is described on Article 10.1(2) of the NSG Group Corporate Governance Guidelines.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Supplementary Principles 4.1.3　Roles and Responsibilities of the Board (1)】

The Nomination Committee has clarified the qualifications as top managing officer and required personality or character as a part of the Chief Executive Officer's succession plan. Further, the Company has also established and has been operating training programs or leadership development plans for management development needs. In addition to such plan for CEO, the Company has also created and maintained AND regularly reviewed and thus ensured validity of the succession plans for certain specified senior mamagers of the Group.　In case the incumbent CEO is appointed as a member of Nomination Committee, he/she will not be involved in any decision or discussion as to his/ her own succession plan, except only where he/she expresses his/her opinion in response to specific request if any from the Nomination Committee asking for the same. As relevant, the Terms of Reference of Nomination Committee is uploaded in our website.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Supplementary Principle 4.2.1　Roles and Responsibilities of the Board (2)】

The Compensation Committee has designed and been operating the executive remuneration system and determines the remuneration amounts based on "Principles of Compensation for Directors, and Executive Officers". This is also referred to in Article 16 of the CG Guidelines.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Supplementary Principle 4.3.2　Roles and Responsibilities of the Board (3)】

The Nomination Committee, clarifies, pursuant to the Policy and Procedure on Appointment and Dismissal of Executive Mnagement, the necessary qualifications for CEO and its procedure for appointment on the basis of which the Nomination Committee makes recommendation on CEO candidate for the Board of Directors and then Board of Directors decides such appointment with such recommendation. In case the incumbent CEO is appointed as a member of Nomination Committee, he/she will not be involved in any decision or discussion as to such recoomendation on appointment of CEO, except only where he/she expresses his/her opinion in response to specific request if any from the Nomination Committee asking for the same.

As relevant, both of the Terms of Reference of Nomination Committee and the Policy and Procedure on Appointment and Dismissal of Executive Mnagement are uploaded it in our website.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Supplementary Principle 4.3.3 Roles and Responsibilities of the Board (3)】

In case any early dismissal of CEO is contemplated (including the case where unepxepcted failure to renew the term is contemplated for the purpose of this subject-matter) the Nomination Committeefirst conducts deliberation of the matter and then renders recommendation on the outcome of such deliberation for the Board of Directors. The Board of Directors then makes its ultimate decision for the matter with such recommendation. In case the incumbent CEO is appointed as a member of Nomination Committee, he/she will not be involved in any decision or discussion as to such recommendation relation to his/her dismissal, except only where he or she expresses his/her opinion in response to specific request if any from the Nomination Committee asking for the same.

As relevant, both of the Terms of Reference of Nomination Committee and the Policy and Procedure on Appointment and Dismissal of Executive Mnagement are uploaded it in our website.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Principle 4.8 Effective Use of Independent Directors】

The Company currently has four Independent External Directors, so the majority of directors are independent external directors. Further, the Chairman of the Board as well as chairpersons of all three Committee are all appointed from among the Independent External

Directors.

Please see Articles 9.2 and 13 of the NSG Group Corporate Governance Guidelines for detail on the significance and role of those Independent External Directors.

https://www.nsg.com/~/media/NSG/Site%20Content/sustainability/Downloads%20attached%20to%20pages%20in%20sustainability%20section/Principle_4_8_2107_E.pdf

【Principle 4.9　Independence Criteria and Qualification of Independent Directors】

The Company, when considering qualification for independence with regard to external directors, has established and applies its own independence criteria duly taking account of their relationships with the Group, the Executive Officers as well as major shareholders, further to the requirements had by TSE in relation to such independence standards.

Its detail is as described in, "Matters relating to Independent Directors" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" and disclosed in the website.
https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness】

At least one member of the Audit Committee, which consists of four Independent External Directors, will be elected from among those who have specializes knowledge on finance and accounting to a respectable degree and the purpose of that is prescribed in Article 9 of the CG Guidelines. Currently, Mr. Kunihito Minakawa, Director, is elected as such an auditing committee.

In addition, the Group analyze and evaluate the effectiveness of the Board of Directors on a fiscal year basis, disclose the results, action plans, etc. The purpose of this is also prescribed in Article 22 of the CG Guidelines. The CG guidelines are also disclosed on our website
https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Supplementary Principle 4.11.1　Views on the appropriate balance of knowledge, experiences and competence of the Board of Directors as a whole, its diversity and appropriate size, and the policy and the procedure for nominating Director candidates】

The Group values the principle and wisdom of creating and maintaining diversity in the composition of the Board given specifically the development of and commitment to the businesses conducted globally. The Group aims to ensure that the Board will be composed

of member that have a diverse background including in terms of professional skills, expertise or experience, and at the same time its size will be maintained so that the Board can discharge its function effectively and efficiently.

Its detail is described on Article 9 of the NSG Group Corporate Governance Guidelines.

In addition, when appointing candidates for directors, in addition to meeting these selection criteria, based on the company situation and the important issues to be solved in the execution of Medium Term Plan, the experience and specialized knowledge for the director candidates, which the Nomination Committee considers to be particularly important, are defined, and the composition of directors would be well-balanced as a whole in consideration of diversity. The skill matrix is also disclosed in the notice of convening the ordinary General Meeting of Shareholders.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Supplementary principle 4.11.2　Concurrent positions held by Directors】

Concurrent positions held by Directors are disclosed in our Website and described in the notice of convening the ordinary General Meeting of Shareholders and Financial Results Reports.

https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principleofreplenishment_4_11_2_2107_e.pdf

The notice of convening the ordinary General Meeting of Shareholders:

https://www.nsg.com/en/investors/ir-library/shareholders-meeting

Financial Results Reports (YUHO):

https://www.nsg.com/en/investors/ir-library/financial-reports

【Supplementary principle 4.11.3　Analysis and evaluation of the Effectiveness of the Board of Directors as a whole, and an outline of the results】

The NSG Group has made it an internal practice to implement an annual effectiveness review of the Board (the "Board") and three Committees (individually the "Committee" and collectively the "Committees") to continuously enhance the level of function and effectiveness of its Board of Directors and three Committees.The purpose of this is also prescribed in Article 22 of the CG Guidelines. The CG Guidelines are also disclosed on our website.

https://www.nsg.com/~/media/NSG/Site_Content/sustainability/Downloads_attached_to_pages_in_sustainability_section/CorporateGovernanceGuideline2021_07_E.pdf

In this process the Board confirms the progress of the ongoing action plan as it relates to the issues previously identified, creates an additional action plan addressing any newly found issues and then combines and integrates the issues into one integrated action plan for regular monitoring to continuously aim for enhancement of the effectiveness of the Board as a whole.

The overall summary of the results from the review made in relation to FY ended March 2020 is as follows:

[Our Effectiveness Review Process]

The Board confirmed the progress of the action plans effective from prior years for improvement realized during FY ended March 2020. The effectiveness review of the Board and Committees was conducted with reference to feedback and views taken from each Director in terms of composition, status of meeting management, agenda setting, manner and substance of deliberation and direction in the role of each such organization. The entire process for such review was led and supervised by the Independent External Directors under the leadership of the Chairman of the Board of Directors.

[Evaluation Summary]

The effectiveness review endorsed that the Board and the Committees were all properly and soundly operated to ensure their effectiveness. On the other hand, the comprehensive evaluation of the medium-term management plan and MTP phase 2 in which the target was not achieved in the final year of the fiscal year ending March 2020, the deepening of discussions on important management issues in the process of formulating the next medium-term management plan, and the drastic change in the market. However, the formulation of action plan 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 decided to have thorough discussion on the next MTP when the Board can figure out a more clear-cut business outlook. While analyzing and evaluating the effectiveness of the Board of Directors, etc. for the fiscal year ending March 2021, the Board of Directors will further discuss the new medium-term management plan (RP24) with the fiscal year ending March 2022 as the first year. The Board will dig deeper and further deepen opportunities for discussion and verification of strategic issues.

【Supplementary principle 4.14.2 The training policy for Directors and etc.】

The Company, upon their election and afterwards on as-needed basis, provides each Director of the Company with such information and explanation about related laws like Companies Act, corporate governance and material management issues, by having reference

to familiarity and experience of each.

In addition to these, especially for external directors, the Company provides them with explanation about the basic information (business, history, financial, organization, and main regulations, etc.) on the Group and its business, and opportunities to visit the site, do interviews with business executives occasionally.

Its detail is described on Article 12.5 of the NSG Group Corporate Governance Guidelines

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

【Principle 5.1　The policy for constructive dialogue with shareholders】

The Group considers open, constructive, and effective dialogue with shareholders is quite crucial. The Group aims to engage effectively with shareholders and investors by making the most of a number of avenues and opportunities available to us including through regular communications, investor relation activities and the General Meeting of Shareholders, whilst simultaneously ensuring adherence to any applicable laws. Its detail is described on Article 2 of the NSG Group Corporate Governance Guidelines.

https://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/CorporateGovernanceGuideline2021_07_E.pdf

Also, IR activities are as described "2 Investor Relations activities" in "III. Implementation of Measures for Shareholders and Other Stakeholders".

【Principle 5.2　Establishing and Disclosing Business Strategies and Business Plan】

In order to increase the shareholder value over the medium to long term, the Group will take into consideration the costs of capital fully and produce the basic policies for earnings plan and capital policy whilst based on the situations the Group is then facing we intend to present the targets for earnings power and capital efficiency etc. adequately linked to its then important management agenda, along with making of appropriate and logical explanation about business portfolio review as necessary or useful or allocation of management recourses etc. for delivery of those targets.

In order to fulfill its mission of "changing our surroundings, improving our world", NSG Group recently formulated a Medium Term Vision to become "A global glass supplier contributing to the world with high value-added glass products and services" as a direction the Group should be heading for.

On 13th May 2021, the Group publicly announced "Revival Plan 24 (RP24)" as its new Medium Term Plan covering a three-year period from FY2022 to FY2024 aiming at building robust business for sustained growth and preparing the Group for the next disruption in

the business environment.

In order to achieve Medium Term Vision, we will take actions in two steps, namely, Step I (RP24: FY2022 to FY2024) for business transformation and Step II (FY2025 and beyond) for sustained cycle of growth. RP24 is deemed as the period for business transformation during which time the Group will focus on drastic reform of profit structure, restoration of financial stability, and transformation of business portfolio so as to accomplish drastic and fundamental initiatives as a basic principle.

・Main Initiatives of RP24

In RP24, we will execute the following "Three Reforms" and "Two Key Initiatives" decisively and build business strength to sustain the cycle of growth.

Three Reforms:

・Cost structure reform: cost reduction and productivity improvement

・Business structure reform: expansion of value-added business; development of new growth businesses; emphasis on investment and asset efficiency

・Corporate culture reform: never failing to take up challenges and following through to deliver results

Two Key Initiatives:

・Restoration of financial stability

・Transformation into more profitable business portfolio

Financial Targets

NSG Group's most urgent task is to recover a sustainable financial base. To this end, the Group aims to restore equity ratio to more than 10 percent quickly by steadily generating net profit and free cash flow every term. Meanwhile the Group will also proactively review further enhancement of equity from a longer term viewpoint.

- Improvement of OP margin via: Cost structure reform, business structure reform, business portfolio transformation
- Selective and focused investment: Control of the total capital expenditure, prioritiz ation according to asset efficiency, growth potential and added value

Financial targets for the final year of RP24 (FY2024) are as follows:

Operating profit Margin*1 8%

Net profit/loss*2 > JPY 30 bn cumulatively for 3 years

Equity ration > 10%

Free cash flow > JPY 10 bn

*1: Operating profit after amortization

*2: Profit attributable to owners of the parent

2. Capital Structure [updated]

Percentage of Foreign Shareholders [updated]	20% or greater but less than 30%

[Status of Major Shareholders] [updated]

Name / Company Name	Number of Shares Owned (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,992,300	9.90
Custody Bank of Japan, Ltd. (Trust Account)	2,897,200	3.19
JUNIPER	1,760,000	1.93
Custody Bank of Japan, Ltd. (Trust Account 5)	1,555,800	1.71
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	1,414,600	1.55
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,365,561	1.50
Custody Bank of Japan, Ltd. (Trust Account6)	1,356,800	1.49
Client stock ownership of Nippon Sheet Glass	1,327,478	1.46
STATE STREET BANK WEST CLIENT-TREATY 505234	1,225,100	1.34
Custody Bank of Japan, Ltd. (Trust Account 1)	1,127,300	1.24

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation [updated]

① The status of major shareholders is as of March 31, 2021

② In the Large Shareholding Report (Change Report) that was used for public inspection on April 6, 2021, Although it stated that the one company of Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder, as of March 31, 2021 owned a total of 9,998,700 shares, we are not included in the above status of major shareholders because we can not confirm the number of real owned shares as of March 31, 2021.

③ In the Large Shareholding Report (Change Report) that was used for public inspection on March 19, 2021, Although it stated that the one company of Nomura Asset Management Co., Ltd.and its joint holders, as of March 15, 2021 owned a total of 4,947,080 shares, we are not included in the above status of major shareholders because we can not confirm the number of real owned shares as of March 31, 2021.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Glass and Ceramics Products
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	¥100 billion or greater but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or greater but fewer than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation [updated]

Organization Form	Company with Three Committees

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	No limit is defined.
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Outside Director
Number of Directors	6

[Outside Directors]

Number of Outside Directors	5
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1) [updated]

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yasuyuki Kimoto	External								△			
Jörg Raupach Sumiya	Scholar											
Hiroshi Ishino	External								△	△		
Kunihito Minakawa	External											
Yoshihiro Kuroi	External											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) [updated]

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasuyuki Kimoto	Nomination / Compensation / Audit	○	Mr. Yasuyuki Kimoto served as Chairman of the Board of Directors, Olympus Corporation from April 2012 to June 2015. While Olympus and NSG have business relationships, such transactions account only for less than one percent of the total consolidated sales of each company.	Mr. Yasuyuki Kimoto has 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 and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies, broad

				financial expertise, knowledge of risk management and perspectives with regard to business management. Mr. Kimoto has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his capacity as external director and general shareholders of the Company.
Jörg Raupach Sumiya	Nomination/ Compensation / Audit	○		Dr. Jörg Raupach Sumiya 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 Japanese private universities. He is conducting research activities mainly on renewable energy and regional economy.It is expected that he should continue to contribute to the

				supervisory function of the Board and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge on ESG and portfolio-management and perspectives with regard to an academic expert and business management. Dr. Jörg Raupach Sumiya has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his capacity as external director and general shareholders of the Company.
Hiroshi Ishino	Nomination / Compensation / Audit	○	Mr.Hiroshi Ishino served as President and Representative	Mr. Hiroshi Ishino was in charge of overseas operations at a major

			Director of Kansai Paint Co., Ltd.He is currently acting as a senior corporate advisor for Kansai Paint Co., Ltd., and although there is a business transaction relationship between NSG and Kansai Paint, the transaction amount is less than one percent of the consolidated sales of both companies. In addition, Mr. Keiji Yoshikawa, a former director of NSG, was appointed as an external director of Kansai Paint Co., Ltd. in June 2018. It has been six years since he retired as a director of NSG and four years have passed since he retired as a senior corporate advisor. It has passed, and there are currently no positions in NSG, including honorary positions. Kansai Paint Co., Ltd. was appointed by Mr. Keiji	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 and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to business transformation and business management from manufacturing to sales. Mr. Ishino has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his

			Yoshikawa as an external director based on his background as a manager in the manufacturing industry and his knowledge of corporate governance. He has been appointed as an external Director after evaluating his abundant experience and insight with regard to business management. These are independent judgments and do not affect the independence of Mr. Hiroshi Ishino, not the mutual appointment.	capacity as external director and general shareholders of the Company.
Kunihito Minakawa	Nomination / Compensation / Audit	○		Mr. Kunihito Minakawa was a Managing Executive Officer and an Audit & Supervisory Board Member at a major international manufacturer, and he is currently serving as Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner. He 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 furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to business management and professional expertise on finance and accounting. Mr. Minakawa has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his capacity as external director and general shareholders of the Company.

Yoshihiro Kuroi			Mr. Yoshihiro Kuroi concurrently serves as Advisor of Japan Industrial Solutions Co., Ltd. (“JIS”) NSG has concluded an agreement on share subscription of Class A shares with JIS Fund II, of which JIS is an unlimited liability partner. 15,000 Class A shares have been allocated and issued to JIS Fund II. (As of June 30, 2021)	Mr. Yoshihiro Kuroi was a president of an overseas subsidiary at a major trading company, and has a wealth of practical experience in overseas business, IR departments and risk management, 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 and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to risk management and business development.

[Committees] [updated]

Committee’s Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	1	4	External Director
Compensation Committee	5	0	1	4	External Director

Audit Committee	4	0	0	4	External Director

[Executive Officers (Shikkoyaku)] [updated]

Number of Executive Officers (Shikkoyaku)	13

Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Shigeki Mori	Yes	Yes	○	○	No
Tony Fradgley	No	No	×	×	No
Koichi Hiyoshi	No	No	×	×	No
Munehiro Hosonuma	No	No	×	×	No
Reiko Kusunose	No	No	×	×	No
Hiroshi Nishikawa	No	No	×	×	No
Rob Purcell	No	No	×	×	No
Phil Wilkinson	No	No	×	×	No
Mike Greenall	No	No	×	×	No
Shiro Kobayashi	No	No	×	×	No
Yutaka Nakashima	No	No	×	×	No
Iain Smith	No	No	×	×	No
Milena Stanisci	No	No	×	×	No

[Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

The Audit Committee Office is set up to assist the Audit Committee and as many staff members as necessary are assigned to the Office. Assignment of such staffs is reported to the Audit Committee in advance for its members' consent. The head of the Audit Committee Office stays outside the executive management and follows only the Audit Committee's chain of command.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee holds a meeting with the Accounting Auditor and the Group Internal Audit regularly and as necessary to receive reports on audits, exchange opinions and gather information.

[Independent Directors]

Number of Independent Directors	4

Matters relating to Independent Directors

In determining the independence of the independent outside directors, the Company has taken into consideration the independence criteria for outside directors established by the Tokyo Stock Exchange and has its own independency standards for external directors as follows, in consideration of the relationship with the Group, its officers, and major shareholders.

<Criteria of Independency for External Director in NSG>

External Directors of NSG 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 material interest 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 immediate past three financial years of the Company 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) any individual who has fallen under d), e) or f) above 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 relative (s) within the second degree of kinship or who lives in the same residence), where:-

a) He/she is or was in the past five years an executive Director/officer or senior

employee of the NSG Group (hereinafter collectively referred to as "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.

The Company designates all external directors who meet the qualification as Independent Director as such.

[Incentives] [updated]

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Implementation of a performance-linked incentive scheme and a stock option system and others

Supplementary Explanation

For details of performance-linked compensation, please refer to the "The system of annual Performance-linked compensation (bonus) plan" and the "Long-term incentive plan" in the "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" below. In addition, in May 2020, we introduced Restricted Shares compensation plan for executive officers who have been assigned to Japan.

Recipients of Stock Options	Executive Officers

Supplementary Explanation

Executive Officers , who are retained or employed pursuant to the terms of appointment in place in Japan. No new issuance has been made due to the introduction of Restricted Shares compensation plan.

[Compensation for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors' Compensation	Partial disclosed
Disclosure of Individual Executive Officers' (Shikkoyaku) Compensation	Partial disclosed

Supplementary Explanation

【Disclosure status】

Amount of Compensation for Directors and Executive Officers

1) Targets and results of performance measures for the peformance-linked compensation related to this financial year.

A. FY21 Management Incentive Plan (annual bonus)

In line with the Policy of Directors and Executive Officers Compensation, the Company operates an annual incentive plan.

In the financial year FY2021 as the setting of realistic annual incentive plan targets was extremely challenging due to the impact of Covid-19 on trading and markets, as an exceptional approach to the annual incentive plan, a review was done of a number of key milestones and deliverables and a discretionary decision was taken in relation to a payment level at the end of FY2021. Deliverables were focussed in three main areas, as a number one priority Health and Safety of employees, generation of and management of cash, Business Structure Transformation for the Future.

As a result of the discussions at the Compensation Committee, although progress was demonstrated against each of the three key measures during FY21 it was decided that there would be no payment of the management incentive Plan (annual bonus) for all Executive Officers in the FY in question.

B. The long-term incentive plan for the three-year evaluation period ("LTIP") with the financial year ended in March 2021 (the FY in question)

(A) Performance measures and targets & results

Measures	Ratio	Entry	Result	Achievement against maximum
EPS during the evaluation period (April 2018 to March 2021)	50%	468JPY	Entry point not met	0%
ROS as at the end of FY2021	50%	7.3%	Entry point not met	0%

Note: The net income used for EPS calculation is the adjusted one such that the deduction of the amount equivalent to the preferred share dividends etc. are excluded.

(B)Structure

・An "Entry" level to ensure that the business is meeting the minimum performance required and a "Maximum" setting the upper limit of the payment level with appropriate stretch were set for each performance measure. The achievement rate for each performance measure is zero % if the entry level of the each measure is not achieved.

(C)Payment level for FY2021

・The entry points in the long-term incentive Plan for the three-year evaluation period ("LTIP") with the financial year ended in March 2021 (the FY in question) have not been met. Consequently, there is no payment of the long-term incentive Plan to all Executive Officers in the FY in question.

2) 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 Groups Financial

Year from 1st April 2020 to 31st March 2021, and those paid, or clearly expected to be paid during the said period, by NSG.

Category	Head count	Compensation (million Yen)							
		Basic Salary, etc.	Performance -linked compensation			Non-monetary compensation			Total
			Annual bonus	Long-term incentive pay	Sub total	Stock compensation	Other benefits	Sub total	
Directors who do not concurrently serve as Executive Officers (External Directors)	8	78	0	0	0	0	0	0	78
Executive Officers	10	290	0	0	0	52	20	72	362

Notes:

(1) The amounts shown for Directors who do not concurrently serve as Executive Officers relate to all compensation paid to Messrs. Yasuyuki Kimoto, Toshikuni Yamazaki, Jörg Raupach Sumiya, Kunihito Minakawa, Hiroshi Ishino, Yoshihiro Kuroi, Günter Zorn and Masatoshi Matsuzaki.

(2) 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, Reiko Kusunose, Munehiro Hosonuma, Shiro Kobayashi, Yutaka Nakashima and Hiroshi Kishimoto.

(3) 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 3) below.

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

(5) The data for Directors and Executive Officers includes those who retired during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(6) The data for Directors and Executive Officers includes those who assumed office during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(7) Basic salary, etc. for Executive Officers includes basic salary for Executive Officers and

lump-sum payment regarding certain Executive Officers' retirement, etc.

(8) The Performance-linked compensation in the table are the Annual Bonus for the year from April 2020 to March 2021 and the Long-Term Incentive Plan covering the three financial years from April 2018 to March 2021.

(9) Stock Compensation for Executive Officers are an amount for a total of 133,000 Restricted Shares allotted to eight Executive Officers.

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

3) Amount of compensation for executive officers paid by subsidiaries

Category	Head count	Compensation (million Yen)							
		Basic Salary, etc.	Performance -linked compensation			Non-monetary compensation			Total
			Annual bonus	Long-term incentive pay	Sub total	Stock compensation	Other benefits	Sub total	
Executive Officers	10	352	0	0	0	0	30	30	382

Notes:

(1) The amounts shown relate to all compensation paid or to be paid to Clemens Miller, Tony Fradgley, Jochen Settelmayer, Phil Wilkinson, Rob Purcell, 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) Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(3) The data for Executive Officers includes those who retired during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(4) The data for Executive Officers includes those who assumed office during the Group's Financial Year from 1st April 2020 to 31st March 2021.

(5) Basic salary, etc. includes basic salary for Executive Officers and allowances for certain Executive Officers.

(6) The Performance-linked compensation in the table are the Annual Bonus for the year from

April 2020 to March 2021 and the Long-Term Incentive Plan covering the three financial years from April 2018 to March 2021.

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

(8) For Clemens Miller and Jochen Settelmayer, who retired at 31 December 2020, in accordance with the local labour practices in which they reside, based on the contents of the service agreement concluded with the local subsidiary before assuming the position of Executive Officer of the Company, a certain amount will be paid as a pension after retirement by the local subsidiary, in addition to the amounts detailed in the above table.

(9) 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 GBP1:139.0JPY and EUR1: 124.11JPY respectively.

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods [updated]

1) Organization & Responsibilities for determining Compensation

The company has in place the statutory Compensation Committee (the "Committee") as adopting a "Company with Committees" structure. No member of the Committee is allowed to be present when matters relating to their specific compensation are being discussed.

Role	Compensation Committee is responsible for making decisions on a compensation policy for Directors and Executive officers as well as individual elements of compensation for Directors and Executive Officers. 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.
Composition	・4 Independent External Directors and 1 Director who concurrently serves as Representative Executive Officer ・Chaired by Dr. Jörg Raupach Sumiya, Independent External Director
Secretariat	Human Resources Department
Legal advisor	Legal Department

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

- During FY2021, the Committee met on six occasions, and Attendance rate was 100%, all members attended all Compensation Committee meetings. The Committee resolved the individual amount of basic salary, 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. And also the Committee resolved a plan to allot restricted shares to certain qualified Executive Officers under Japanese employment terms and the number of restricted shares to be allotted as a retirement benefit in May 2020. Restricted shares have been introduced in place of Stock Options which was established with the abolition of the retirement bonus. Restricted shares are designed to provide the same level of stock compensation as Stock Options by also utilizing benchmark data. Accordingly, the number of restricted shares to be issued to the relevant, individual Executive Officers is determined.
- The Compensation Committee gave its final approval to the individual compensation for Directors and Executive Officers for the year ended in March 2021 after confirming that it is consistent with the basic policy on compensation as detailed in 3) and 4).

3) Compensation Policy for Executive Officers

＜A＞Compensation System and Compensation Composition Ratio

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.

(a) Compensation System

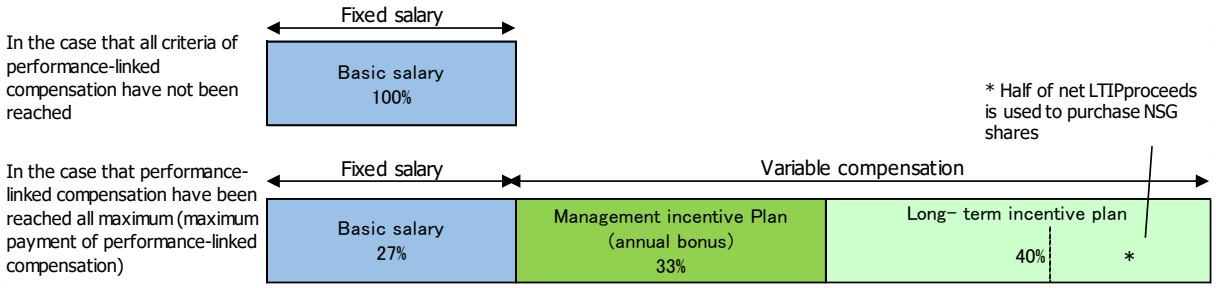
Objectives	・To ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest calibre on a worldwide basis in an international business. ・To ensure that each individuals basic salary and incentives 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.		
Composition and Details	Fixed salary	Basic salary	・Salaries are reviewed annually and are broadly aligned 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.
	Performance-linked 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 to lead to further alignment of the Executive Officers with shareholders, allowing Executive Officers to continue to be motivated to help build shareholder value ・Shareholding targets set for Executives :Ranging between 25% and 100% against each individual's basic salary dependent upon the management grade ・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). 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.
	Stock Compensation		・ Restricted shares are issued annually to some Executive Officers under Japanese employment terms as a retirement saving plan.

(b) 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.

＜B＞FY2022 Management Incentive Plan (annual bonus)

(a) Group Performance measures and weight

Element	Ratio
Management Operating Profit	50%
Free Cash Flow	50%

(b) Reasons for selected the measures

Measures	Reasons
Management Operating Profit	Ensure alignment with delivery of the target numbers assigned to Group operating profit and cash flow which are the financial performance indicators specifically important to the annual budget
Free Cash Flow	

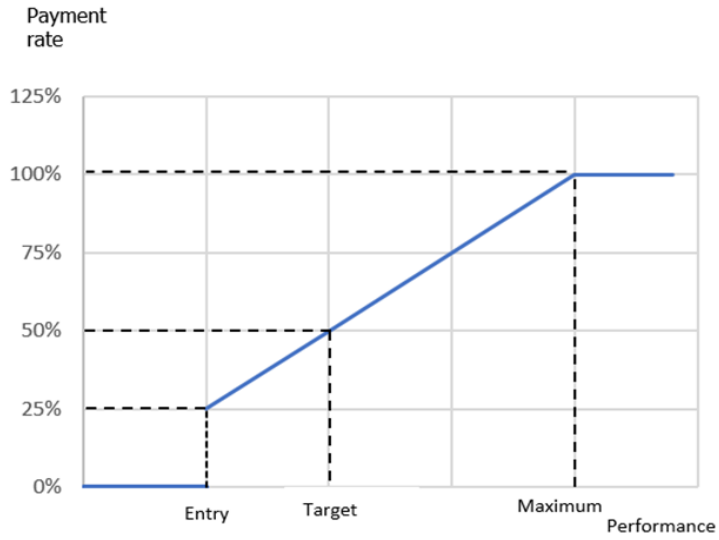
(c) Determination of Management Incentive Plan (annual bonus) Payment Level

・Payment Level＝Maximum payment amount×Achievement rate of Performance measures

・A Gate mechanism operates for the plan, which is based on a minimum level of Net Income that must be reached, as an affordability threshold before considering payment based on achievement against the different performance measures.

- If the Gate is not met, no payment is made
- If the Gate is met, payment is made based on achievement against the performance measures

・For each performance measure the minimum performance level ("Entry") of performance is set in line with the annual budget for the financial year. Appropriate stretch to "Target" level is identified, as is the stretch to the performance level that would equate to the maximum payment level ("Max").



Achievement rate of performance measures = Payment rate of Management Operating Profit measure x 50% + Payment rate of Free Cash Flow measure x 50%

＜C＞Long-term incentive

(a) Group Performance measures and weight of plans currently in operation

①Plan commencing in FY2020 (Target period : FY2020, FY2021 and FY2022)

②Plan commencing in FY2021 (Target period : FY2022 and FY2023)

* For the plan commencing in FY2021 only, due to the uncertainty in numbers resulting from the impact of Covid-19 on the business, the aggregate EPS scale is based on the 2 years FY2022 and FY2023.

Performance Measures of Plans commencing in FY2020 and FY2021

Performance Measures	Ratio
EPS (Earning per Share)	50%
ROS (Return on Sales)	50%

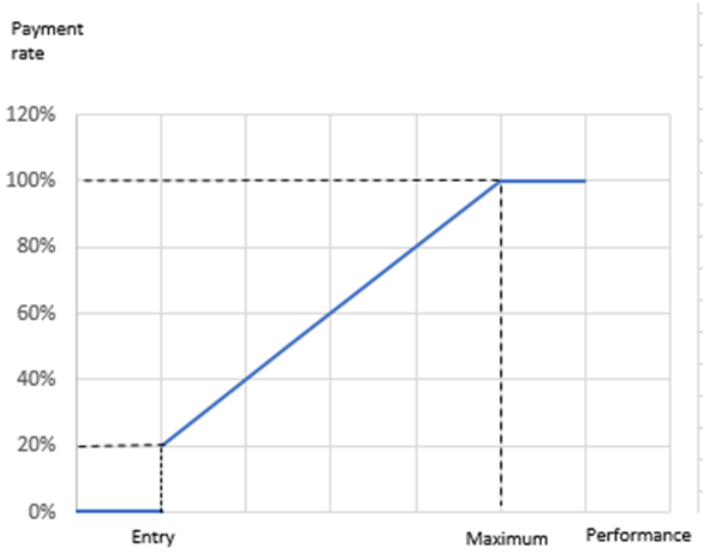
(b) Reasons for selected the measures

Performance Measures	Reasons
EPS	Two performance measures ensure clear link with the Medium-Term Plan, incentivising executives to further strengthen earning power and enhance shareholder value.
ROS	

(c) Determination of LTIP Payment Level

LTIP Payment ＝Maximum payment amount×Achievement rate of Performance measures×Share price movement rate

・For each measure, ”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.



Achievement rate of performance measures= Payment rate of “EPS measure” x 50% + Payment rate of “ROS” measure x 50%

・The share price movement rate is a coefficient that is linked to the price movements of the Company's share price for the three-year period covered by each plan, and 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.

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.

【Supporting System for Outside Directors】

Secretariats are in place for the Board of Directors and the three Committees of Nomination, Audit and Compensation respectively to support External Directors. Each of such secretarial staff is tasked to deliver papers or give a brief on the matters in advance and also assist in other activities of the Directors, with a view towards facilitating the External Directors to participate in discussion of the Board and each of three Committees in an effective and active manner.

【Status of those who retired from the President and Representative Director】

Name of the senior adviser/executive adviser etc who are former representative director and president etc

Name	Position	Business content	Work style / condition	Date of retirement	Term of office
Yozo Izuhara	Honorary advisor	External activities such as business activities including participation in industry groups (not involved in management)	Work style : Part time Presence of compensation : No	29 June,2010	1 year , judge necessity of renewal every year
Katsuji Fujimoto	Honorary advisor	External activities such as business activities including participation in industry groups (not involved in management)	Work style : Part time Presence of compensation : No	27 June,2013	1 year , judge necessity of renewal every year

Total number of the senior adviser/executive adviser etc who are former representative director and president etc	2

Other matters

The NSG Group does not have a system of Executive Advisor.

Based on the request of the CEO, Honorary advisor engages in external activities such as business activities including participation in industry groups. They do not attend conference bodies related to business execution , they are not granted access authority to information related to management, nor do they participate in any management decisions.

In 2018, the NSG Group abolished the senior advisory system and revised the honor advisory system. In the future, We may make the president / chairman experienced as honorary advisor only when CEO judges it is nessesary. In addition, Outside directors are involved in the election and compensation of honorary advisor, the overall scheme.

There is no payment for the above honorary advisers.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System) [updated]

1. The Company's governance structure

【Outline of the governance structure】

On 27 June 2008, the NSG Group changed its governance structure from a Company with Statutory Auditors to a Company with Committees (currently a Company with three Committees) consisting of the Board of Directors; the Nomination Committee, the Audit Committee and the Compensation Committee with a majority of each Committee comprising Independent External Directors; Executive Officers; the Management Committee mainly consisting of Executive Officers; and the Group Sustainability Committee and the Strategic Risk Committee.

【The Board of Directors】

The Board of Directors is composed of six(6) Directors of who five(5) are External Directors). The Board is responsible for deciding the basic policies for business management and internal control, segregation of duties among Executive Officers and other important management decisions, and supervising execution of duties by Executive Officers. The Chairperson of the Board is Mr. Yasuyuki KImoto, Independent External Director. The Company secretary Function serves as a secretariat to support the Board

of Directors. The Board meeting was held fifteen(15) times in the fiscal year ending March 2021. All Directors attended all Board meetings, with 100% attendance.

As the main points of consideration, the Board of Directors through discussions aimed at formulating a new medium-term management plan that will begin in the year ending March 31, 2022, deepened discussions on important management issues (finance, personnel, business portfolio, growth strategy, etc.). In addition, the Board of Directors fulfills the supervisory function by receiving appropriate and appropriate reports on measures to cope with the spread of COVID-19.

【Business executive structure】

Thirteen(13) Executive Officers are responsible for the business execution. One (1) of them is Representative Executive Officer performing the duties of CEO. The Management Committee is composed of executive officers with executive officers and above, other executive officers who supervise major businesses and functions, and general manager of the Corporate Planning Department as permanent members. The Management Committee lead the Company's business operation and oversees the execution of businesses in order to realize the policies and targets set forth by the Board of Directors efficiently and appropriately. The Corporate Planning serves as a secretariat for the Management Committee.

Sustainability Committee builds the sustainability strategies, presides over all of the Group's sustainability related activities, and ensures effective communication with various Stakeholders. Group Sustainability Committee is chaired by CEO or a person who is nominated by CEO and composed of CEO, CFO, Chief Legal Officer (CLO), Chief Human Resources Officer (CHRO), Group Sustainability Director, the Heads of relevant Group Functions and the Heads of each Strategic Business Unit.

Strategic Risk Committee periodically reviews policies, strategies and frameworks concerning risk management throughout the Group, and appropriately take into account the results of such review in forming the organization strategy and goals, in order to promote efficiency of the Group's business management and to improve the medium and long-term corporate value. Strategic Risk Committee is chaired by CRO and composed of CEO, CFO, CLO and CRO (Chief Risk Officer), CHRO, the Heads of relevant Group Functions and the Heads of each Strategic Business Unit.

【Nomination Committee】

The Nomination Committee is in charge of deciding the details of proposals concerning appointment or removal of Directors to be submitted to the General Meeting of

Shareholders, and also provide recommendation or advice with regard to candidates for Executive Officers. The Nomination Committee is chaired by Mr. Hiroshi Ishino, Independent External Director, and composed of five (5) Directors including the Chairperson, four (4) of whom are Independent External Directors. The HR Function serves as its secretariat providing support as necessary. In addition, members of the Legal who are approved by the Nomination Committee, serve as internal legal advisers. The Committee gathered ten (10) times in the fiscal year ending March 2021.

All Directors attended all Board meetings, with 100% attendance.

As the main points of consideration, the Committee deepened discussions on appointment of executive officers to enhance the management system, and enhancement of succession plans and training plans for major senior executives including directors and executive officers.

【Audit Committee】

The Audit Committee is responsible for auditing the execution of duties by Directors and Executive Officers, preparing audit reports, and deciding details of proposals concerning appointment, removal or not reappointing the Accounting Auditor. The Audit Committee is chaired by Mr. Kunihito Minakawa, Independent External Director and comprises four (4) Independent External Directors including the Chairperson. Mr. Kunihito Minakawa has the career and experiences of serving as Corporate Senior Vice President (in charge of accounting) and Corporate Auditor of the major international manufacturing company, currently, he is a member of the Financial Services Agency Certified Public Accountant and Auditing Oversight Board Commissioner. equipped with abundant experiences and broad knowledge in the fields of financing and accountingThe Audit Committee Office is in place for the purpose of providing support to the Committee. The Audit Committee met on eleven (11) occasions in the fiscal year ending March 2021. The attendance rate of the other committee members was 100% The main points to be considered are the legality and validity of the execution of duties by executive officers, the status of maintenance and operation of the internal control system, and the status of performance of duties by the accounting auditor, including the appropriateness of audit methods and results. Confirmed and verified. While the effects of the Covid-19 continued, we worked to ensure the effectiveness of audits by the Audit Committee by conducting remote audits using online systems.

【Compensation Committee】

The Compensation Committee is in charge of deciding the compensation policy for

Directors and the Executive Officers as well as compensation details of individual Directors and Executive Officers. The Committee is chaired by Mr. Jörg Raupach Sumiya , Independent External Director and is composed of five(5) Directors including the Chairperson,four (4) of whom are Independent External Directors. The HR Function serves as the Committee's secretariat providing support as necessary. In addition, members of the Legal , as agreed by the Compensation Committee, serve as internal legal advisers for legal matters. The Committee held a meeting six(6) times in the fiscal year ending 2021. All Directors attended all Board meetings, with 100% attendance.

As the main points of consideration, the Committee discussed the treatment of basic compensation and incentive compensation based on the impact of the spread of COVID-19, reviewed the stock compensation system, and resolved to introduce Restricted Shares compensation as part of the retirement benefit system.

2. Audit system

【Internal Control, Internal Audit】

The NSG Group Internal Audit (GIA) performs internal audit on a group basis with eighteen(18) full-time staffs. GIA conducts a group-wide internal audit through site visits in coordination with the Audit Committee and the Accounting Auditor by having meetings with them regularly according to an annual audit plan based on the resolution of the Company's Board of Directors on matters listed in the Article 416, Paragraph 1, Item 1, Subsection (b) and (e) of the Companies Act and under the internal control system established by the resolution. The Departments responsible for internal control on top of GIA also hold meetings with the Audit Committee regularly and as necessary to exchange opinions and cooperate with each other and Improve the effectiveness of audits.

【Audit by the Audit Committee】

All four members of the Audit Committee are Independent External Directors, and Kunihito Minakawa is the chairman of the directors who have considerable knowledge of finance and accounting.The Audit Committee supervises and validates the status of the internal control system and its operation, and in accordance with the audit policy and the audit plan established by the Committee, holds interviews with the Executive Officers; attends important internal meetings including the Management Committee and investigates the business activities as well as assets of the Company and its major subsidiaries, etc. The Audit Committee holds meetings with the Accounting Auditor and GIA regularly and as necessary to receive update on the audit implementation, exchange opinions and gather information.

【Accounting Audit】

The Company has signed an audit contract with Ernst& Young ShinNihon LLC and is subject to its accounting audit. Certified public accountants who have carried out the Company's accounting audit work during the current consolidated fiscal year 2021 are Mr. Tomohiro Miyagawa, Mr. Takayuki Ando and Mr. Ryuichiro Umano. The aforementioned audit firm takes measures so that the same person does not take charge of the Company's accounting audit beyond a certain period of time. The said three auditors satisfy the legal requirement pertaining to the number of years of continuous audit for the Company. There are 6 Certified Public Accountants and 27 other staffs helping the said three auditors perform the work.

3. Risk Management

Regarding risk management, as mentioned above, the NSG Group have established the Strategic Risk Committee. The committee is responsible for establishing a company wide risk management framework and promoting and coordinating the group's risk management process. Specifically, the committee prepare policies and procedures related to risk management, and decide the policy of identifying, evaluating and respondingto risks including strategically critical risks that hinder the group's goals. The SBU andthe groupfunction are responsible for executing them, and the committee also monitors the implementation status, thereby striving to improve the effectiveness of risk management. The NSG Group Internal Audit (GIA) audits the risk management policies,frameworks and processes formulated by the Strategic Risk Committee independently from the standpoint and points out any deficiencies and carries out assurance for improving its effectiveness.

In addition, the Audit Committee cooperates with GIA to monitor the effectiveness of Group-wide risk management, including the activities of the Strategic Risk Committee, from the perspective of sustainable growth of the Group over the medium to long term.

In this series of risk management processes, CRO is appointed to ensure that the duties of the Strategic Risk Committee are properly implemented.

4. Ethics and Compliance

The Group E&C Department is in place for the purpose of ensuring compliance throughout the Group. Under the above system, the Group E&C Department will formulate, implement, and manage the comprehensive ethics and compliance policy

in the Group, and be obliged to report directly to the Audit Committee about important matters.

5. Matters pertaining to External Directors

【Independence from the Company】

Four (4) External Directors are designated as Independent Directors as stipulated by the Tokyo Stock Exchange (TSE) and reported to that effect to TSE. In addition to the independence standards of External Directors as defined by TSE, the Company has established its own independence standards also factoring in the relationships with the Group, the Group's Executive Officers as well as major shareholders, as described in [Independent Directors]. All of the four External Directors meet the relevant standards of independence.

【Supervision by External Directors and collaboration with other audits】

The secretariats of the Board of Directors and the three Committees of Nomination, Audit, and Compensation assist External Directors and provide them with necessary information. As mentioned above, the External Directors who serve as the Audit Committee members gather information through the Audit Committee by having meetings with the Accounting Auditor, the Group Internal Control and the Group Internal Audit. Based on the information gathered this way, the External Directors supervise the execution of duties by the Executive Officers and Directors through the Board of Directors.

【Outline of an Agreement on Liability Limitation】

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, an agreement is concluded between the Company and each of the External Directors pertaining to the liability for damages under Article 423, Paragraph 1 of the same Act to the effect that the liability of each of the External Directors in performing their duties in good faith and without gross negligence be limited to the amount as stipulated in each item of Article 425, Paragraph 1 of the same Act.

3. Reasons for Adoption of Current Corporate Governance System

【Reasons for adopting the Company with Three-Committee structure】

We adopt the Company with Three-Committee structure to promote separation of the executive and the supervisory functions, enhance management transparency, improve the level of corporate governance and thereby to become a company trusted by our shareholders.

【Roles and Functions of External Directors in the Company】

We expect that an Independent External Director, MR. Yasuyuki Kimoto, who is the Chairperson of the Board of Directors and a member of the Committees of Nomination, Audit and Compensation, will contribute to the management of the Group from an independent standpoint as well as based upon his abundant experiences and broad knowledge with regard to business management through the Board of Directors and each Committee.

We expect that an Independent External Director, DR. Jörg Raupach Sumiya , who is the Chairperson of the Compensation Committee and a member of the Audit and Nomination Committee, will contribute to the management of the Group from an independent standpoint as well as based upon his abundant experiences and broad knowledge with regard to an academic expert and business management through the Board and each Committee.

We expect that an Independent External Director, MR. Hiroshi Ishino, who is the Chairperson of the Nomination Committee and a member of the Committees of Audit and Compensation, will contribute to the management of the Group from an independent standpoint as well as based upon his abundant experiences and broad knowledge with regard to business management through the Board of Directors and each Committee.

We expect that an Independent External Director, MR. Kunihito Minakawa, who is the Chairperson of the Audit Committee and a member of the Committees of Nomination and Compensation, will contribute to the management of the Group from an independent standpoint as well as based upon his abundant experiences and broad knowledge with regard to business management through the Board of Directors and each Committee.

We believe that the presence of these External Directors, who are independent of the Group, and their roles as the Chairperson of each Committee will contribute to further enhancement of management transparency and therefore corporate governance.

External Director, MR.Yoshihiro Kuroi is not an Independent Director since he does not fully satisfy the independence standards established by the Company, and is not in charge of each Committee, taking into account his career and experiences in engaging in

corporate management as an External Director of multiple companies, we have selected him as an External Director expecting that he will contribute to the supervisory function of the Board through overseeing performance of Executive Officers.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights[updated]

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Group sends the notice 3 weeks prior to the day of the Ordinary General Meeting of Shareholders.The Group publicizes the notice 4 weeks prior to the day of the Ordinary General Meeting of Shareholders by filing it onto the Tokyo Stock Exchange and the electronic platform operated by ICJ as well as in our website.
Allowing Electronic Exercise of Voting Rights	To allow shareholders to submit their votes via the Internet, the Group takes part in electronic voting platform that permits the use of voting websites.
Participation in Electronic Voting Platform	The Group takes part in electronic platform operated by ICJ for institutional investors.
Providing Convocation Notice in English	The Group publicizes the English notice (with Business Report and Consolidated Financial Statements in full sentence excluding Audit Report) by filing it onto the Tokyo Stock Exchange and the afore-mentioned platform as well as on our website Shareholders' Meeting 4 weeks prior to the day of the Ordinary Shareholders' Meeting.
Other	The Shareholders' Meeting resolutions and voting rights result (Japanese and English) are posted in our website in addition to extraordinary reports (Japanese only) submitted via EDINET.

2. Investor relations (IR) Activities

	Supplementary Explanations	Presentation by President
Preparation and Publication of Disclosure Policy	The Group's disclosure policy can be found in our website. (FYI) https://www.nsg.com/en/investors/contact/ir-policy	
Regular Investor Briefings for Individual Investors	The Group does not hold any regular briefing. Instead, have set up a section	No

	called "For Individual Investors" on our website to show information for individual investors.	
Regular Investor Briefings for Analysts and Institutional Investors	The Group, in principle, holds a regular briefing for analysts and institutional investors after a second quarter (October or November) and an annual closing (May) attracting dozens of participants every time. A telephone conference is organized for every quarterly result in July or August and January or February. The Group also hosts briefings for institutional investors and analysts on business strategies and individual businesses separately from those above. As of July 2021, in order to COVID-19 , we also hold briefing for the second quarter and final financial results at the telephone conference.	Yes
Regular Investor Briefings for Overseas Investors	The Group, in principle, has regular briefings for overseas investors in Europe, North America and Asia (Hong Kong, Singapore) etc., two to three times a year. As of July 2021, visiting briefings are suspended to prevent COVID-19 .	Yes
Posting of IR Materials on Website	The Group website posts financial results information, timely disclosure matters' materials (other than financial information), Securities Report, Quarterly Report, Quarterly Results materials, Business Report ("To our shareholders"), Notice of Convening Ordinary General Meeting of Shareholders/ voting results, corporate governance update, Integrated Report (including Finance Date and Sustainability Date Book), Corporate Profile for Investors("Introduction to NSG")	

	https://www.nsg.com/en/investors/ir-library	
Establishment of Department and/or Manager in Charge of IR	Our IR and PR Department (the Head is Sachiyo Nishie) is responsible for IR.	
Other	The Group shows our profile, IR schedule, stock price and other information for individual investors in our website. "IR news mail alert service" is also available on demand basis.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	NSG Group's Corporate Governance Guidelines define how to build good relationship with diverse stakeholders such as employees, customers, suppliers, business partners and local communities. Furthermore, other internal rules including Sustainability Policy under these guidelines refer to more specific relationship.
Implementation of Environmental Activities, CSR Activities etc.	The Company has adopted, among others, NSG Group's Code of Ethics and Sustainability Policy and proactively performed the actions for environment preservation and other sustainability agenda under such framework. The Sustainability Committee chaired by CEO or a person who is nominated by CEO, adjusts and monitors those activities for promotion of sustainability. The Board has defined clear and unambiguous goals of the Group to be reached by 2018 in the areas such as environment, safety, health, energy, reduction of CO2, sustainable highly value adding product development, procurement and transportation responsibility and employees. The status of the progress vis-à-vis such goals from time to time is disclosed in our Integrated Report (invluding Finance Date and Sustainability Date Book) and our website.
Development of Policies on Information Provision to Stakeholders	NSG Group has established Corporate Governance Guidelines, Policy on Constructive Dialogue with Shareholders, Sustainability Policy, Investor Relations Communication Policies which are disclosed in our website.
Other	【Employees diversity】 The Group is a global corporate group. We have multinational managements. Over 80% of employees work outside Japan. Our Group's recruiting activities accommodate diversity since the Company believes a wide range of nationality, skill-set, qualification and experience will yield enormous benefit to our businesses. Our Group's female manager ratio stands at 14.0%.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

(1) Basic Views on Internal Control System

The basic views of the Group's internal control system is described in the "Basic Views on Construction of Internal Control System" and disclosed on the Company's website.

http://www.nsg.com/~/media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/Annex/Annex10_3_1812_E.pdf

(2) Maintenance and operation status of Internal Control System

①Actions 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 Group policies,procedures, and 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 party allowing anyone to report E&C related concerns anytime, even anonymously except as prohibited legally. Group E&C Function periodically reviews and properly controls the Group policies and procedures related to the Reporting of Concerns system, communicating them to the employees. In FY2021, the Group has newly established Anti-Retaliation and Reporter Protection Policy to enhance its commitment that any retaliation against those who report in good faith will never be tolerated. Hotline reports are handled consistently in accordance with the relevant Group policies and procedures, being appropriately investigated where warranted. In FY2021, 137 allegations were reported via the Reporting of Concerns system. In addition, NSG Group Ethics and Compliance Hotline was formally certified as Whistleblowing Compliance Management System or WCMS (self-declaration basis) on 30 April 2021.
- Under the Group E&C Director's leadership, E&C regional managers are responsible for 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 regarding 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), and,AEO (Authorized 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 measures the effectiveness of Group E&C program against specific metrics and KPIs with statistical data in several areas regarding E&C activities.

②Actions 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. The responsibilities of Strategic Risk Committee (SRC) include the provision of an overall framework for the enterprise risk management of the Group, and the identification and evaluation of the high-level risks which could have a material adverse effect. The SRC evaluates the management of these high level risks by the relevant Strategic Business Unit (SBU) and Functions in support of SBUs, approves any additional mitigations and counter measures, and monitors the status on an ongoing basis. The CRO chairs the SRC meetings and, as the representative of the Committee, regularly reports to the Management Committee and Audit Committee in relation to effectiveness of the fundamental system of the internal control and risk management structure of the Group.
- The SRC has convened three times in FY2021 and revised the material risks and the framework for ongoing review, ensured that the mitigations were operating to the maximum extent, monitored the delivery of improvement actions and reviewed results of the "bottom up" SBU risk management process.
- 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 FY2021.
- 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.
- Various meetings were reorganized with the aim of establishing a more agile and resilient management structure, minimizing costs for meeting and maximizing its effectiveness.

④Actions 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.
- Two 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.
- Audit Committee conducts on-site or online audits at the major business establishments of the Group that it deems particularly necessary.

2. Basic Views on Eliminating Anti-Social Forces

The NSG Group articulates in its Code of Ethics that the Group shall consistently act ethically and comply with laws applicable in nations wherever the Group has its business footprint.
We deal with the anti-social forces in accordance with Japanese regulations based on our Code of Ethics. Our compliance manuals describe our philosophy of uncompromised resolve against the anti-social forces which do harm to a social order and safety and our firm attitude to the anti-social forces. We get such a spirit across to our employees through our in-house compliance training. Also, Group Internal Audit and Legal and Administration Department carry out monitoring on our effort in compliance including exclusion of anti-social forces and maintaining collaborative liaison with lawyers and law enforcement authorities, we collect and manage information on anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System

Our internal mechanism pertinent to timely corporate information disclosure goes as below;

(1) Disclosure of information on important decision

Any important decision subject to the timely disclosure is firstly initiated and escalated by a Division involved under our internal policy, then is assigned particular decision making unit by a Representative Executive Officer or in the Board followed by an immediate disclosure by IR under the direction of representative in charge of information disclosure. Any decision on critical issues is disclosed in a timely manner under the structure where IR and relevant divisions such as the Secretariat of the Board or Management Committee work together in order to avoid any incomplete disclosure by checking interactively.

Initiated by Division →Decision making unit assigned→ IR or relevant division → timely disclosure

(2) Disclosure of information on results information

Information on business results drafted firstly by the Finance is resolved or finalized by the Board. It is disclosed by IR under the direction of representative in charge of information disclosure immediately after the decision.

Finance →Decision making unit assigned→ IR → timely disclosure

(3) Disclosure of information on material facts

Any material fact subject to timely disclosure is reported promptly by Divisions upon its occurrence to IR, who, under the direction of representative in charge of information disclosure, carries out timely disclosure.

Initiated by division incurred → IR → timely disclosure

Corprorate Governance Mechanism (as of 1 July 2021)

